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và Phát triển Nông thôn
CHXHCN Việt Nam**



**NƯỚC ĐỨC Ở VIỆT NAM
DEUTSCHLAND IN VIETNAM
2010**



**Federal Ministry
for Economic Cooperation
and Development**

PROCEEDINGS

**Regional Conference on
Sustainable Forest
Development in a
Changing Climate**

Hanoi, January 2011

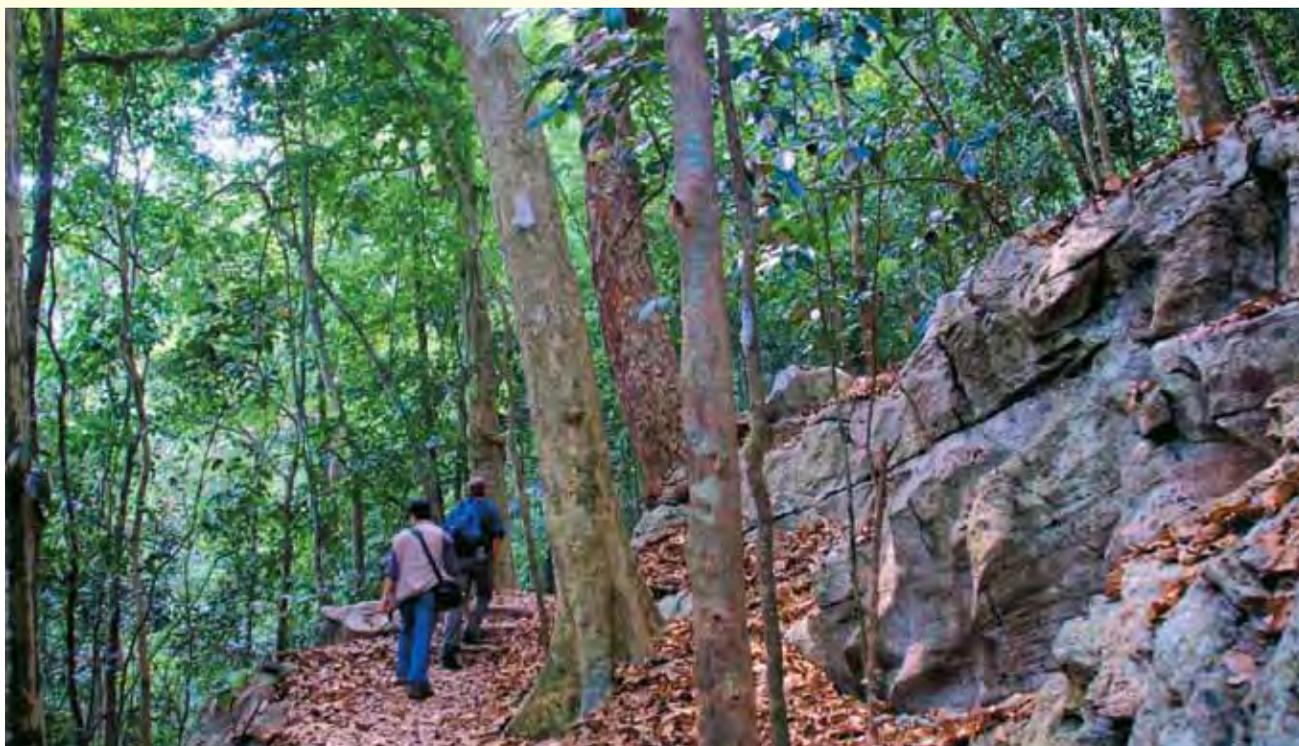
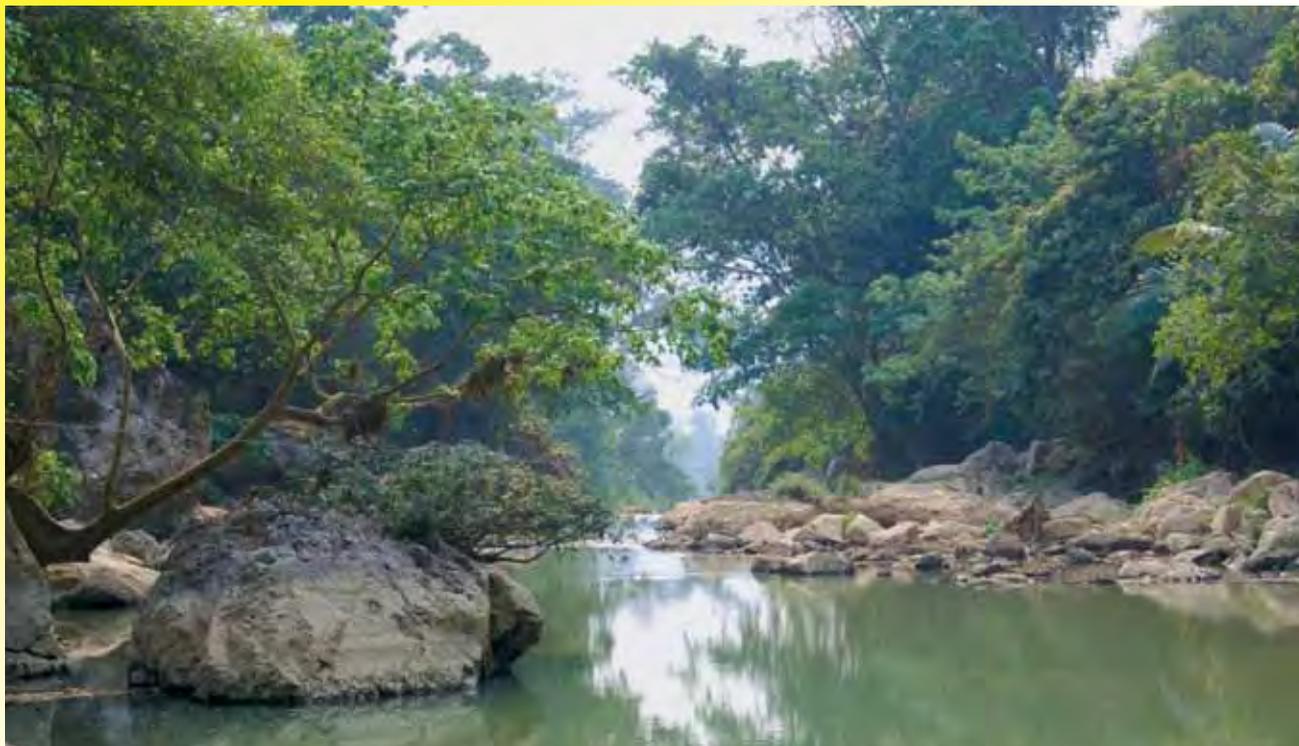


TABLE OF CONTENT



I	Preface	10
1.1	Organisation of this document	11
1.2	Welcome Addresses	12
1.2.1	Welcome Address by Vice Minister Mr. Hua Duc Nhi, MARD	13
1.2.2	Welcome Address by Vice Minister Ms. Gudrun Kopp, BMZ	15
II	Conference Contributions	20
2.1	Technical Keynotes	20
2.1.1	The Challenge of Financing Forestry Under Changing Climate, Economic & Global Conditions: A Global Perspective	21
2.1.2	The Challenge of Financing Forestry Under Changing Climate, Economic & Global Conditions: A Regional Perspective	21
2.1.3	Panel Discussion	22
2.2	The Forestry Sector of Viet Nam	25
2.2.1	The Forestry Sector of Viet Nam: Achievements, challenges, and opportunities	25
2.2.2	German Development Cooperation Forestry Projects in Viet Nam: Lessons Learnt and Outlook	27
2.2.3	Market Prospects for Viet Nam’s Forest Products	28
2.2.4	Challenges for biodiversity Conservation in Viet Nam	29
2.2.5	Q&A	30
2.3	Regional and Global Aspects	31
2.3.1	Opportunities and Challenges from Climate Change for Forestry – A Global View	32
2.3.2	The Voluntary Carbon Market	33
2.3.3	Climate Change, Food Security, and Poverty Alleviation	34
2.3.4	Q&A	35
2.4	Forest Financing	36
2.4.1	Overview of Investment in Viet Nam’s Forestry Sector: Current Status, Future Directions	37
2.4.2	Lessons Learnt from Public Forest Financing in Southeast Asia	38
2.4.3	Investing in the Forestry Sector: An Investor’s View	39
2.4.4	Resume of day	40
III	Group Work	43
3.1	Institution and Capacity Building	43
3.1.1	Introduction International	43
3.1.2	Introduction National	44
3.1.3	Discussion	45
3.2	Incentives for Community and Small Scale Forestry	46
3.2.1	Introduction International	46
3.2.2	Introduction National	47
3.2.3	Discussion	48

3.3	Public and private Forest Financing	51
3.3.1	Introduction International	51
3.3.2	Introduction National	52
3.3.3	Discussion	55
3.4	Forestry and Climate Change: Challenges, Opportunities, and Financing Needs	57
3.4.1	Introduction International	57
3.4.2	Introduction National	58
3.4.3	Discussion	59
IV	Conclusions and Recommendations	61
4.1	Results of the Conference	61
4.2	Closing Remarks	67
4.2.1	BMZ	67
4.2.2	MARD	69
V	Appendices	72
5.1	Programme	72
5.2	Input for discussion in Working Groups (Preliminary recommendations provided by the Organizer)	75
5.2.1	Working Group 1: Institution and Capacity Building	75
5.2.2	Working Group 2: Incentives for Community and Small Scale Forestry	76
5.2.3	Working Group 3: Public and Private Forest Financing	77
5.2.4	Working Group 4: Forestry and Climate Change: Challenges, Opportunities and Financing Needs	77
5.3	Output of Working Groups as recommendations to Plenary	78
5.3.1	Institution and Capacity Building	78
5.3.2	Incentives for Community and Small Scale Forestry	80
5.3.3	Public and private Forest Financing	81
5.3.4	Forestry and climate change: Challenges, opportunities and financing needs	81
5.4	Participants	82
5.4.1	Participants from Viet Nam	83
5.4.2	Participants from Germany	88
5.4.3	Participants from other Countries	90
5.5	Press Clippings	92
VI	Background Document	100
VII	Imprint	187

LIST OF BOXES



Box 1.	Summary of political keynotes	12
Box 2.	Summary of technical keynotes	20
Box 3.	Summary on Forestry in Viet Nam	25
Box 4.	Summary on regional and global aspects	31
Box 5.	Summary on forest financing	36

LIST OF FIGURES



Figure 1. Germany in Viet Nam booth	10
Figure 2. Pre-Conference high-level meeting with Vice Ministers	11
Figure 3. Vice Minister Mr. Hua Duc Nhi, MARD	13
Figure 4. Vice Minister Ms. Gudrun Kopp, BMZ	16
Figure 5. Conference room view with 220 participants during opening ceremony	18
Figure 6. Dr. Müssig, First Vice President of KfW	19
Figure 7. Tan Sri Dato Dr. Salleh Mohd. Nor during his key-note	20
Figure 8. Mr. Karma Dukpa during his key-note	22
Figure 9. The panel (Dr. Müssig, Vice Minister Mr. Nhi, Vice Minister Ms. Kopp, Dato Dr. Salleh, Mr. Dupka from left to right)	23
Figure 10. The panel was questioned by the audience in a lively way	23
Figure 11. Panel during the press conference	24
Figure 12. About 80 media representatives were present in the press conference	24
Figure 13. Dr. Nguyen Ba Ngai during his presentation	26
Figure 14. Dr. Jürgen Hess presented the first part of the paper	27
Figure 15: Mr. Nils-Henning Meyer concluded the second part of the joint paper	27
Figure 16: Mr. Nguyen Chien Thang	28
Figure 17: Mr. Jake Brunner	29
Figure 18: Numerous questions were raised by the audience and challenged the presenters	30
Figure 19: Mr. Reinhard Wolf	32
Figure 20: Mr. Harry Assenmacher	33
Figure 21: Mr. Dian Sukmajaya shared the ASEAN view	34
Figure 22: After the presentations the audience raised questions	35
Figure 23: Smaller groups formed and had lively discussions	35
Figure 24: Dr. Nguyen Nghia Bien	36
Figure 25: Mr. Ahmad Dermawan presented CIFOR's view	38
Figure 26: Mr. Paul Speed represented one international investor	39
Figure 27: Refreshment after a long day	41

Figure 28: Participant approaching key-note speaker Dato Dr. Salleh for in-depth discussion	42
Figure 29: The working groups provided space for detailed discussions and elaboration of recommendations	43
Figure 30: International and national views had to be combined for recommendations	46
Figure 31: Participants challenged the presenters	50
Figure 32: Two languages but one objective – simultaneous translations were provided throughout the conference	51
Figure 33: Participants contributed strongly to the success of the conference	54
Figure 34: Bi-lateral discussions during breaks	55
Figure 35: Climate change was of particular interest to participants	56
Figure 36: Breaks were used for bi-lateral discussions	59
Figure 37: Vietnamese and German views had to be combined for formulation of jointly agreed recommendations	60
Figure 38: The panel summarized presentations and discussions	61
Figure 39: Final comments from the audience	66
Figure 40: Ms. Ute Klamert of GTZ (left), KfW officers Ms. Andrea Johnston (Frankfurt) and Ms. Birgit Erbel (Ha Noi) (centre), Mr. Henning Plate (German Embassy, ha Noi) and Ms Brunhilde Vest (BMZ, Bonn)	66
Figure 41: Speakers received a token of appreciation from Mr. Reiche	66
Figure 42: Mr. Reiche summarised the conference for the German side	67
Figure 43: Vice Minister Mr. Nhi concluded for the Vietnamese side	69
Figure 44: Ms. Kopp and Mr. Nhi were extremely satisfied with the results of the conference	71

LIST OF ABBREVIATIONS



5MHRP	Five Million Hectares Reforestation Programme
ADB	Asian Development Bank
AFCC	ASEAN Multi-Sectoral Framework on Climate Change
AMAF	ASEAN Ministers on Agriculture and Forestry
ASEAN	Association of Southeast Asian Nations
Bio	Billion
C	Celsius
CBD	Convention on Biological Diversity
CC	Climate Change
CCB	Climate Community and Biodiversity
CCX	Chicago Climate Stock Exchange
CDM	Clean Development Mechanism
CDM-A/R	Clean Development Mechanism, Afforestation / Reforestation
CFM	Community Forest Management
CIFOR	Center for International Forestry Research
CIM	Center for International Migration
CITES	Convention on International Trade in Endangered Species
CO ₂	Carbon Dioxide
COMAP	Comprehensive mitigation assessment process
COP	Conference of Parties
CPRS	Comprehensive Poverty Reduction and Growth Strategy
CSR	Corporate Social Responsibility
DARD	Provincial Department of Agriculture and Rural Development
DDR	German Democratic Republic
DED	Deutscher Entwicklungsdienst (German Development Service)
DONRE	Department of Natural Resources and Environment
EIA	Environmental Impact Assessment
EU	European Union
FAO	Food and Agriculture Organisation of the United Nations
FFI	Flora and Fauna International
FIPI	Forest Inventory and Planning Institute
FLEGT	Forest Law Enforcement , Governance and Trade
FP&D	Forest Protection and Development Law
FSC	Forest Stewardship Council
FSIV	Forest Science Institute of Vietnam
FSSP	Forest Sector Support Partnership
GDC	German development Cooperation
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GNP	Gross National Product
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (German Agency for Technical Cooperation)
Ha	Hectare
HAWA	Handicraft and Wood Industry Association of Ho Chi Minh City
INGO	International Non-Governmental organisation
INWENT	Internationale Weiterbildung und Entwicklung (Capacity Building International)
IUCN	International Union for the Conservation of Nature
JBIC	Japan Bank for International Cooperation
JICA	Japan International cooperation Agency

KfW	Kreditanstalt für Wiederaufbau (German Bank for Development)
MARD	Ministry of Agriculture and Rural Development
MDG	Millennium Development Goals
MHC	Mekong River High Commission
MONRE	Ministry of Natural Resources and Environment
MPI	Ministry of Planning and Investment
MRC	Mekong River Commission
MTR	Mid-term review
NGO	Non Government Organization
NTFP	Non Timber Forest Products
NTP	National Target Programme
NTP-CC	National Target Programme on Climate Change
nwfp	Non-wood Forest Products
ODA	Official Development Assistance
OTC	Over the Counter
PES	Payment for ecosystem services
PIM	Project Implementation Manual
PPP	Private Public Partnership
REDD	Reducing Emissions from Deforestation and Forest Degradation
REDD+	Reducing Emissions from Deforestation and Forest Degradation plus sustainable forest management
REFAS	Reform of the Forest and Administration System
RETE	Research, education, training, and forest extension
SEDS	Socio-economic Development Strategy
SEPD	Socio-economic Development Plan
SFE	State Forest Enterprise
SFM	Sustainable Forest Management
SNV	Stichting Nederlandse Vrijwilligers (Development Foundation of the Netherlands)
SRV	Socialist Republic of Vietnam
SSP	Sektorschwerpunktpapier (sector strategy paper)
SUF	Special use forest
TFF	Trusts Fund for Forests
TU	Technische Universität (Technical University)
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States Dollar
VBARD	Vietnam Bank for Agriculture and Rural Development
VCF	Vietnamese Conservation Fund
VDG	Vietnam Development Goals
VER	Verified Emission Reductions
VFDS	Vietnam Forest Development Strategy
VLUP	Village Landuse Planning
VN	Vietnam
VNFF	Vietnam Forest Protection Development Fund
VPA	Voluntary Partnership Agreement
WB	World Bank
WWF	World Wide Fund for Nature

I. PREFACE



On behalf of the German Federal Ministry for Economic Cooperation and Development, KfW Development Bank organised the “Regional Conference on Sustainable Forest Development in a Changing Climate” from 07 – 08 September 2010 in Ha Noi. APCO Worldwide Inc., Viet Nam office and WaKa - Forest Investment Services AG, Switzerland were hired as service providers for technical and logistic support.

The conference was part of the German-Vietnamese celebrations on the occasion of the 35-year anniversary of the resumption of diplomatic relations between both countries and was funded by the German Government and jointly agreed upon by the German Federal Ministry for Economic Cooperation and

Development (BMZ) and the Ministry of Agriculture and Rural Development (MARD) of Viet Nam.

The overall objective was to use lessons learnt from past experiences in the forestry sector in Viet Nam and the region to shape the medium-term financial framework and possible funding mechanisms to enable sustainable forestry and to capitalize on forests and biodiversity in Viet Nam with particular focus on climate change (CC).

The expected results were:

1. Recommendations for decision-makers are available to enable the financing of cost-efficient and effective development and management of planted and natural forests in Viet Nam.



Figure 1. Germany in Viet Nam booth

2. The forestry sector in Viet Nam is further strengthened in its capacity to provide continuous support for
 - timber production and processing through sustainable management of natural and planted forests,
 - forest sector related climate change mitigation and adaptation measures, and
 - management of forest biodiversity in order to be prepared for future national, regional and global markets and to make best use of all forests, especially in contributing to improving livelihoods.

The conference facilitated a productive dialogue between the Vietnamese, the regional, and the international level. More than 250 participants of over 140 organisations exchanged, for two days, their views and developed valuable recommendations to shape Viet Nam's forestry future. Most of these are also of utmost regional relevance for forest administrations and donor organisations.

The importance of the topic to Viet Nam is reflected by an extremely high interest of the Vietnamese press. More than 60 journalists and a number of TV stations yielded nearly 20 TV spots and more than 50 articles in journals and magazines.

This documentation provides an insight on the inputs and discussions at the conference. Further, it summarises the findings and reports on the recommendations developed by forestry and climate change specialists.



Figure 2. Pre-Conference high-level meeting with Vice Ministers

On behalf of the Vietnamese and the German Governments, the organizers would like to express our sincere thanks and appreciation to all speakers and participants that have made this conference memorable and outstanding. May it further contribute positively to the long-lasting and successful cooperation between Viet Nam and Germany.

1.1 ORGANISATION OF THIS DOCUMENT

This document and enclosures provides full access to all conference contributions and re-sults. All political speeches, the key-notes, and the speakers contributions are provided in Chapter 2, whereby boxes at the beginning summarise those contributions. Chapter 3 pro-vides access to the international and Vietnamese introductory presentations in the four work-ing groups and summarizes the discussion there. The working groups were provided with preliminary statements pre-formulated by the organizer (Chapter 5.2) and reworked them as provisional output for presentation to the plenary (Chapter 5.3). The lively discussion in the plenary contributed finally to the technical outcome of the conference presented in Chapter 4.1. The political statements on the conference's outcome are given in Chapters 4.2.1 and 4.2.2.

The documentation of the conference is supplemented by press clippings collected for a pe-riod of four weeks after the conference (Chapter 0) and by the Background Paper distributed to the participants (Chapter Error! Reference source not found.) before the conference.

This book also contains a DVD, where all presentations can be accessed in digital format. Moreover, short CV's of the speakers and pictures taken during the conference are pre-sented. Last not least the Proceedings are also included.

1.2 WELCOME ADDRESSES

Box 1: Summary of political keynotes Keynote Addresses of Vice-Ministers Mr. Hua Duc Nhi, MARD and Ms. Gudrun Kopp, BMZ

In welcoming the guests and the participants, Mr. Nhi highlighted Viet Nam's achievements, as well as the challenges ahead for Viet Nam's forestry sector. In particular, he mentioned the

- Increasing development pressures on Viet Nam's forests;
- Competition, particularly for productive area, between forestry and other sectors;
- Limited public investment capacity;
- Differing public perceptions on forests and forestry;
- Need to better protect natural forests;
- Need to enhance quality and quantity of planted forests;
- Export industry's high demand for raw material;
- Need to create added-value products in the forest industry;
- Market access for forest products, taking into consideration FLEGT and the US Lacey Act.

Mr. Nhi thanked Ms. Kopp for Germany's important contribution to the development of the sector, and for facing the challenges mentioned, a.o., in

- Involvement of local population in planning and implementing forestry operations;
- Implementation of sustainable forest management practices;
- Human Resources Development and capacity building;
- Development of market access for local population;
- Innovative recommendations for forest sector reform; and
- Support to FSSP and TFF.

In her opening address, Ms. Kopp congratulated Viet Nam on the 1,000th anniversary of Ha Noi, and reminded of the 35th anniversary of resuming diplomatic relations between Viet Nam and Germany. She recalled the closed friendship, which has developed between Viet Nam and Germany, reflected by the many Vietnamese speaking Germans, and a Vietnamese-born Federal Minister in Germany.

Viet Nam is the Asian country with the largest German cooperation in forestry. This is due to the important roles forests play to generate income and employment and sustain livelihoods, as a foundation of life, and as a "climate protector". In this context, Ms. Kopp thanked Vice Minister Nhi for the excellent and successful cooperation over the years, as well as in the organization of this Conference.

Responding to questions, she mentioned that more training and public awareness raising, as well as a better use of renewable energy and a compensation of rural people for emission reduction contributions are amongst the instruments to reduce deforestation. To generate the necessary funds for sustainable management and conservation and for the reduction of deforestation and forest degradation, more private funding should be sought to match public funding. While honouring the considerable efforts made by Viet Nam to rehabilitate its forest cover destroyed during the years of war, she also reminded of the challenges ahead, amongst them:

- Maintain and extend the area of sustainably managed forests, thus being able to sustain a growing timber industry and at the same time conserve Viet Nam's rich forest biodiversity;
- Cope with and adjust to climate change impacts, in particular in the coastal and mangrove forests;
- Overcome poverty;
- Generate the financial resources for forest conservation and sustainable management, in particular with the help of the private sector.

She stressed the continuing commitment of Germany to assist Viet Nam in coping with the challenges ahead.



Figure 3. Vice Minister Mr. Hua Duc Nhi, MARD

1.2.1 Welcome Address by Vice Minister Mr. Hua Duc Nhi, MARD

Her Excellency, Madam Gudrun Kopp, Vice Minister of the German Federal Ministry for Economic Cooperation and Development (BMZ), Distinguished guests, Ladies and gentlemen, First of all, on behalf of the Ministry of Agriculture and Rural Development, I would like to express our warmest welcome to all delegations from different countries, international organizations, relevant ministries and provinces in the country to attend the Regional Conference on Sustainable Forest Development in a Changing Climate – which is initiated as one of the events held in response to the celebration of 35th anniversary of the resumption of diplomatic relations between the Socialist Republic of Viet Nam and the Federal Republic of Germany (September 23, 1975 – September 23, 2010).

This conference is held in the context that Viet Nam just solemnly and joyfully celebrated its national day – the independence festival of the whole country and is moving towards the celebration of the 1000th anniversary of Thang Long – Ha Noi.

May I wish you all good health and a great success to our conference.

Ladies and gentlemen, Over the past many years, the Viet Nam Forestry Sector has obtained important remarkable achievements thanks to our proper orientations and policies issued by the Party and the State; the drastic directions of the Government and substantial supports from the international community. Basically, the country's natural forests have been well-protected, its plantation forests are rapidly expanding – re-greening bare lands and denuded hills. Forest cover significantly increased from 27% in 1990 to 39.1% in 2009. The Viet Nam Forestry Sector has made a vigorous shift from the government-subsidized to the socialized forestry.

Despite the remarkable progress and achievements, the Viet Nam Forestry Sector has faced a wide range of substantial challenges among which are the pressures of forest land encroachment during the course of economic re-structuring and development; the government investment capacity and the competition in economic efficacy between forestry sector and other economic sectors; different social perceptions towards forests, which are either in favour of environmental protection, biodiversity conservation or supporting the economic benefits derived from forests... A number of issues which need to be addressed in the Forestry Sector such as how to best protect forests, in particular the existing natural forests; rapidly enhance the plantation forest quality; create added value in the processing industries; export forest products and wood products; access to output markets, etc. Especially, in the context of the international economic integration and in responding to the recently imposed requirements of US Lacey Act and the EU Timber Legality Standard, FLEGT, it is essential for the Viet Nam Forestry Sector to finalize its management mechanisms and policies in monitoring of forest products and move towards ensuring the sustainable forest management is consistently applied in the entire country and all the country's forest areas.

Ladies and gentlemen!

Over the past 35 years, since the Socialist Republic of Viet Nam and the Federal Republic of Germany established the diplomatic relation, the Viet Nam Forestry Sector has continuously received significant and considerable assistance of both technical and financial support from the Federal Republic of Germany through a number of projects from KfW, GTZ and other organizations in a wide array of assistance.

As much as approximately 100 million EUR from the Federal Republic of Germany has been invested in various programmes, projects and training programmes in Forestry Sector,

which have clearly demonstrated its efficacy. The good practices, experiences and lessons learnt in involving local people in forest production operations in the very first KfW-funded projects, to projects on sustainable forest management planning, human resource development, market access, as well as innovative recommendations made to the forestry sector administrative reforms, contributions in the form of technical assistance to the Forest Sector Support Partnership (FSSP) Office and Trust Fund for Forest (TFF), etc, have significantly contributed to the important evolution and improvement in the management and development of the Viet Nam Forestry Sector;

With those important contributions and multi-dimensional cooperation between the Socialist Republic of Viet Nam and the Federal Republic of Germany over the past many years, the two countries acknowledged and unanimously agreed to launch 2010 as the year of "Germany in Vietnam" and "Vietnam in Germany". The Viet Nam Forestry Sector takes pride in participating in these important events which include our Conference today with the theme of Regional Conference on Sustainable Forest Management in a Changing Climate".

Ladies and Gentlemen!

Forestry Sector should develop as a key technical economic sector and at the same time forestry sector plays an important role in environmental protection, contributing to prevention and mitigation of natural disasters, ensuring the continued and stable water supply for human consumption and production processes; The role forests play in responding to climate change is more clearly consolidated and securely acknowledged.

One of the pre-requisites for the sector's development requires development of a medium term financing frame and appropriate investment mechanisms in the forestry sector, clearly-defined priorities in appropriate investment, effective utilization of different resources from both public and private sector; continued finalization of the sector institution and policies towards optimizing the mobilization of resources and effective coordination of such resources to serve the sector's development.

"The Regional Conference on Sustainable Forest

Development in a Changing Climate“ held in Ha Noi today is expected to serve as a successful forum for sharing and exchanging good lessons learnt from the Viet Nam Forestry Sector, as well as those of the countries in the region in order to assist and enable the Viet Nam Forestry Sector to develop in a sustainable manner in the context of the global climate change.

We expect that the Conference will result in diverse innovative and useful inputs and recommendations, which will assist the Vietnamese competent authorities in their prompt and appropriate decision making.

Ladies and gentlemen!

I wish to take this special opportunity, on behalf of the leaders of the Ministry of Agriculture and Rural development, to express our special thanks to the donors and international organizations for their substantial contributions to the Viet Nam Forestry Sector over the past many years. Our sincere thanks also to the Federal German Ministry for Economic Cooperation and Development and Her Excellency, Madam Gudrun Kopp, the BMZ Vice Minister for their active cooperation and valuable assistance rendered to the Viet Nam Forestry Sector as well as considerable support to the organization of this important Conference and we are looking forward to continue receiving effective cooperation for the time to come.

May I wish the further increasing fruitful development to the Viet Nam - Germany cooperation.

May I wish you all good health and great success to our Conference.

Thank you!

1.2.2 Welcome Address by Vice Minister Ms. Gudrun Kopp, BMZ

Deputy Minister Nhi, Ladies and Gentlemen,

- It is a great honour for me to open this important conference together with my colleague Deputy Minister Nhi. I offer you all a warm welcome!
- 2010 is a very special year for Viet Nam and for German-Vietnamese relations: in October, Viet Nam will celebrate the 1000th anniversary of the founding of its capital Ha Noi. I congratulate Viet Nam and the city of Ha Noi on that auspicious occasion.
- Also in 2010, Germany and Viet Nam are celebrating the 35th anniversary of the resumption of diplomatic relations.
- In addition, ties of close friendship join our two countries. Many Vietnamese people have spent time living in Germany and speak our language. Meanwhile, we even have a minister who was born in Viet Nam.
- The BMZ is therefore very proud to be organising this conference at this time together with the Ministry for Agriculture and Rural Development.
- I am very happy to be here with you. On the one hand, because I would like to get to know the partners of one of our most important cooperation countries personally. And on the other hand, because I consider the topic of this conference to be extremely important.
- “Forests are life”. Our forebears scratched this sentence on clay tablets more than 2000 years ago. Today we know, also because of many painful experiences, just how seriously we need to take this sentence.
- Forests are universal all-rounders: they provide us with habitats, climate protection and sources of income! That is what I wish to talk about today, that and of course our German-Vietnamese cooperation.

I. The forest – a universal all-rounder

- Forests are more than just a collection of trees and plants, more than places for relaxation and sources of inspiration for poets. They are the foundation of life and a vital natural resource for all people.
- Billions of people depend on the treasures of the forest. For them the forest is all things: their home, and also a source of nourishment, clean water, fuel, building materials and medicine.
 - It is estimated that about 1.6 billion people around the world depend on forests for their livelihoods.
 - 70 per cent of all animal and plant species live in forests.
 - Over a period of 6 years, the entire CO₂ content of the atmosphere is converted by the world's forests.
- Which just goes to show: forests are the best climate protectors and hold a treasure trove of genetic resources. We need the forests, we must protect them, but we also want to use them in sustainable ways. Because, there is money to be earned from forests!
- Forests supply important raw materials and thus contribute to economic development. In Germany alone, 1.2 million jobs depend on the raw material timber.
- The lumber sector has an annual turnover of 168 billion Euro. Forests create jobs in rural areas and help preserve infrastructure. Of course that is not just true for Germany, it is true across the whole world.
- Because forests are such universal all-rounders, protecting them and making sustainable use of them are for us an important topic for development cooperation.
- In a way you could say that forests are even a trump card in the global fight



Figure 4. Vice Minister Ms. Gudrun Kopp, BMZ

against poverty! If you know how to make proper use of them, they offer enormous potential for the very concerns that we are pursuing with our development policy.

- That is why Federal Chancellor Angela Merkel committed an additional amount of 500 million Euro for the protection of forests and other eco-systems in developing countries at the last Conference of the Parties to the Convention on Biodiversity for the period from 2009 to 2012. From 2013 onwards, this amount will even rise to 500 million euros per year.

II. Germany and Viet Nam – successful partners for forest protection

Ladies and Gentlemen,

- “Action should have been taken yesterday” is what UN Secretary-General Ban Ki-moon said recently in connection with the climate protection negotiations.
- He is right! And that applies above all to forest protection. 17% of global greenhouse gas emissions come from deforestation and forest degradation.
- It is high time that the topic of “Reducing Emissions from Deforestation and Degradation” (REDD) is not only discussed by experts but also at the highest political levels.
- Germany has been lobbying hard for the founding of a Forest Carbon Partnership at the World Bank. And for the topic of Reduced Emissions from Deforestation to be made a firm component of any future climate agreement. I very much welcome that, in Viet Nam, we have a reliable partner on our side for this!
- Many countries are trying to protect their forest stands. So far, only a very few countries apart from the industrialised countries have managed to achieve this. Viet Nam is one of them.
- The German Government honours the considerable efforts our partners in Viet Nam have made to rehabilitate the forests destroyed in past years by war, poverty, and non-sustainable forest management.
- Since 1990, thanks to reforestation efforts, the area under forest has grown by about 3.8 million hectares

(which is more than 10%) to a figure of 38.3% in 2008 and it is still growing. A terrific success for Viet Nam.

- And we too are a little bit proud because the increase in forested area was achieved with the support of German development cooperation.
- The German and Vietnamese governments can look back on a long tradition of successful cooperation in the forestry sector.
- There was already cooperation between Viet Nam and the former GDR, and a notable number of Vietnamese forestry scientists were trained in Germany.
- Currently, about 70 million Euro is being invested in 13 projects. That is the highest level of forest cooperation that Germany has in Asia.
- One very successful example of this cooperation is the Forest Sector Support Partnership (FSSP) set up by the Ministry of Agriculture and Rural Development and supported by German development cooperation.
- This partnership has proved to be a very good platform for policy dialogue and coordination between the Vietnamese government, the international donor community, civil society and private industry in the forestry sector. It is also a considerable success in international terms.
- I do not want to go into too much detail at this point, since we will be hearing a presentation about the forestry partnership later on.
- However, I do want to say a big thank-you to our Vietnamese partners, to the participating German organisations and also to all the other national and international partners for their joint achievements.



Figure 5. Conference room view with 220 participants during opening ceremony

III. Challenges for Viet Nam

- Viet Nam has achieved some great successes in the forestry sector. But for Viet Nam too it is true to say that the challenges are not getting any smaller:
 - A flourishing timber processing industry needs to be kept supplied with raw materials.
 - More must be done to provide and secure the funds needed to conserve biodiversity in forest eco-systems.
 - The economic interests of forest management must be harmonised with the ecological functions of the forest.
- In addition, Viet Nam more so than many other countries must adjust to the consequences of climate change.
- The UNDP estimates that the rise in sea levels will put 22 million people in Viet Nam alone at risk of losing their homes due to floods.
- The Mekong Region in particular is threatened by the increased frequency and intensity of floods, tropical storms, storm

tides and the resulting salinisation of the soil that climate researchers have predicted for the future.

- Already now, each year a 12-metre-wide strip of mangrove forest is swallowed by the sea. Incredible efforts are needed to compensate for these losses. But there is no alternative.

Ladies and Gentlemen,

- Something needs to be done now! Action must be taken now to protect people from the further impacts of climate change.
- There is a Ugandan saying: *“The best time to plant a tree is twenty years ago, and the second best time is now.”*
- I am therefore very pleased that we are able to continue our joint mangrove forest and coastal protection programme and, with the support of Australia, extend it to more provinces.
- Forest protection pays in many ways. But before there are any returns, money must first be invested. Forest protection requires large amounts of investment capital. For that we must tap all available sources.
- The private sector is also showing a growing interest in investing in forests as a long-term, sustainable



Figure 6. Dr. Müssig, First Vice President of KfW

capital investment, particularly following the recent experiences with more risky investments on the capital market.

- However, for the future, the private sector should have an eye more to the sustainable management of natural forests rather than short-term profits from forest plantations.
- Not only the investors in far-away Europe or America should profit from these investments but also and above all the local people.
- The challenge is to link public and private investments so intelligently that economic and ecological goals are achieved. That way the private sector can also be involved in poverty reduction more closely than before.
- It is these challenges that this conference is seeking to address. Its aim is to develop a future programme for Viet Nam's forestry sector and show what financial and advisory support will be needed.
- Finally, let me not forget to say a very big thank-you to all the colleagues at MARD, the German Embassy in Ha Noi, KfW, GTZ and to the consultants for the extensive work that went into preparing and organising this conference.
- I wish you and all of us interesting, innovative, sustainable and forward-looking work during these two days and a successful conclusion to the conference.

II. CONFERENCE CONTRIBUTIONS



2.1 TECHNICAL KEYNOTES

Box 2: Summary of technical keynotes

Dr. Salleh reminded of the many challenges the world is facing, such as demographic and economic changes, loss of biodiversity and desertification, and the impacts of climate change. He recalled the particularly vulnerable geographic situation of Viet Nam to climate change impacts due to its long coastline, and stressed the need to balance sustainable development without compromising the needs of future generations. He also addressed particular challenges for the forestry sector, such as a lack of political will and poor and corrupt practices, lack of trained staff and inadequate research, all resulting in a loss of public trust in forest management. However, there are also opportunities, amongst them an increased public concern for the environment and resulting new forest financing instruments.

In responding to questions, Dr. Salleh stressed that the impacts of climate change need to be further studied, and that Viet Nam could learn from neighbouring countries in sustainable mangrove management.

However, all that said, the forestry sector alone could not solve the need to cope with climate change – most important would be a change in human’s consumptive attitudes, in particular in respect to the use of energy.

Mr. Dukpa reminded of the increasing worldwide recognition of the multiple values and functions of forests. He mentioned a number of initiatives in the Asia- Pacific region reflecting this recognition, such as the

- Regional and national codes of practice for forest harvesting and reduced impact logging;
- Improvement of national legislative and

enforcement frameworks;

- Forest Law Enforcement, Governance and Trade initiative.

However, he also realized the demographic, poverty-related and climate change induced challenges for forestry in the region, and the need for further legal reforms to assist poor forest communities in sustainable forest management. Mr. Dukpa pointed out that in spite of all good efforts and initiatives, countries still lack the financial means to cope with these challenges. A stronger cooperation between countries and with bi- and multilateral agencies is required. Forestry sector budgets need to be increased, not only from public sources, but also through new mechanisms such as PES, REDD+, CDM, ecotourism, and with the help of the private sector.



Figure 7. Tan Sri Dato Dr. Salleh Mohd. Nor during his key-note

2.1.1 The Challenge of Financing Forestry Under Changing Climate, Economic & Global Conditions: A Global Perspective

By Tan Sri Dato Dr. Salleh Mohd. Nor, President Malaysian Nature Society, Malaysia

The world is faced with tremendous challenges such as excessive population growth, climate change, loss of biodiversity, and desertification. Yet, there are some sceptics, who do not believe that these problems are real and threatening the very survival of the human race. The “Climate Change, Sea Level Rise for Viet Nam 2009” reports of a mean surface temperature increase of 1.1 to 1.9 to 2.1 to 3.6 degrees C by 2070. This can result in serious forest diseases and increase in forest fires. The coastal mangrove forests will be threatened and Viet Nam, with a long coastline, will be further threatened with inundation of seawater. Thus, it is inevitable that in the pursuit of development, sustainable development that meets the needs of the present without compromising the future needs be practised with our ecological footprint controlled to a minimum. The challenges are many and include loss of public trust in forestry management, lack of political support, poor and corrupt practices, inadequate research and inadequate numbers and insufficiently trained professionals. Nevertheless, opportunities exist as there is greater public concern on the environment, development of science and technology that has yet to be harnessed by forestry science, new mechanisms of funding and globalisation of opportunities. New funding opportunities include carbon credits, biodiversity credits, conservation standards besides those already developed such as REDD. These opportunities need to be marketed in an aggressive way in order to attract greater investments into forestry. Finally we have to invest into our future generations as they hold the key to the future management of this natural heritage.

2.1.2 The Challenge of Financing Forestry Under Changing Climate, Economic & Global Conditions: A Regional Perspective

By Mr. Karma Dukpa, Chair Asia-Pacific Regional Forestry Commission, Bhutan

We can say with satisfaction that the world is increasingly recognizing the multiple values and functions of forests. To sustainably use these forest values, national governments will need to take up some drastic measures.

More than a decade ago, APFC members collectively developed the Code of Practice for Forest Harvesting in Asia-Pacific and the Commission has encouraged the implementation of national codes, reduced impact logging, and the application of criteria and indicators. Recent initiatives include: improving national legislative and enforcement frameworks; boosting institutional staffing and budgetary capacities; and stepping up forest crime prevention, detection and suppression strategies. We also have witnessed several policy and legal reforms in forestry in the Asia-Pacific countries. However, national governments often do not have the financial means to meet their duties. Legal reforms are also necessary to engage the millions of forest dwellers and forest dependent communities in sustainable management of forest areas through provision of management rights on common property resources. Many countries in the region such as India and China have started such reforms and are already seeing the flow of benefits. Forest Law Enforcement and Governance (FLEG) in the Asia-Pacific needs to be vigorously pursued well into the future through improved means of law enforcement, enhanced transparency and accountability, decentralization and devolution, conflict resolution, improved tenure-ship and equity. In the Asia-Pacific region, with more than half of the world’s population and many millions in poverty, the negative effects of climate change will be profound on food production

and threaten the livelihoods of these people. We need to take these threats seriously and will need to plan and implement short-term and long-term mitigation and adaptation measures. It is crucial that developed countries support developing countries in mitigating and adapting to climate change threats through provision and transfer of technology, capacity and financial resources. Increase in forest area and tree cover through sustainable forest management, forest conservation, reforestation and afforestation helps reducing carbon emission by enhancing carbon sequestration and reduce the impact of climate change. Many countries in the region are looking forward to learning from the experiences of those that have started implementing CDM and REDD projects. We have to increase the forestry sector's budget share in overall national budgets. National forestry sector agencies, regional agencies and multi-lateral agencies must work together to implement emerging forest financing instruments and mechanisms in the Asia-Pacific.

2.1.3 Panel Discussion

Questions and Answers:

1. Question

I would like to know your ideas about opportunities and challenges in sustainable forest management in the coming year in the region and in Viet Nam in particular?

Answer from Ms. Kopp: in order to reduce emission from degradation and deforestation, it is important to do more training and awareness raising campaigns to reduce deforestation and ensure proper use of energy.

2. Question

I would like to know about status of public funding in forestry in the region, the main obstacles, and the way to make public funding more effective together with other funding mechanism?



Figure 8. Mr. Karma Dukpa during his key-note

Answer from Mr. Dukpa: Countries shouldn't depend only on public and donor funding, we should identify other financing sources for forestry such as ecotourism, PES, REDD+, CDM and private sector.

3. Question

Due to climate change, rising sea levels pose a threat to mangrove forests; is there any financial mechanism specifically for development of mangrove forests? This is necessary, since mangrove forests have an important linkage with tens million people's livelihoods.

Answer from Mr. Salleh: We have to further study on how CC influences mangrove forestry. In order to establish mangrove forests, we should learn from other countries' experience. However to mitigate CC, it is not only necessary to focus on forestry, we have to change behaviour in energy use.

Answer from Mr. Nhi: Government has paid attention to investment in mangrove forests. The planning of mangrove areas has been established and is intended to expand due to CC. Then the funding mechanism also needs to adapt in accordance with current conditions: explore more opportunities with PES, REDD and international support since Viet Nam's state budget is limited. We hope for more international support in coming time.



Figure 9. The panel (Dr. Müssig, Vice Minister Mr. Nhi, Vice Minister Ms. Kopp, Dato Dr. Salleh, Mr. Dupka from left to right)



Figure 10. The panel was questioned by the audience in a lively way

4. Question

What are the challenges and opportunities for funding to forestry to adapt to climate change?

Answer from Ms. Kopp: Except bi-lateral and multi-lateral funding, governments should concentrate on funding from private sector. One more important thing is individuals, communities should be compensated fully due to emission reduction activities that may affect their livelihoods.

5. Question

In Malaysia, has sustainable forest management and Forest Stewardship Council (FSC) certification been applied for rubber and palm forests or not?

Answer from Mr. Salleh: Private sector invested in rubber and oil palm in Malaysia, the harvest rotation is 20 years and they don't apply the sustainable forest management method and there is no subsidy from the Government for this forest development. Currently rubber areas have been reduced gradually while Thailand and Viet Nam are increasing their rubber areas.

6. Question

Regarding special-use forests (SUF), is there any new policy or strategy to give priority to SUFs in coming time?

Answer from Mr. Nhi: SUFs are one of the core investments of Government with separate regulations: SUFs are managed by the State and have been subsidized 100% by the State. A new investment policy on SUFs has been prepared by the Ministry of Planning and Investment (MPI) and submitted for approval; this will provide for Investment in infrastructure and development of buffer zones. It is necessary to specify investment needs of SUFs in one program in the next 5 years.



Figure 11. Panel during the press conference



Figure 12. About 80 media representatives were present in the press conference

2.2 THE FORESTRY SECTOR OF VIET NAM

Box 3: Summary on Forestry in Viet Nam

The forestry sector of Viet Nam was briefly described. Despite earlier clearing of forests, Viet Nam's forest cover increased considerably through reforestation and afforestation efforts. The sector considerably contributes to income generation, particularly in rural areas. Moreover, intangible benefits are numerous by providing environmental services. The increasing demand for forest products on the world market and thus the increased recognition of Viet Nam's forestry sector by the international community provide major opportunities. Nevertheless, the sector is highly undercapitalised and needs further and strong political and financial support.

This support was partly provided by the German DC including coastal zone and biodiversity protection. Germany will continue to support Viet Nam in sustainable forest development.

Particular emphasis shall be given to comprehensively develop the sector that provides over 250,000 jobs and contributes significantly to Viet Nam's export. The processing industry should focus on improvement management skills and technical training. Moreover, it has to secure its raw material supply, as currently ca. 80% have to be imported. Nevertheless, and despite all technical and financial issues, Viet Nam has still to find a balance between ecosystem use and protection. Particularly Viet Nam's biodiversity is threatened by the rapidly growing demand for water, minerals, timber, and other natural resources.

2.2.1 The Forestry Sector of Viet Nam: Achievements, challenges, and opportunities

*By Dr. Nguyen Ba Ngai, Deputy DG,
Directorate of Forestry, MARD*

Remarkable achievements, constraints, and lessons from experience for Viet Nam's forestry sector

Forest rehabilitation and development:

The total area of natural land of Viet Nam is more than 33 million ha, of which 16.24 million ha are planned to be used for forestry. The forest area has been increasing continuously thanks to afforestation and natural forest rehabilitation with an annual increase of more than 260,000 ha. The forest cover during the period of 1995 – 2009 also increased considerably from about 28% in 1995 to 39% in 2009. The production yield and quality of Viet Nam's forests have also been improved. The harvest from natural forests has been around 200,000 m³ per year. In recent years, the area of forests lost due to violations has decreased substantially. However, there are still many constraints and challenges in forest protection and development in Viet Nam in the past years.

Contribution to national economy: The forestry sector also has made significant contributions to the national economy through forest product processing industries for export, and forest's environmental values. Even though, the forestry sector still shows a number of limitations, namely low and unstable growth rate.

Contribution to poverty reduction and economic development in rural and mountainous areas: There are about 25 million people living within and nearby forests. The life of mountainous inhabitants depends on goods and environmental services from natural forests. Through

socialization and diversification of forestry activities, the Government of Viet Nam has made persistent efforts to improve the livelihoods of people from forest production. This socialization is considered as a means to achieve the target of creating 2 millions more jobs in the forestry sector, and increase income and reduce poverty for 70% of households living in key forestry areas as defined in the Viet Nam Forestry Development Strategy 2006-2020 (VFDS).

Contribution to environmental and ecological protection: Located on the rim of the Pacific Ocean in the tropical monsoon area where big tropical storms start, Viet Nam is all the time facing natural disasters and unpredictable weather conditions. Moreover, due to the diverse and sloping terrain, forests play a crucial role in protection and preservation of the ecological environment.

Lessons Learned: Firstly, it is necessary to develop, modify and improve the legal, institutional and policy system for forestry towards the current trends. Secondly, it is recommended to boost forestry socialization. Thirdly, it is needed to improve planning and strategy making skills at different levels. Fourthly, the forestry sector of Viet Nam has taken initiatives to expand multi-faceted bi-lateral and multi-lateral cooperation with other countries and international communities.

Opportunities and challenges for development of Viet Nam's forestry Opportunities:

Opportunities for development of Viet Nam's forestry include: (1) The strongly increasing demand from international and domestic forestry markets, (2) The international economic integration process also creates opportunities to improve the investment, (3) In recent years, public awareness of the importance and position of the forestry sector has strongly increased, and (4) The support and attention from the international community.



Figure 13. Dr. Nguyen Ba Ngai during his presentation

Major challenges: Challenges for development of Viet Nam's forestry include: (1) the ever growing social multi-dimensional pressure on forest resources, (2) The development of the overall sector is not matching with current requirements, (3) International trade barriers, (4) The level and competitiveness of forest production are still limited, (5) There is a gap between the rapid, comprehensive and sustainable development requirements and the currently limited resources of the forestry sector, (6) difficulties in finding a way for harmonizing poverty reduction and environmental protection, (7) The importance of the forestry sector is under-valued, leading to adverse impacts on investment policy for the sector's development.

Development orientations: Key development orientations for of Viet Nam's forestry include: (1) Planning of 3 types of forests and forestry land by 2020, (2) Forest management, protection, development.



Figure 14. Dr. Jürgen Hess presented the first part of the paper



Figure 15. Mr. Nils-Henning Meyer concluded the second part of the joint paper

2.2.2 German Development Cooperation Forestry Projects in Viet Nam: Lessons Learnt and Outlook

By Dr. Jürgen Hess (GTZ) and Mr. Nils Meyer (KfW)

The presentation gives a quick overview on funding sources, instruments, focal areas and project portfolio of German Development Cooperation (GDC) in the Vietnamese forestry sector including biodiversity and coastal zone management. Lessons learnt are presented regarding the development of framework conditions since the mid 90ies and success factors in project design including the approach of integrating legal, technical and financial incentives based on performance criteria and strict quality control mechanisms. GDC projects have achieved significant impacts in many fields – institutional, environmental, socio-economic – so far but it is important to note that impacts vary a lot between and within projects, and that up-scaling and sustainability of these achievements, innovations and impacts still present a major challenge for the coming years. Hence, further cooperation and support is needed for consolidating and upgrading the cooperation in the sector. Emerging issues such as climate change, FLEGT and biodiversity conservation shall be incorporated into the cooperation agenda and national policies. Pilot activities shall help to make these policies more operational and effective thereby contributing to the VFDS and National Target Program (NTP) on Climate Change. The way forward for future cooperation is presented for 3 thematic fields of cooperation: (i) Sustainable Forest management in terms of socio-economic development, forest resilience (adaptation to CC) and carbon sequestration / REDD+ (mitigation), (ii) biodiversity conservation and (iii) Climate Change and Coastal Ecosystems (Adaptation to CC) in terms of coastal protection (mangrove forests and dyke infrastructure) and land-water-management (production, services, management issues). Main topics to be addressed by policies and concepts are summarised as well as measures requiring technical and financial support.

2.2.3 Market Prospects for Viet Nam's Forest Products

By Mr. Nguyen Chien Thang, Chairman Handicraft & Wood Industry Association (HAWA), HCM City

The Vietnamese wood processing industry comprises around 2,500 companies with about 250,000 employees. Around 600 factories are fully export-oriented. The Industry ownership is a mixture of state-owned enterprises, private sector companies, joint ventures and foreign-owned companies.

In the last ten years, the sector has seen a tremendous development in the export of wooden products with an average increase of more than 30% per year. To achieve this Viet Nam has to import about 80% of its raw material.

The USA is the most important destination for Vietnamese wooden products, followed by the EU and Japan. Bedroom furniture is leading the product category followed by living- and dining-room furniture.

The weaknesses of the industry are characterized by a considerable lack of trained workers and a qualified middle-management due to a significant lack of appropriate training institutions at all levels.

A clear strength is the competitive production cost marked by the still low industrial wage structure, but this will change in the near future because salaries are increasing considerably. The work force is diligent and hard working and known to learn quickly. There is a good value proposition offered by a diverse range of high quality products at competitive prices and service.

The presenter concluded that the Vietnamese woodworking sector should focus on foreign markets with high quality products based



Figure 16. Mr. Nguyen Chien Thang

on a strict compliance with international timber trade regulations, but at the same time not neglecting the domestic market. The woodworking industry needs to change towards an efficient vocational training in order to improve professional capacity of workers and their design knowledge and skills. In view of the import dependence on raw material the establishment of plantations and the sustainable management of natural forests should be one of the primary objectives of forest policy in Viet Nam.



Figure 17. Mr. Jake Brunner

2.2.4 Challenges for biodiversity Conservation in Viet Nam

Viet Nam's biodiversity conservation crisis

By Mr. Jake Brunner, IUCN

Home to about 10% of the world's vertebrate species on 1% of the land area, Viet Nam represents an incredible concentration of biodiversity. The discovery of three large mammal and four bird species new to science in the early 1990s highlighted Viet Nam's reputation as a biological frontier and contributed to significant international funding for conservation. Most of this funding has gone into the establishment and management of protected areas, which now cover 15% of the country. On a per hectare basis, spending on Viet Nam's protected areas is among the highest in the world.

But relatively high levels of funding and a comprehensive body of legislation protecting plants and animals have not translated into effective conservation: natural habitats are being lost, protected areas continuously degraded and species are disappearing at an accelerating rate. The recent discovery of a dead Javan rhino that had been shot and its horn removed within Cat Tien National Park where \$10 million has been spent over the past 10 years to strengthen park management typifies the assault on Viet Nam's wildlife. There has been no confirmed evidence

of a wild tiger since 1998, surveys in the Central Highlands show that populations of gaur and banteng have fallen by 50% since 2000, and the total populations of several endemic primate species have fallen below 100 individuals.

The rapid loss of habitats and species is being driven by much improved market integration and rapidly growing demand for water, minerals, timber, and other natural resources. The demand for wildlife, in particular, lies behind the intense poaching that has emptied forests of commercially valuable fauna. This process is particularly advanced in Viet Nam, whose economy has grown by an average of 7% per annum since the mid-1990s and where several species are on the verge of extinction. Having depleted its own wildlife, Viet Nam increasingly consumes wildlife from other countries, which is, for example, driving rhino and elephant poaching in Africa.

Viet Nam's protected areas are essentially open access and as natural resources outside of these areas become exhausted, pressure on them will increase. In most cases, the protected area management boards report to the provincial governments that pursue a growth at all costs strategy irrespective of the environmental impacts. EIAs are undertaken in secrecy with no public consultation. Most protected area spending is on infrastructure that has no direct conservation benefit. International advice on management practices is routinely ignored. Under these conditions, it is unsurprising that rangers are unmotivated and ineffective despite significant investments in training and capacity building. Indeed, recent surveys indicate that rangers are essentially absent from the forest and in some cases are complicit in illegal resource use.

These governance failures have been aggravated by the tendency for international NGOs to hide "failure" and thereby impede lesson learning due to perceived pressure to report success and by the failure of donors to link conservation

funding to performance. Under these conditions, biodiversity conservation in Viet Nam faces enormous challenges. There are small-scale successes where NGOs have worked intensively at a specific site and secured local political support and community buy in, but these are exceptions to the rule.

Reversing these trends requires a commitment from the highest levels of government to protect Viet Nam's legally protected flora and fauna. In the absence of such commitment, no amount of project support will prevent illegal use and unsustainable extraction by well-organised commercial interests. Neither will local communities be motivated to participate meaningfully in any sort of sustainable practices in collaboration with government agencies or projects. Several protected area reviews have been carried out but the major recommendations have never been implemented. These are:

- (1) establish a protected areas authority that is independent of local government;
- (2) enforce Viet Nam's existing wildlife protection laws; and
- (3) conduct EIAs in line with best international practice, including public consultation and review.



Figure 18. Numerous questions were raised by the audience and challenged the presenters

2.2.5 Q&A

- In the German - Vietnamese cooperation, the technical assistance provided by the German side is not strong enough to embed in Viet Nam forestry policies and strategies, what will be done to make technical support more efficient?
- On Mr. Brunner's presentation: it seems not too realistic and based on subjective opinion. As Brunner depicts, the biodiversity picture of Viet Nam is too dark in compared with the actual situation

Answer from Mr. Jürgen Hess, GTZ: Several new techniques have been introduced such as land use planning and land allocation (LUP LA), community forest management, extension, silviculture treatment, nature reserves, strategic framework and detailed guideline for implementation. Difficulty lies in further adaptation of these techniques, it requires stronger cooperation between the two sides.

Answer from Mr. Nguyen Ngoc Binh, DoF, MARD: German cooperation from 1975 is considered as effective by the Viet Nam side. Technical assistance (TA) through GTZ and KfW has supported many provinces with large forest cover - investment cooperation exists in 11 provinces.

It is necessary to establish the suitable compensation mechanism so that officers refuse corruption. It is

impossible to protect forest if stakeholders haven't been compensated satisfactorily. We have applied innovative co-management mechanism together with strict monitoring activity.

- What is the strategy and policy of Government to deal with corruption in the forest sector? What are the functions of third parties in monitoring the forest sector?

Answers from Dr. Nguyen Ba Ngai, DoF, MARD: The forest protection system has been organized from province to commune level and is under good operation now, creating close linkage with local authorities at village level together with local people in forest protection.

Regarding monitoring by third parties, this includes cooperation with police and local people in detecting forest violations. In addition local people are a monitoring factor reflecting the operation of rangers to higher levels. We are now preparing a legal paper to stipulate the role of rangers as well as the monitoring function of local people. I am sure about the improvement in coming time.

Answer from Mr. Ngoc Binh, DoF, MARD: To avoid corruption, we should change the remuneration system of ranger to an acceptable level. Now new mechanisms about co-management and monitoring are being introduced to reduce corruption.

2.3 REGIONAL AND GLOBAL ASPECTS

Box 4: Summary on regional and global aspects

Mr. Wolf remarked how climate change poses both a challenge and an opportunity for the forest sector, and how the evolution of REDD+ offers potential for developing countries to stimulate better practice for local and global benefit. However, it is not clear by when a mechanism for implementing REDD+ will be agreed. Nevertheless initiatives have already been developed with the aim of supporting countries to get ready for REDD+ by building capacity, establishing pilot measures and developing best practices.

Mr. Assenmacher described how the voluntary carbon market is already providing the opportunity for companies and individuals to offset their emissions. This market is growing with the assistance of companies, which identify projects and link providers with buyers of carbon certificates. Reforestation projects represent a small portion of the total voluntary market, but with great potential for growth – with one pilot already underway in Vietnam.

Mr. Sukmajaya informed that ASEAN has established a Multi-sectoral Framework on Climate Change in response to the threat to food security. With a goal of sustainable use of forests (and other natural resources), the framework should enhance policies, cooperation, and knowledge sharing amongst member states. Consistent with this framework ASEAN sees REDD+ as important for mitigating emissions and enhancing conservation and sustainable use, and has already identified areas for collaboration and pilot projects.

2.3.1 Opportunities and Challenges from Climate Change for Forestry – A Global View

By Mr. Reinhard Wolf, GTZ

Mitigation options under REDD+:

In the Copenhagen draft REDD decision, the “scope” i.e. the mitigation options have been defined as follows: (a) Reducing emissions from deforestation; (b) Reducing emissions from forest degradation; (c) Conservation of forest carbon stocks; (d) Sustainable management of forest; and (e) Enhancement of forest carbon stocks.

Adaptation options:

There is still little knowledge on options on adaptation to climate change in the forestry sector.

A recent IUFRO paper on „adaptation of forests and people to climate change“ is emphasizing sustainable forest management as essential for reducing the vulnerability of forests to climate change.

Status of climate negotiations on forests

The Copenhagen Accord underlines the important role of REDD and calls for the immediate establishment of a mechanism for REDD to support developing countries. However, methodological guidelines for assessing and monitoring REDD activities are very general.

A REDD-Decision drafted by the Ad hoc Working Group on Long Term Cooperative Action is not yet adopted; negotiation will have to continue and it is not clear for how long. There are still a number of contentious issues like (i) the goal / objective of a REDD mechanism, (ii) the MRV system (Measuring, Reporting and Verification), the financing mechanisms, and (iv) the setting of reference levels.



Figure 19. Mr. Reinhard Wolf

Existing and potential international instruments

The most relevant initiative is the REDD+ partnership, where more than 52 countries and multi-lateral agencies participate. Within this partnership, Germany has announced to provide at least 350 Mio. Euro for REDD for the period 2010 – 2012. During the conference in Oslo (27. 5. 2010) a final document was prepared emphasizing the voluntary, non-legally binding framework. This document and a number of country specific data sheets can be found here: <http://www.regjeringen.no/en/sub/Portal-Oslo-Climate-and-Forest-Conference/Documents.html?id=601481>

Outlook

It is open, whether and when we might have a functioning REDD mechanism in the UN context and how the details will look like. But significant interim initiatives like the REDD+ partnership are in place. As capacity building is necessary in most of the countries, there will be a transitional period of several years. It is important to establish successful pilot measures and best practices, which are nationally and internationally recognised.



Figure 20. Mr. Harry Assenmacher

2.3.2 The Voluntary Carbon Market

Voluntary Carbon Market as an opportunity for reforestation projects in Viet Nam

By Mr. Harry Assenmacher, Forest Finance GmbH

As the Kyoto Process still does not include all countries, an increasing number of companies and private persons try to compensate their carbon / CO₂ emissions. Forest Finance is offering the calculation and compensation of the carbon footprint of companies and private households in industrialised countries. The compensation is achieved by reforestation projects that create a biodiverse mixed-species forest and out of this carbon-certificates that can be traded. As the trade with carbon certificates generates earnings the costs of reforestation and restoring deforested areas can be paid from these earnings. As only 10% of the world's voluntary carbon market is traded with carbon certificates generated by reforestation projects there still is a good market opportunity. There is a great demand in Europe for carbon certificates generated by reforestation. Forest Finance developed different successful marketing tools for trading these certificates in the retail market. In 2010, Forest Finance started a first reforestation project in Kon Tum in cooperation with the Dak To State Forest Enterprise. The carbon certificates shall be certified for the voluntary market by Carbon Fix Standard and are traded in Europe. The cooperation between Forest Finance as a private company on one side, and SFE and MARD is a good example for other regions in Viet Nam to activate a financial resource that can be used for reforestation of protection areas in rural parts of Viet Nam.

2.3.3 Climate Change, Food Security, and Poverty Alleviation

By: Mr. Dian Sukmajaya. ASEAN Secretariat

ASEAN is at the very early stage on climate change dialogue. Since COP 13 of the UNFCCC, the dialogue on climate change within the sector is growing in ASEAN. One of the concrete results from the series of dialogue is the “ASEAN Multi-sectoral Framework on Climate Change: Agriculture and Forestry towards Food Security” (AFCC). ASEAN has discussed this framework for a couple of years. The AFCC was endorsed by the 31st ASEAN Ministers on Agriculture and Forestry (AMAF) Meeting on 10 November 2010 in Brunei Darussalam. This framework was developed in response to the urgent situation of climate change and recognizing the immediate threat of it to food security in ASEAN.

The framework addresses the issue related to agriculture, forestry, fisheries, livestock and in coordination with the environment, health and energy sectors. The goal of the framework is to contribute to food security through sustainable, efficient and effective use of land, forest, water and aquatic resources by minimizing the risks and impacts of, and the contributions to climate change. The framework consists of 4 components which include 1) integration of climate change mitigation and adaptation strategies into the economic and social development policy framework; 2) cooperation on the implementation of adaptation and mitigation measures; 3) strengthening of national and regional knowledge sharing, communication and networking on climate change and food security; and 4) developing a more comprehensive multi-sectoral strategic framework and a roadmap for implementation.

ASEAN acknowledged that agreement on and effective implementation of Reduced Emission from Deforestation and Forest Degradation -plus (REDD+) mechanisms is critical for contributions by ASEAN Members States to mitigate emissions,



Figure 21. Mr. Dian Sukmajaya shared the ASEAN view

and offers major opportunities for enhancing biodiversity conservation and sustainable use of natural resources, as well as supporting the livelihood of local communities in a sustainable manner.

In order to support the implementation, ASEAN has identified areas where development partners and countries could cooperate and work together under the framework. The potential collaboration with the partners could develop in area capacity building, exchange of knowledge and information including technology transfer and technical data, promoting awareness, developing pilot projects in adaptation and mitigation strategy and developing a regional strategy in adaptation and mitigation.



Figure 22. After the presentations the audience raised questions



Figure 23. Smaller groups formed and had lively discussions

2.3.4 Q&A

- What is the intention of the German side in funding for REDD in Viet Nam?
- How can Viet Nam receive German funding for REDD?

Answer from Mr. Wolf, GTZ: Germany has innovative policies in selling emission rights through auctions. The revenues will be used to donate to environmental funds worldwide, and Viet Nam may be a beneficiary from these

funds. We are willing to support Viet Nam in REDD issues, however Viet Nam should have suitable project proposals for consideration.

Viet Nam should prepare well for REDD implementation and also look for support from many other sources and funds.

- The existing mangrove forests are small in comparison with the original mangrove areas. Have you got any advice regarding the needs to establish new mangrove plantations? For example: call for public fund or voluntary carbon funds?
- In the voluntary carbon market, how about the carbon prices risk, how we can assess these risks?

Answer from Mr. Wolf, GTZ: In the carbon market, we should pay attention to transaction cost, sometimes we even loose money when costs are higher than revenues, particularly in small-scale projects. We should develop a fair benefit sharing system and minimize risks of overpaying.

- In the voluntary market, how can local forest owners gain benefits, and how can we minimize the substantial transaction cost?

Answer from Mr. Assenmacher, Forest Finance GmbH: The carbon prices in the free market are flexible and it is not easy to forecast the price movements. We should develop a legal framework to keep the prices stable, another suggested tool would be equity capital in the stock market.

2.4 FOREST FINANCING

Box 5: Summary on forest financing

About USD 1 bn have been invested into the forestry sector between 2001 and 2005 and Viet Nam was able to increase its forest cover by 2 mio. ha (2001-2010). Although major investments came from outside the country, the people of Viet Nam considerably contributed through labour to achieve this goal. The country is aware that it is slowly moving into a higher development stage, which causes simultaneous cuts in contributions from outside. The Government estimates that until 2010 the needed capital investments amount to USD 3.6 bn for implementation of its policies. Examples for countries of the region indicate that contributing to climate change mitigation pose major opportunities to seek additional funding and that the international investment sector is also prepared to contribute towards reducing forest degradation and loss of forest cover.



Figure 24. Dr. Nguyen Nghia Bien

2.4.1 Overview of Investment in Viet Nam's Forestry Sector: Current Status, Future Directions

By Dr. Nguyen Nghia Bien, Directorate of Forestry, MARD

In the period of 2001 – 2010, the forest area in Viet Nam increased by about 2 million hectares, mainly consisting of plantations. The approved Forestry Development Strategy of Viet Nam for the period 2006 – 2020 with five major programs (3 development programs and 2 supporting programs), confirms the objectives and directions of the forestry sector in Viet Nam towards forest protection and development in the coming time.

Recent achievements in the forestry sector are partly thanks to a range of appropriate investment policies. The total investment for forestry from 2001 to 2005 reached approximately 16,567 billion VND (about 1 billion USD), or about 3,300 billion VND per year, and tends to increase in the future. Most major parts of this investment capital come from the state budget, official development assistance (ODA) funds, credits and foreign direct investment (FDI), while the ratio of capital mobilized from households, businesses and state forest farms is rather low. The investment from the state budget and ODA funds mainly concentrates on development of protection and special-use forests, whereas remaining finances focus on development of production forests. While most of financial sources seem to increase, ODA funds tend to go down.

To achieve objectives of the Viet Nam Forestry Development Strategy by 2020, the total demand for investment capital should be at least 68,414 billion VND (equivalent to 3.6 billion USD), mainly focusing on 3 development programs, namely Sustainable Forest Management (41%), Wood Processing and Forest Product Trading (39%), and Forest & Biodiversity Protection (15%). The capital from the state budget will be given to the following priority areas: institutional and policy reforms, research, inventory/surveys, forest extension, forest protection, and biodiversity conservation. The capital mobilized from other sources will focus on such fields as timber processing, forest product trading and sustainable forest management. The ODA fund for forestry tends to decline in the coming period (2011 to

2015), from 31.5 million in 2011 to 1.2 million USD in 2015, and will mainly focus on the Central Highlands (35%), the Southern Central Coast (30%) and the Northwest. Priority areas for ODA will be sustainable forest management (54%) and forest protection, biodiversity and development of environmental services (21%).

From now to 2020, investment in forestry will gradually have a lower ratio contributed from the state budget, which will focus on: development and protection of watershed, coastal and critical protection forests, as well as special-use forests, support to development of production forests, and forestry institutions and policy research and development. The ratio of ODA will also decrease, focusing on sustainable forest management, biodiversity conservation, development of environmental services (CDM, PES and carbon credits), as well as activities aimed at adaptation to climate change. On the contrary, private investment (domestic and FDI) will increase thanks to logical investment promotion policies, and will focus on afforestation of production forest, material wood forest, and CDM forest; development of processing industries in order to serve export and domestic consumption demand; forest product marketing and trading, as well as human resources training and development for the sector.

2.4.2 Lessons Learnt from Public Forest Financing in Southeast Asia

By Mr. Ahmad Dermawan, CIFOR

In the global effort to mitigate climate change, the REDD+ initiative offers an unprecedented opportunity for tropical forest countries to create new revenue flows by protecting standing forests and rehabilitating degraded forests. With nearly 90 million hectares under forest cover, Indonesia has the world's third largest area of tropical forest, as well as extensive carbon-rich peatlands. However, Indonesia is also the world's largest emitter of CO₂ from deforestation and forest land use change. Through REDD+, Indonesia has a unique opportunity to generate revenue, reduce the loss of forest cover and, in doing so, make a significant contribution to reducing global carbon emissions. Prior analysis shows that reducing Indonesia's deforestation rate by 5 per cent could generate REDD+ payments of 765 million USD a year, while a 30 per cent reduction could generate more than 4.5 billion USD a year (Purnomo *et al.* 2007). With such large sums potentially flowing through REDD+ payment schemes, Indonesia's ability to achieve REDD+ targets will require effective institutions for good financial governance. This study analyses the financial management and governance practices with which the Government of Indonesia (GOI) has administered the country's Reforestation Fund (*Dana Reboisasi*, generally referred to by the abbreviation DR) over the past two decades. This experience offers critical lessons for REDD+ related to the need for:

- strengthening financial management and revenue administration;
- dealing with corruption, fraud and loss of state assets;
- monitoring, reporting and verifying financial transactions;
- removing misaligned and perverse incentives;



Figure 25. Mr. Ahmad Dermawan presented CIFOR's view

2.4.4 Resume of day

2.4.4.1 Vietnamese view

Ladies and gentlemen,
After a hard and active working day with a high sense of responsibility, we have listened to presentations from 10 speakers relating to the various themes of our conference. I would like to take this opportunity to give you a short summary of those ideas as follows:

For the time being, we may divide the issues into three groups:

First Group of Issues: We have listened to presentations relating to the overall picture of the forestry sector in Viet Nam; the issue of investment in forestry on the basis of the VFDS for period 2006 - 2020; the issue of forestry cooperation between the Government of the Federal Republic of Germany and the Government of Viet Nam over the last 35 years. Especially in the recent time, there have been many technical assistance projects managed by the GTZ and GFA with the aim of improving the sector's management capacity from the central to grassroots levels and supporting the implementation of important policies of Viet Nam in the forestry sector such as allocation of land and forest, micro land use planning, sustainable forest management, benefit sharing, pilots on payments for forest environmental services (PFES), etc. Apart from those, there have also been projects providing financial assistance from the KfW. Thanks to such assistance, thousands of hectares of forests in northern and central provinces of Viet Nam have been planted with high quality stands, contributing to increasing the forest cover as well as improving livelihood of poor rural farmers living nearby. At this conference, we also heard a report from Forest Finance GmbH on its initial results gained from a CO₂ afforestation cooperation program with Kon Tum province, which if successfully implemented, will lead to opportunities for

scaling up in the future. Also in this group of issues, we heard about the status of wood processing, market prospects for Viet Nam's forest products, and recent actions for biodiversity conservation in Viet Nam. All of the presentations could highlight achievements, as well as shortcomings and limitations, opportunities and challenges, based on which the participants of the conference discussed orientations for development and fundamental solutions to realize these orientations.

Second group of Issues: The conference listened to speakers representing GTZ and the ASEAN Secretariat talking about major issues related to actions of the international and regional community, opportunities and challenges from climate change to the task of sustainable forest management, reduction of greenhouse gas emissions caused by deforestation and forest degradation, food security, and poverty reduction. These speakers also mentioned commitments of the international community, the potential of financial contributions from international institutions such as the World Bank, GEF, REDD, bi-lateral and multi-lateral organizations, etc. to respond to climate change in the future.

Third Group of Issues: The participants listened to speakers from CIFOR and New Forests presenting their lessons from experience on public finance management and private finance in the forestry sector through practical experience in the Asia-Pacific region, especially the management model which has been being implemented in Malaysia. Successes and obstacles in financial management are a good general lesson for all the countries in the region.

Ladies and Gentlemen,
Following the presentations mentioned above, tomorrow we will have further discussions on the 4 topics. I am very much hoping that the discussions will be even deeper at a higher level of detail, so as to introduce major directions and orientations and basic ideas on possible measures for effective implementation of those topics in order to satisfy the task of sustainable forest management in the context of global climate change.

Thank you very much for your attention.



Figure 27. Refreshment after a long day

2.4.4.2 German view

Regional and Global aspects

We received three presentations on Regional and Global Aspects, and were provided with a Global View on Opportunities and Challenges from Climate Change for Forestry by Mr. Reinhard Wolf, who:

- Introduced the complex issues and results of the current negotiations under UNFCCC;
- Provided the good news, that REDD is still acknowledged as a important part of a future instrument to combat CC, and, particularly for Viet Nam, that SFM is considered an eligible action under mitigation measures;
- Offered the bad news that almost everything is still uncertain and partly very tricky, for example the problem of baseline-setting is far away from being solved;
- Informed, that REDD+ Partnerships could provide an encouraging starting point for further cooperation; and
- Observed that new funds, initiatives, and mechanisms are in place, which are quite hard to oversee entirely, for example the climate investment funds, the adaptation fund, the readiness fund, the carbon fund, the Forest Carbon Partnership Facility of the World Bank WB and the UN-REDD initiative.

The discussion following Mr. Wolf's presentation:

- Highlighted that implementation of REDD+ Partnership is delayed;
- Informed that in Germany an auction of emission rights is being carried out, and that from this source many projects have been launched, including in Viet Nam;
- Confirmed that in the governmental negotiations in October 7 new projects are being offered to the Vietnamese side; and we
- Learned that rehabilitation of mangrove forests can not benefit from REDD+ because "adaptation" is not reflected under REDD+, but for this case we could do this under CDM, although only through a complicated development mechanism.

We also heard about The Voluntary Carbon Market Mr. Harry Assenmacher, who:

- Introduced opportunities and challenges of a voluntary carbon market;
- Mentioned the example of the Kon Tum forest in Viet Nam, where investment for environmentally sound afforestation was financed entirely through certificates sold by German small-scale investors;
- Was of the opinion that rising prices for carbon certificates could be expected; and
- Appealed to the audience, to further work on possible benefits, based on this approach.

The discussion following Mr. Assenmacher's presentation:

- Made very clear that there is no security on prices because there is no method for fair price calculation for carbon in place; and
- Reminded us that the voluntary carbon market is based on supply and demand.

On behalf of the ASEAN Secretariat, Mr. Sukmajaya gave a presentation on Climate Change, Food Security and Poverty Alleviation, who:

- Introduced the Multi-sectoral Framework on Climate Change and Food Security, which

- was adopted by the ASEAN Ministers in 2009;
- Reminded us that there are many interactive effects between mitigation of greenhouse – gas emissions and food security;
- Showed, what kind of implementation structure has been established within this multi-sectoral framework, to implement strategies and concepts from regional level to country level; and during the discussions
- Provided examples of the competition between growth of crops (e.g. rice) and restoration of mangrove forests.

Forest Financing

We then received three presentations on Forest Financing, and were provided with an Overview over Investment in Viet Nam’s Forestry Sector: Current status, Futures Directions by Dr. Nguyen Nghia Bien, who:

- Provided us with some very interesting figures and data on the investment into the forest sector of Viet Nam;
- Informed that the 2020-goal, to achieve a 47% forest cover, remains a difficult challenge. For this, an amount of 40 billion USD would be needed;
- Confirmed that current investments into the forest sector come from different sources – 50% of the investments come from the state budget, 20% from foreign countries, and only 1.5% come from royalties and stumpage; and
- Observed that ODA still plays a crucial role, and will be concentrated increasingly on SFM, biodiversity, and actions aiming at adaption to CC, as a result ODA devoted to afforestation will be phased out in the near future. This however, provides room for private investments.

A presentation on Lessons from Public Forest Financing in South East Asia was provided by Mr. Dermawan, who:

- Reminded us, that good governance is key for management of funds and implementing measures from fund sources;



Figure 28. Participant approaching key-note speaker Dato Dr. Salleh for in-depth discussion

- Gave us a very drastic example from Indonesia on what could happen, if funds are not in the right hands and expenditures not well monitored;
- Advised that accountability is one of the key words in this context – donors and investors need assurance on target-oriented investments; an effective anti-corruption policy has to be in place; and policies need to be aligned; and
- Reminded us that since a tremendous amount of money is going to be accessible to combat CC globally, combating corruption is very important.

Finally in the session Mr. Paul Speed provided An Investor’s View on Investing in the Forest sector, he:

- Introduced his “New Forests” investment company, which offers investment opportunities that could and seem to be attractive for large scale investors;
- Informed that New Forests sees a lack of investment into sustainable plantation forestry in Asia and in Viet Nam and wants to enter deeper into this market;
- Considered investment into sustainable certified plantations as a safe investment with a good track record of returns;
- Thought that framework conditions in Viet Nam are excellent for this purpose; but in the discussions we learned that:
- A lack of land availability could pose a real bottle-neck, despite all other good conditions.

III. GROUP WORK



Figure 29. The working groups provided space for detailed discussions and elaboration of recommendations

3.1 INSTITUTION AND CAPACITY BUILDING

3.1.1 Introduction International

Strengthening Forestry Institutions to address Climate Change

By Eduardo Mansur, ITTO

Institutional frameworks

The presentation reviewed the frameworks for institutional capacity building, including national policies, legal instruments and institutional arrangements within government (local and national), private sector and civil society; and noted that the current CC debate has seen detailed discussions on the role of forest institutions.

Key issues raised at this level were:

- (i) the need for interdisciplinary knowledge sharing;
- (ii) strong stakeholder's participation; and
- (iii) tenure and access rights.

REDD+

The presentation included a review of the REDD+ definition as per UNFCCC Bali Roadmap, the REDD+ phased approaches and the key questions that forestry institutions will have to respond to address CC: measuring, reporting and verification (MRV), additionality, permanence, avoided leakage, tenure and benefit sharing. Examples of existing payment for environmental services (PES) schemes in some

countries (Costa Rica, Brazil, PNG and Indonesia) were provided.

Lessons learned and challenges ahead

The presentation provided lessons learned and key challenges for institutional capacity building, especially related to the new demands on forests and forestry.

They can be summarized as follows:

- The new CC debate put forest institutions in the forefront of governance issues. Responding to the new institutional demands requires new approaches to promote transparency and guarantee strong stakeholders participation.
- Sharing knowledge on the effectiveness of institutions and governance structures is important, timely, and of significant policy relevance.
- It is necessary to understand the intersection and interplay between institutions interested in forests, in CC mitigation and adaptation, and in other issues related to conservation and sustainable use of natural resources.
- International cooperation and support is necessary in order to reduce the knowledge gap, facilitate capacity building and help developing countries get ready for REDD+ implementation.

3.1.2 Introduction National

Institutional and Capacity Strengthening

By Dr. Nguyen Huu Dung, Directorate of Forestry, MARD

Viet Nam has a system of legal documents on forest protection and development, which includes laws, decrees, decisions of the Prime Minister, and guiding circulars of concerned ministries and agencies. The Law on Forest Protection and Development specifies functions, duties and organizational structure of central and local agencies involved in forest protection and development, among which the Directorate of Forestry is an agency directly managed by the Ministry of Agriculture and Rural Development and given the advisory role to assist MARD in performing its state management function over forestry nationwide; and provincial Departments of Agriculture and Rural Development are agencies managed by Provincial People's Committees, and given the advisory role assisting Chairmen of Provincial People's Committees to perform their state management function over forestry in provinces.

Major challenges concerning forestry institutions in Viet Nam today are:

- Organizational system for forestry management is not consistent, still fragmented and dispersed. The interdisciplinary and multilevel collaboration from the central to local levels is still limited.
 - Institutional capacity at all levels in the forestry sector is still weak, especially at local levels, and in mountainous and remote areas: functions, tasks and duties are unclear and overlap; the number of staff is insufficient and the staff capacity is rather poor; and there is a lack of financial resources and operational equipment and facilities.
- The number, capability and qualification of management staff, technical staff and researchers working on forestry and forestry extension services fail to meet requirements when entering the market mechanism and international integration.
 - Arrangements of production and business management are not fully renovated yet, discouraging economic sectors from participation in forestry development.

Solutions recommended to further enhance institutions and strengthen capacity are:

- Conduct reforms in institutions, policies, planning, monitoring and supervision of forestry.
- Promote research, education, training and forestry extension.
- Strengthen international cooperation.

3.1.3 Discussion

The group discussed and agreed upon the following:

- 1) Policy and institutional reforms in the forestry sector of Viet Nam are necessary following the multi-purpose forest management approach and must be in accordance with the principles of sustainable forest management.
- 2) The policy and institutional reform agenda should be performed through capacity strengthening for concerned institutions and stakeholders, as well as adequately and efficiently allocating resources to various areas:
 - Land and forest allocation and land use planning is necessary, and due attention should be paid to allocating forests to communities with land tenure rights and responsibilities.
 - Procedures for forest inventory, forest resources mapping and information systems, including applied research on forest development in the context of CC should be simplified taking into account the participation of local communities.
 - A single recommendation is required to cover calculation of nationally of sequestered carbon and forest carbon monitoring system in compliance with international standards, and forest inventory, resources mapping and information systems
 - Regulations and mechanisms regarding PES and REDD+ should be enforced by the government of Viet Nam.
 - Strengthening forestry extension services should cover three types of forest including special-use forests, production forests, and protection forests.
 - Establishment of unified management boards of protection forests, production forests, and special-use forests, and Provincial Forest Protection Department should be under the Provincial People's Committee.
- 3) The group also discussed and decided to add the following points to the recommendations:
 - Decentralization is a necessary reform in Viet Nam to ensure better environmental services at the local level. However, this does not only mean to transfer tasks and further workload, but responsibilities for local decision making and public spending authority and to ensure accountability to local citizens. Thus, capacity building must also reflect a clear definition of roles and responsibilities for local stakeholders to provide environmental services. Institutionalization will be ensured if there is "on the job" training to implement decrees, regulations and policies referring to new decentralized functions, budget responsibilities and management capacities.
 - Strengthening of forest and protected area management training institutions, e.g., initiate ranger training at national level and protected area managers' training at regional (Southeast Asian) level, and
 - To make best use of efforts by cooperation partners in the spirit of The Paris Declaration of Aid Effectiveness, the FSSP requires further strengthening and should be the body where all sector relevant programs are coordinated and synergies sought.

3.2 INCENTIVES FOR COMMUNITY AND SMALL SCALE FORESTRY

3.2.1 Introduction International

Incentives for community and small-scale forestry: perspectives from Asia-Pacific

By Patrick B. Durst, FAO Regional Office for Asia and the Pacific

An estimated 1.6 billion people worldwide depend to varying degrees on forests for their livelihoods. Approximately 350 million of the world's poorest people rely heavily on forests for survival. In Asia and the Pacific, about 450 million people live in and around forests; they both depend on forests and strongly influence their management. As the de facto managers of huge areas of forests, local people have a major impact on forest resources, including biodiversity, soil and water resources.

Countries of the region are increasingly recognizing the critical role of local communities in forest management and increasing legal recognition of local people's rights. Devolution of forest management and use rights are well established in Nepal, India and Philippines – more recently, similar efforts have been initiated in Cambodia, Thailand, Bhutan, Mongolia and other countries. China and Viet Nam have advanced significantly to allocate forest land to households and local communities. Evidence indicates that forests are better off as a result of these devolution experiences, but questions remain over the extent to which local people have benefited from these programs.

Local communities and small-scale producers face numerous constraints including:

- ✎ low value of forest resources allocated (“little trees for little people”);
- ✎ capture of benefits by the elite;



Figure 30. International and national views had to be combined for recommendations

- ✎ complex regulations and taxation;
- ✎ corruption and informal payments;
- ✎ poor infrastructure;
- ✎ lack of capital; and
- ✎ inadequate technical and marketing expertise.

Countries have provided a range of incentives in attempts to overcome these constraints. Common direct incentives include inputs of seedlings and fertilizer, tax concessions and subsidized loans. Indirect incentives seek to change the fundamental conditions for investment through tariff regimes, exchange rates, interest rates, etc. A special category of indirect incentives relate to creating an “enabling environment” for investment by providing secure land and resource tenure and access, support services and improved infrastructure.

The greatest success has been achieved in areas where incentives have focused on establishing a solid overall enabling environment for investment in the forestry sector.

Key elements of success include:

- ✎ clear, legally recognized and protected tenure rights of long duration, that can be transferred, sold and inherited;
- ✎ consistent and stable forest policies and regulations, carefully designed and appropriate for small-scale forestry – with elimination of all unnecessary permits, licenses, and checkpoints that tend to increase transaction costs and constrain small-scale forestry;
- ✎ encouragement of forest user groups, self-help groups, technical support and learning groups, and efforts to involve women in forestry decision making;
- ✎ provision of credit through micro-finance, community revolving credit schemes, and assistance in handling revenues and benefit sharing mechanisms;
- ✎ access to markets through linkages between small-scale producers and large-scale operators (e.g. through out-grower schemes), fair trade schemes, and certification; and
- ✎ enhancement of technical know-how, introduction of new technologies, improved genetic material and improved production efficiency, upscaling of production, quality control and product improvement.

It has been demonstrated – including at the country level, such as in the case of Viet Nam – that when these enabling elements are put in place, small-scale forestry can expand and flourish. A distinction must be made, however, between “income generation” and “poverty reduction”. For small-scale forestry to maximize contributions to poverty reduction, countries need to make poverty reduction an explicit objective of forest management.

3.2.2 Introduction National

Process and mechanisms to encourage community forestry development in Viet Nam

By Dr. Dinh Duc Thuan, Management Board of Forestry Projects, Viet Nam

There are more than 50,000 villages across Viet Nam. Mountainous villages play an important role in protecting and developing forests, and they also have a long tradition of doing so. Areas with a high proportion of forest cover and rich biodiversity are often found in mountainous areas where ethnic minority communities and the highest poverty rates coincide. Involving communities and villages in forest protection and development has been a focus in recent time; however, legal bases and incentive mechanisms are still limited.

Development process

Experiments and pilots on community forestry (CF) have been done mainly under ODA projects in 19 provinces, 4 ecological zones and with 10 ethnic minority communities. This process can be divided into three stages as follows:

a. Land use planning, and land/forest allocation

In 1995, a pilot on CF was initiated in the northwest, and in 1999, guidelines on CF started to be issued by various provinces. In 1998, a pilot on allocating land and forest to communities was done in a state forest farm in Dak Lak. In 1999, a similar pilot was implemented in Son La. In 2001, a pilot on allocating rich forests to the community was launched in Dak Lak. In 2004, the legal framework on allocating land to communities was confirmed. In 2007, MARD issued Circular 38/2007/TT-BNN on surveys, inventories and definition of forest boundaries for the community.

b. Making regulations and forest development plans

In 2000, regulations providing guidance on forest protection and community forest development planning were approved in Son La and Lai Chau. In 2003, Lai Chau province approved results of the provincial forest inventory and village-based forest development plan. In 2004 and 2005, Dak Lak and Dak Nong provinces approved a 5-year community forest management plan. In 2006, the TFF fund adopted a pilot program on CF, which was then completed in 2009.

c. Use of and sharing benefits from forests

In 1999, Dak Lak province issued a regulation on benefit sharing under the program of land allocation to communities. In 2002, for the very first time, a community in Dak Nong could exploit 500 m³ of commercial timber. In 2006, the mechanism of benefit sharing from community forests was executed in Dak Lak. Then, from 2006 to 2009, commercial timber exploitation was piloted in 3 provinces of the Central Highlands.

Incentives for Community Forestry Development

The current legal framework on land/forest use rights is not fully developed yet, benefit sharing policy and incentives are not clearly defined, leading to failure in identifying financial sources to support CF development.

Incentives for CF development have been proposed focusing on such main contents as: improving the legal framework, developing policies of benefit sharing, promoting the use of new financing sources (e.g. REDD, PES, etc.), developing capacity of communities, and connecting benefits from commercial timber export programs with communities and households in mountainous areas.

3.2.3 Discussion

Participants provided comments and recommendations, the main points of which are as follows:

- Should focus to improve infrastructure; should clarify more about CF – does it mean the whole community or just a group of households which together manage forest; and should establish a forest user association amongst groups of small households.
- The current methodology for CF is quite proper. There are still obstacles relating to mechanism and policy: how to use forest, which authorities to be involved in forest management. Forest rangers are supporting forest management and protection, but are not optimally effective. Is there any financial mechanism to support forest rangers to contribute to management of CF? CF should be introduced to forestry universities, colleges, vocational schools to equip young forestry engineers and workers with forestry extension skill. Forest protection seems to be not so strong like agriculture extension – insufficient attention has been paid to forestry extension. Regarding land tenure, communities cannot borrow money on the basis of such land tenure.
- We need a more detailed clarification of the concept of small-scale forestry (SSF) with specific criteria. What is the difference between SSF and household forestry or small forestry enterprise and private forestry business – they should be included in SSF too and the definition of SSF should be reviewed. Small enterprises are more capable and can provide fund for CF development easier than the farmer household. Lack of fund is not a problem for small enterprise. The main obstacle is lack of land. LUP process takes very much time (some years), meanwhile the farmer can plant forest by themselves and do not wait for land to be allocated. Mechanism should be provided to develop approaches for two kinds of enterprise: those which establish forest and others that act in carbon trading.
- In the last time forest cover has been significantly increased in Quang Tri province. TFF pilot CF program has been successfully implemented. In that project we applied the method to allocate forest to farmers for sustainable management and Quang Tri province also allocates forests to the community to sustainably manage. The main issue is to enhance awareness

forest but not yet for protection forest. MARD should provide a clear mechanism to allocate natural forest to the community. The protection forests are under management of State agencies without benefit, so the state agencies have not enough capacity to protect the forests leading to a high amount of damage to forests. Funds for surveys to identify timber volume before allocation should be available - there should be mechanism for this kind of fund.

- We should first identify the potential for FSC. The regulation of the Government is quite complicated for the community.
- Households and communities do not benefit from the timber industry. Regarding FSC and REDD, it's difficult for the community to gain benefits from REDD. Which agency will support the community to get acquainted with the new financial mechanism, and what is the role and responsibilities of the NGO and State agencies in that? How to simplify the CF harvesting procedures - much of the industry can only export certified material so they cannot buy timber from the farmers without certification. We should balance the conflict between accessibility of FSC procedures and the legal regulations. We should propose feasible ideas that can be easily realized.
- We should get lessons learned from all projects. Each project applies a new mechanism that should be summarized to make further application.
- In southern Viet Nam, forest allocation to the community is quite easy as the forest still have high timber volume. Training on design for sustainable forest management should be given to the community so that they can get certification.
- Co-management has been applied by my project. The forestry enterprises should manage the forest together with the state



Figure 31. Participants challenged the presenters

forest enterprise. The business methods of the forestry enterprises are not effective so they do not have enough funds to support the community. The companies do not have enough capital to support the community to improve the forest. There should be financial mechanism for the enterprise to access capital.

- Much forest land is managed by forest enterprises, which have only about 20 persons and manage large areas. Financial support should be given only to the capable enterprises, which can be under private or public ownership.

Responses from speakers:

- Mr. Durst: many programs focus on infrastructure development, making access to the forest easier, with the main purpose of reducing poverty.
- Dr. Thuan: normally the first stage of forestry projects focuses on forest establishment, then development of infrastructure and marketing etc. Forest protection should be in line with forest use. CF means the whole community and also groups. It can be a group of forest users, or interest groups for forest protection, for NTFP, or women's groups. CF develops in different directions, groups of benefit sharing or forest protection.



Figure 32. Two languages but one objective – simultaneous translations were provided throughout the conference

3.3 PUBLIC AND PRIVATE FOREST FINANCING

natural forest in Indonesia/Malaysia with a planted forest in New Zealand.

3.3.1 Introduction International

Public and Private Financing

By Mr. Paul Speed, New Forests Sdn. Bhd.

The aim of the presentation was to cover:

- Successes and pitfalls of private sector investment in both natural and planted forests
- Why the private sector prefers planted forests
- What the potential is for private sector investment in protected areas and bio diversity

There has been private sector investment and financing in natural forests of both the north and the south, often on a large scale by large vertically integrated companies, but also by small and medium enterprises (SMEs). Investment funds though have been more cautious outside of the semi-natural forests of the US. There are really only 2 examples of funds investing in mixed tropical hardwood natural forests that New Forests is really aware of. Some of the main reasons for this are highlighted in the following table summarising and contrasting key features of investments in a generic

Aspect	Indonesia/Sabah/Sarawak (natural forest)	New Zealand (planted forest)
Land rights	Little to none – forest use rights come through concessionary license held for 25/50/100 years, etc. Threat of land disputes with local people.	Freehold, leasehold, forestry rights, secure tenure backed by transparent courts.
Asset	License to extract timber to set rules – often quite a prescriptive set of rules	Growing plantation forest crop + free hold land potential for highest and best use sales
Crop	20+ merchantable species, on average 0–40 m ³ /ha recoverable volume – inventory difficult and expensive	Really only 1 species >200 m ³ /ha recoverable volume – easy to inventory many benchmarks available
Markets	Strong markets, but seen as non-transparent, may face cartels	Export orientated clear price signals easy to find
Liquidity	Poor to very poor, transactions of license not allowed, strange price signals	Poor to medium, but freedom to sell hard asset, foreign ownership fine within reason
Reputational risk	High – partners with murky pasts, industry perceptions	Low
Investor comfort	Poor	High

New Forests has pioneered payment for environmental services in Asia with bio-banking in Sabah, Malaysia and private REDD projects in Papua, Indonesia. We remain optimistic with this asset class in the medium to long term, but presently the global financial crisis and lack of clear market prospects for forestry and REDD carbon credits outside of voluntary schemes makes this currently a very hard investment sector.

3.3.2 Introduction National

Role of public investment in forestry sector of Viet Nam

By Mr. Dinh Ngoc Minh, Department of Agricultural Economics, MPI

Society should pay for the values of forests because they are public goods, so that the forests can be developed in a stable and sustainable manner; vice versa, the forests will gradually disappear if nobody pays for their public values. The Government of Viet Nam is very strongly interested in forest protection and development, and it has launched large national investment projects and programs for the forestry sector.

The State's investments in forests also help to reduce the income gap between urban and mountainous inhabitants, and provide employment and income opportunities to keep a certain proportion of the workforce in forest farming and forest trades. As such, the Government is playing a central role in the income redistribution process through public investments. In that sense, public investment plays a very important role while the economy is transformed to use investment capital effectively.

The role of public investment for socio-economic development in general and for the forestry sector in particular has a great social meaning to the national and sectoral development orientations. Thus considerations purely of economic efficiency will not be sufficient; rather, efficiency in terms of poverty reduction, educational development and social security should also be taken into account.

Situation of public investment in forestry in Viet Nam

The period of 1986 – 1992 was the most difficult time for mobilizing investment for forestry, as it was just after the Doi Moi initiative was launched. During that period, investment for silviculture mainly relied on foreign resources, as domestic investment was very limited. From 1986 to 1992, the area of newly established forest plantations was 629,118 hectares.

The program on greening bare land and denuded hills (Program 327) was implemented from 1992 to 1997, and was evaluated as an efficient investment program – within 5 years the State invested 2,287 billion VND and afforested 1,242,000 hectares. The program successfully contributed to greening bare lands and denuded hills, as well as creating jobs and reducing poverty for mountainous people.

The current period, from 1998 to 2010, has focused on implementation of the “5 million hectares of forest” program (5MHRP also known as Program 661).

After eight years of implementation from 1998 to 2005, the Program 661 was reviewed and evaluated. It was found that the program had invested 59,162 billion VND, planted 1,125,117 hectares of forest and contracted forest protection for 2,263,361 hectares of forest. However, the outcomes of investments were not satisfactory to the requirement, and the progress was quite slow, especially in relation to plantation of production forest.

In the period 2006 –2010, efforts were made to implement Resolution No. 73/2006/QH11 issued by the National Assembly. As a result, forest protection was contracted for 2.5 million ha of protection forest and special-use forest. New forests have been planted by people themselves, leading to the estimated increase of forest cover to 39.5% in the year 2010.

Private investment in forestry sector

Through various incentives introduced by the State, such as borrowing from credit funds, or assistance of investment capital, the private sector is encouraged to invest in forestry. According to the VFDS, the State will invest and manage a large part (about 85%) of special-use forests, about 70% of protection forests of national importance and large scale, and around 25% of production forests, which are either plantations or concentrated natural forest.

Role of forest ownership in forestry financing

Under the Constitution of Viet Nam, forests and mountains belong to the people’s ownership (Article 17). The 2003 Land Law stipulates: “all land belongs to the people’s ownership which is represented by the State” (Article 5); and the State will exercise the right of deciding on land, granting the land use right to land users and regulating sources of benefit from land. The Law on Forest Protection and Development, in Clause 1, Article 6, stipulates that “the State shall exercise a uniform right of management and decision-making over natural forests, forests developed from the State’s capital, forests (production forest plantations) for which the State is transferred ownership from forest owners, wild animals living in natural environment, forest micro-organisms, as well as forest landscapes and environment”.

Mechanism for connecting public financing between international and domestic parties

The current mechanism for forestry investment in Viet Nam follows a program, which is basically delivered in accordance with Decision No. 100/2007/QĐ-TTg and Decision No. 147/2007/QĐ-TTg (though these two decisions will expire at the end of 2010 and in 2015, respectively). Financing in accordance with

these two decisions is quite transparent and can cover an enormous volume of afforestation from 200 to 250 thousand hectares a year. However, the requirement is not yet fully satisfied due to limited budget availability.

Limitations of these two mechanisms are very clear:

On the Vietnamese side, project management units are established and steering committees are working from the central to local levels to provide consistent guidance and instructions. However, supervision is not good and micro-management is poor because of a lack of technical tools.

On the foreign side, international consultants are mobilized and monitoring and evaluation are done well, thus micro-management is better. However, each project has an independent operational apparatus, which cannot be connected and shared with other Government's programs. Furthermore, the afforestation capacity of these projects is rather limited, just a few thousand hectares a year.

To connect these two issues, it may be necessary to develop joint programs, under which both parties should share investments and implementation responsibility.



Figure 33. Participants contributed strongly to the success of the conference

3.3.3 Discussion

Participants provided comments and recommendations and presenters responded with answers and clarifications, the main points of which are as follows:

- What kind of conditions do overseas enterprises need to invest in Viet Nam?
- Mr. Minh's presentation stated about 50 – 70 million dollars have been invested in the forest sector. As the efficiency and effectiveness of the Decision 147 on production forest development was not so, ODA funding should be allocated to the lower levels to further address expectations of farming households.
- Mr. Speed's presentation focused much on economic aspects – what about other aspects? Also the proportion of funding for the 3 forest categories should be clarified.
- There should be recommendation on updating and improving technical-economic norms applied for 3 forest categories.
- The state is responsible for investing in SUFs, however there should be changes in policy so that local authorities could allocate SUF and protection



Figure 34. Bi-lateral discussions during breaks

forest to private sector. Also attention should be paid to preferential domestic credits.

- On the question of whether existing norms are high or low; at present, the 10 million VND norm applied in the forest sector is really high compared with those in agricultural sector. For state owned forests, 100% of investments come from the state budget.
- Regarding implementation of Decision 147; it has been appreciated by plenty of provinces nationwide and so far no complaints have been received.
- Public investments could be used for Recommendations 1,2,3 and 5 – related to public goods – meanwhile private investments should be used for Recommendation 4 – related to private goods. Also what should government of Viet Nam do to attract overseas investors? What kind of policy is needed? Meanwhile lots of land is under the management of State Forest Enterprises and Forestry Companies but they are not well managed and used.
- The 5 recommendations are appropriate, and a sixth should be added on forest valuation. also the investment potential related to CC should be considered and researched; and preferential credits could be selected for plantation investment.
- The impacts and sectoral benefits of policy are clear but how about public services – existing investment is insufficient. Consequently there should be comprehensive research to reduce the gap between rural and urban living standard; and concerning attraction of investment in the forest sector from state and private enterprises, existing policies are not so clear.

Responses from speakers:

Mr. Speed: Joint ventures often pay attention

to management control with 55% of ownership while they are also interested in issues, such as land tenure, certification, governance, etc. Terms of investment should be further clarified. Research should be done to help investors make decision, also we can make use of existing research from outside Viet Nam where applicable – e.g. on facilitating an enabling environment for investment.

Mr. Minh: On the question of whether the state’s investments is adequate or not; in comparison with neighbouring countries like Thailand or Malaysia, the 5MHRP can be considered an outstanding effort, showing various advantages. The Government is making great efforts to increase the transparency and facilitate the implementation process. Also, the government is reviewing the 20-year reform process and plans to restructure the country’s economy for the upcoming 20 years. Moreover, MARD is reviewing forestry policies, especially Decision 661.



Figure 35. Climate change was of particular interest to participants

3.4 FORESTRY AND CLIMATE CHANGE: CHALLENGES, OPPORTUNITIES, AND FINANCING NEEDS

3.4.1 Introduction International

Forestry and climate change in Viet Nam - Challenges, opportunities and financing needs

By Reinhard Wolf, GTZ

Adaptation needs

Expected climate trends in Viet Nam are increased temperature, higher fluctuation of the rainfall pattern, increased frequency, magnitude and intensity of natural disasters like typhoons and sea level rise. The possible impacts of these trends are destabilisation and destruction of forests including Mangroves, and increased pest and disease outbreaks and forest fires. There are a number of possible measures, which can be applied to cope with these threats like use of different tree species and species composition, promotion of species, which are resistant to drought, flood, disease and pest, development of silvicultural concepts, which are appropriate to climate change, protection of natural forests (including mangrove forests) with a high biodiversity, enhanced reforestation / afforestation, and development or improvement of national forest fire management plans.

Mitigation options

The following mitigation options exist according to draft REDD decision (UNFCCC): (a) Reducing emissions from deforestation; (b) Reducing emissions from forest degradation; (c) Conservation of forest carbon stocks; (d) Sustainable management of forest; and (e) Enhancement of forest carbon stocks;

The main elements of REDD+ are (i) to set and agree (internationally) on a baseline / reference level; (ii) to establish a Carbon Monitoring system (iii) to achieve positive results in REDD+ in quantitative (carbon) and qualitative (biodiversity, good governance) terms (iv) to design and implement appropriate benefit sharing systems, and (v) to mobilize international finance (compensation payment).

Opportunities for Viet Nam under the international financing on climate change

For Viet Nam, the following opportunities exist to receive international support and finance:

- The Forest Carbon Partnership Facility (FCPF) of the World Bank, where the implementation of the Readiness Preparation Proposal (R-PP) can be supported with 3.6 million USD. Subsequent results based payment from the FCPF carbon fund is possible.
- The Forest Investment Programme (FIP) of the World Bank, which is a targeted program under the Strategic Climate Fund to support developing countries' REDD+ efforts, providing up front bridge financing for readiness reforms and public and private investments.
- UN-REDD has already approved a budget of 4.3 million USD for Viet Nam.
- The Global Environment Facility (GEF) has established a separate funding envelope for sustainable forest management (SFM) and REDD+.

3.4.2 Introduction National

Impacts of climate change on forestry and some prioritised activities for responses

By Mrs. Pham Minh Thoa - Directorate of Forestry, MARD

Forestry is a special economic and technical sector, with a very important role in environmental protection and sustainable development in many countries in the world, including Viet Nam. Sustainable forest management does not only play a significant role in the socio-economic life of each nation in particular and the whole globe in general, but also makes an effective contribution to mitigating negative impacts of natural disasters and positively responding to climate change in the world.

Unsustainable forest management has been one of the causes leading to climate change, and in their turn, complex changes in weather conditions have also caused much damage to forests. Climate change has led to changes in cropping patterns and seasonal patterns, reduction in crop yields, and negative influences on development of forests. Climate change increases risks of forest loss and conversion of forest land to other uses. Climate change threatens forest biodiversity, causes changes in species distribution and growth dynamics of forests. Climate change exaggerates risks of diseases and forest fires. Ecosystems will be degraded, especially those in coastal and mountainous zones. Climate change therefore also affects the life of people living on forest land.

To respond to climate change, the forestry sector in Viet Nam should focus on: a) setting up and managing in a sustainable way a coastal protection forest system (including mangroves) and watershed protection forests; b) developing policies and technical options for effective management of existing natural forests; c)

conducting research on measures to limit negative impacts on forest ecosystems; d) establishing MRV systems and methods for measurement and calculation of GHG emissions, and then control amount of emissions, e) capacity building for prevention and control of forest fires and pests; f) raising awareness and knowledge of stakeholders concerning impact forecasting and monitoring, as well as mitigation and adaptation to climate change, and g) improving the quality of life of people living in forest areas through increased revenues from forest environmental services. Importantly, all of these activities must be integrated with other common national initiatives under a unified program of actions.

3.4.3 Discussion

Restoration, protection and sustainable management should focus on ecosystems with particular potential for climate change adaptation and mitigation. REDD + pilot projects need to be upscaled with participation of local communities, and the legal and institutional framework needs to be adjusted to support the implementation of adaptation and mitigation activities.

Issues discussed

- Impacts of climate change in forestry sector of Vietnam and identification of severely affected areas;
- Changes of major forest ecosystems, including mountainous forests in the Central Highlands, mangrove and Melaleuca forests along the coastal line, and key driving forces behind these changes;
- Role of forests in climate change mitigation and adaptation and required measures;
- Current government policies and investment in forest management and development, such as National Forest Development Strategy, forest land allocation, reforestation programs (the programs 661 and 147), re-zoning and planning forest categories, National Forest Monitoring and Assessment Program, etc.;
- Government policies and foreign-supported projects/programs in responding to climate change: National Target Program to Respond to Climate Changes, REDD+ and A/R CDM, Sustainable Forest Management, etc.;
- Lessons learned for past and current government policies and foreign-aided programs and future improvements;
- Needed improvements in policy



Figure 36. Breaks were used for bi-lateral discussions



Figure 37. Vietnamese and German views had to be combined for formulation of jointly agreed recommendations

formulation/revision and institutional arrangement;

- ✎ Role and participation of relevant stakeholders in forest management and development programs;
- ✎ Gaps in investment and innovative financing mechanisms: PES, REDD+;
- ✎ Rights, responsibilities, participation and engagements of Vietnam in joining international efforts on responding to climate change in forestry sector.

IV. CONCLUSIONS AND RECOMMENDATIONS



Figure 38. The panel summarized presentations and discussions

4.1 RESULTS OF THE CONFERENCE

More than 260 forestry and development experts from Viet Nam, the region and outside South East Asia gathered during the Regional Conference on Sustainable Forest Management in a Changing Climate on September 7 and 8, 2010 in Ha Noi, Viet Nam. Their objective was to learn from past experiences and to discuss challenges and opportunities for sustainable forest management under changing framework conditions – in Viet Nam and the South East Asian region. The challenges ahead are multifold. “Traditional”, however still unsolved ones such as food security and poverty, balancing of and competition with other land uses, conservation of forest

biodiversity, and legality of forestry activities. These are compounded by “new ones”, e.g. the impacts of climate change, demographic development and related increasing demands for agricultural land, and economic development and shifts at global, regional and national levels.

In presentations by experts and discussions in plenary as well as in group work, participants addressed, amongst others, issues such as:

- experiences in striving for ambitious afforestation and reforestation goals;

- ✎ making better use of forests, forest products, and forest services for poverty alleviation;
- ✎ moving forward with institutional and policy reforms;
- ✎ mitigation of and adaptation to impacts of climate change on forests and forestry conditions;
- ✎ mobilizing more private financing, and linking this to public financing; and
- ✎ how to deal at practical, political, and institutional levels with these challenges in the years to come.

Although these issues are closely interlinked, it was decided to address them in four working groups on: Institution and capacity building, Incentives for small-scale and community forestry; Public and private financing, and Forestry and climate change. In the following, the outcome of the Conference is therefore structured according to these four categories.

4.1.1 Institution and Capacity Building

Strong policy and institutional reforms at all levels in the forestry sector of Viet Nam are required to:

- a. address present difficulties and future challenges (e.g. changes in investment policy and public finance, emerging issues such as climate change, changing roles and tasks of the forest management system); and
- b. improve the effectiveness and efficiency of policy approaches through identifying priorities and resources, increasing the capacity of coordination among forest stakeholders, communities, private sector, and civil society organizations in forestry policy development and enforcement as well as forestry program formulation and implementation.

Policy and institutional reforms in the forestry sector of Viet Nam should follow the multi-purpose forest management approach under the principles of sustainable forest management. To enable the implementation of this policy and institutional reforms, stakeholders need to obtain a deep understanding of this approach.

Working group recommendations

1. The policy and institutional reform agenda should be backed up through capacity strengthening for concerned institutions and stakeholders, as well as through an adequate and efficient allocation of resources:
 - a. Land and forest allocation and land use planning: Due attention should be paid to allocation of forest to local communities with land tenure rights and responsibilities;
 - b. Forest inventory, forest resources mapping and information systems, including applied research on forest development in the context of climate change: Procedures should be simplified taking into account the participation of local communities; Calculation of volume of carbon sequestration, carbon monitoring system in forestry in compliance with international standards (UN's requirements on REDD+, and voluntary carbon market);
 - c. Enforcement of regulations and mechanisms regarding PES and REDD+ ;
 - d. Strengthening of forestry extension services for special-use forests, production forests, protection forests, communities and owners of small-scale production forests;
 - e. Management boards of protection forests and national parks, establishment of unified management boards of protection forests, production forests, and special-use forests (refer to Dinh Hoa model). Provincial Forest Protection Department should be under the Provincial People's Committee;
 - f. Strengthening of forest law enforcement, governance and forest products trade (FLEGT);

- g. Forest Certification (legality of timber, sustainable forest management);
- h. Market Information System;
- i. Restoration, protection and sustainable management of submerged forests e.g., mangrove and Melaleuca forests;
- j. Rehabilitation and maintenance of sea and river dykes;
- k. Integrated and multi-purpose land and water resources management under the basin approach (e.g. hydrological management in the Mekong River Delta);
- l. Forestry financing management.

2. With the changes at the central level, roles and duties of local institutions need to be adapted and clarified. It is essential to analyze roles and responsibilities, gaps and overlaps in the organizational system at the local level. Those necessary changes relating to local institutions must be made according to the government's rules and regulations agreed upon by all stakeholders. These changes will then strengthen the enforcement of forest laws, regulations and policies nationwide as well as national standards.

Decentralization is a necessary reform in Viet Nam to ensure better environmental services at the local level. However, this does not only mean to transfer tasks and further workload, but responsibilities for local decision making and public spending authority and to ensure accountability to local citizens. Thus, capacity building must also reflect a clear definition of roles and responsibilities for local stakeholders to provide environmental services. Institutionalization will be ensured if there is "on the job" training to implement decrees, regulations and policies referring to new decentralized functions, budget responsibilities and management capacities.

Forest and protected area management training institutions need to be strengthened, e.g., ranger training at national level and protected area managers training at regional (Southeast Asian) level.

3. Accountability and transparency in implementation

of forestry policies and strategies must be enhanced.

4. To make best use of efforts by cooperation partners in the spirit of The Paris Declaration of Aid Effectiveness the FSSP requires further strengthening and should be the body where all sector relevant programs are coordinated and synergies sought.

In summing up, institutions and capacities in the forestry sector need to be strengthened. Institutional reforms are to be set in motion, based on past experiences and future challenges. Decentralization should include the delegation of decision making and an adaptation of roles and responsibilities of local institutions to changed conditions. Accountability and transparency at all levels needs to be enhanced. The coordination role of FSSP should be further strengthened.

4.1.2 Incentives for Small-Scale and Community Forestry

Encouraging household forestry and community forestry is one of the priorities in forest policy development in Viet Nam today. However, to implement this prioritized activity there are still some challenges and difficulties. Inadequate general awareness of the society and managers, or ineffective institutions and policies, especially in terms of titling forest land to households and rural communities, and contracting mechanisms for natural forests are among those challenges that need urgent attention.

Experiences from other countries show that incentives focusing on establishing a solid overall enabling environment for investment in the forestry sector were essential to develop a flourishing small-scale and community forestry. Key elements include:

- clear, legally recognized and protected tenure rights of long duration that can be transferred, sold and inherited;

- ✎ consistent and stable forest policies and regulations, carefully designed and appropriate for small-scale forestry – with elimination of all unnecessary permits, licenses, and checkpoints that tend to increase transaction costs and constrain small-scale forestry;
- ✎ encouragement of forest user groups, self-help groups, technical support and learning groups, and efforts to increasingly involve women in forestry decision making;
- ✎ provision of credit through micro-finance, community revolving credit schemes, and assistance in handling revenues and benefit sharing mechanisms;
- ✎ access to markets through linkages between small-scale producers and large-scale operators (e.g., through out-grower schemes), fair trade schemes, and certification;
- ✎ enhancement of technical know-how, introduction of new technologies, improved genetic material and improved production efficiency, up-scaling of production, quality control and product improvement.

It has been demonstrated – including at country level, such as in the case of Viet Nam – that when these enabling elements are put in place, small-scale forestry can expand and flourish. A distinction must be made, however, between “income generation” and “poverty reduction.” For small-scale forestry to maximize contributions to poverty reduction, countries need to make poverty reduction an explicit objective of forest management.

Working group recommendations

1. The legal framework for small-scale and community forestry should be improved and strengthened to follow a multi-purpose approach (forest land allocation policy, financing mechanism, benefit sharing mechanism, forest management

regulation, forest exploitation plans etc.).

2. Responsible Government institutions should provide stronger support in forest management, planting and forest resources development, etc., in particular to communities and households.
3. Managers, foresters and extensionists should be better trained to become more confident with their techniques and to develop skills in working with communities, and to learn from case studies on user-group rights and responsibilities.
4. Technical and financial assistance for development of forestry infrastructure and facilities should be provided.
5. Communities should be supported in marketing activities such as forest and chain-of-custody certification (e.g., under FSC), timber legality assurance systems, and in accessing market information.

To strengthen small-scale and community forestry, the legal framework needs to be adjusted, technical and financial assistance needs to be provided to communities and managers/owners of small-scale forestry enterprises, training for managers and extensionists should be improved, and infrastructure and facilities for small-scale and community forestry should be enhanced. It has to be clarified which mechanisms are required to give out permits and to contract management of natural forests with adequate growing stock to enable the establishment of forest farms and forestry companies. Additionally, attention has to be given on how forest production and management should be organized in areas with the presence of both community and household forests, to resolve its disadvantages on forest production and trade.

4.1.3 Public and Private Financing

In spite of strong efforts, public investment in forestry is still limited, and sometimes also lacks focus. Some areas of forestry are not paid due attention, and there are still very different perceptions, and caution, on public investment in forestry. Forests themselves are very diverse, and forestry companies and forest farms operate under very different circumstances and conditions. Many forest farms manage young forests, which will only

realize their benefits after an extended period of time, and most forest farms and forestry companies not only aim at forest product trading, but also at forest and environmental protection.

Private investments include both profit-led and non-profit investment. At present, private investment in forestry in Viet Nam focuses on planted forests, and forest products processing. The issue is how to attract more private investments (including both profit-led and not-for-profit) for protection and development of special-use forests and protection forests. There have been some private investments made in these two types of forests: for example, protection forest and protection forest land have been given by the State to households and communities; these have invested (though not very much in monetary terms) in protecting and developing such forests, and the State has also supported their investment (e.g. under the 5MHRP). Many special-use forests have leased landscape to private investors; and in the coming time, the State will also open new mechanisms for attracting more private investment in this area. The question to consider is how to ensure sound management of special-use forest in the context of profit-led private investments.

Working group recommendations

1. Legal enforcement and implementation of investment policies at different levels of Government (National, Regional and Local).
2. Public funding to remain key for special-use and protection forest types until such time as there is greater acceptance of payment for environmental services in the wider market.
3. Public funding for production forestry to focus on: infrastructure (roads, electrification, etc.), R&D and formal training, information availability (such as national databases), supportive legislation to ensure continued wider public benefits, enforcement and transparency.

More research is required on status and quality of forests (density, vegetation cover, growing stock, main types of forest trees, etc.) as well as on site conditions to develop specific management regimes for different forest types in

order to generate as many benefits as possible, both for their commercial as well as artisanal use.

Another issue hampering private investments in natural forests is the great variety of forest conditions, from very poor to very rich natural forests (in terms of commercial value). To attract private financing for natural forests, more research is required to single out forests of interest to private investors.

In summing up, enforcement and implementation of investment policies, transparency and accountability of public financing will encourage increased private investment, preferably in production forests.

4.1.4 Forestry and climate change: Challenges, opportunities and financing needs

In Viet Nam, natural and planted forests play an important role in socio-economic development, biodiversity conservation, and in responding to climate change. Climate change directly and indirectly impacts forests, and Viet Nam has great challenges, but also opportunities for implementing adaption and mitigation measures. While the heavily exploited natural forests provide relatively low economic returns, new compensation mechanisms, e.g. under REDD +, offer additional incentives for the conservation and sustainable management of natural forests, as well as for the establishment of additional forest cover.

Working group recommendations

1. Ecosystems of natural and planted forests with potential for climate change adaptation and mitigation, high biodiversity value, including mountain forest ecosystems, mangrove and Melaleuca forests, should be restored, protected, developed and managed sustainably.

2. Projects on piloting and investment in REDD+ should be implemented at a larger scale with the participation of local communities in order to develop standards and best practices that can be wisely applied at national level. Emphasis should be given to top priorities, such as carbon credits, establishment of monitoring, reporting and verification system, forest law enforcement, development of benefit-sharing mechanisms, enhancement of forest allocation, improvement in livelihoods and poverty alleviation that support and are consistent with the National Target Program to Respond to Climate Change.
3. Climate change adaptation and mitigation activities shall be implemented along with revision and formulation of new forest legislation and policies, and forest institutions that are not only fit to national circumstances but also meet with international standards. Rights and responsibilities of relevant stakeholders in forest management and development in climate change context need to be clearly specified.

In summing up, restoration, protection and sustainable management of forests should focus on ecosystems with particular potential for climate change adaptation and mitigation. REDD+ pilot projects need to be up-scaled with participation of local communities, and the legal and institutional framework needs to be adjusted to support the implementation of adaptation and mitigation activities. A program to sustainably manage and protect coastal forests, watershed protection forests and high value mountain forests needs to be put into place. Still, more research is needed on conditions and quality of natural forests, and to reduce negative impacts of climate change on forest ecosystems. Results will provide



Figure 39. Final comments from the audience



Figure 40. Ms. Ute Klamert of GTZ (left), KfW officers Ms. Andrea Johnston (Frankfurt) and Ms. Birgit Erbel (Ha Noi) (centre), Mr. Henning Plate (German Embassy, ha Noi) and Ms Brunhilde Vest (BMZ, Bonn)



Figure 41. Speakers received a token of appreciation from Mr. Reiche

orientation for silvicultural treatments, and thus to cope with the requirements of climate change adaptation and mitigation. Also a system on MRV needs to be put into place.

The REDD+ strategy for Viet Nam, presently under development, will be a first step into this direction.

4.1.5 Conclusion

To implement the recommendations given at the conference, institutional and legal reforms for the forestry sector of Viet Nam are required, and efforts from forest managers and politicians are needed. A positive investment climate has to be created, and a national strategy for forest investment developed, of which the REDD+ strategy should become part.

To put all these changes in place, Viet Nam needs technical support, knowledge, and expertise from the international cooperation.



Figure 42. Mr. Reiche summarised the conference for the German side

4.2 CLOSING REMARKS

4.2.1 BMZ

CLOSING REMARKS by Mr. Matthias Reiche

Ladies and Gentlemen,

On behalf of the German government and on behalf of Vice Minister Ms. Kopp, I would like to express my sincere thanks to the Government of Viet Nam for hosting and co-organising this important regional forestry conference.

I also thank the speakers for their very impressive presentations, which built a marvellous basis for further work and discussions in the working groups and in plenary, and I thank the colleagues who moderated the working groups and reported as rapporteurs.

Last but not least my sincere thanks also to the KfW-Group of organizers and to the dozens of helping hands, who made our lives quite convenient and so very much easier here. I think everybody appreciated very much the fantastic and engaged work, done by all participants of this conference, and I am indeed pleased that this conference came up with very concrete recommendations.

Ladies and Gentlemen,

These recommendations do not deserve, just to be wrapped in a nice paper and to put on an office shelf at MARD. I think we all are convinced, these results deserve, to be further considered and transferred into practical measures as soon as possible. In this context I would like to remind us, that due to the tremendous economic development of this country the time slot for further donor cooperation will not be endless. Therefore the next years will be of utmost importance and we should make best use of them.

Ladies and Gentlemen,

In this conference we talked a lot about

challenges, such as the challenge of

- ✎ ambitious afforestation and reforestation goals;
- ✎ making better use of the forests for poverty alleviation;
- ✎ moving forward with sector reforms;
- ✎ adaptation to climate change;
- ✎ linking public and private financing; and
- ✎ how to deal with these challenges in the years to come.

But as we saw from the outcomes of the conference there are also a lot of options on the table, which could enable decision-makers in the country to be better prepared for current and future challenges and for taking up existing and upcoming opportunities.

Therefore I call upon you:

While taking into account all these challenges, to think positive and to focus on the options and on the actions, in order to take up all these options.

One of my distinguished professors at the university always said:

Folks, you should never forget: Forests are not the problem Forests are the solution.
He is absolutely right!

Looking back 200 years Germany's forest cover has shrunk to less than 10 %. That was the birth of the concept of SFM introduced by Messrs. von Carlowitz, Hartig and Cotta.

Today we, as the most industrialised country in Europe, again have a forest cover of 31%.

Ladies and Gentlemen,

I really feel honoured that our countries share a joint vision of the importance of forests and on future strategies, how to make best use of forest resources.

Let me reiterate, what was already confirmed by my Secretary of State in her opening speech:

We, as the German Development Cooperation, stand ready to continue our successful and trustful cooperation on the basis of common goals and strategies.

Facing the dynamic development not only in this country and not only in the forest sector, we in our partnership must of course be cautious and flexible and always be able, to react to upcoming developments in an appropriate manner.

In this context I am happy to announce, that at the end of this year we will be able to discuss with you a first draft of our common sector strategy, aiming to adapting our strategy to needs and priorities of work for the next 3-5 years, and the results of this conference should be an important part of it.

Having said this I would like to conclude,
With thanks to everybody again,
And have a safe trip back.



Figure 43. Vice Minister Mr. Nhi concluded for the Vietnamese side

4.2.2 MARD

CLOSING REMARKS by Vice Minister Hua Duc Nhi

Ladies and Gentlemen,

The Regional Conference on Sustainable Forest Development in a Changing Climate has completed its program, and by this time, we can be sure to say that this Conference has been greatly successful.

The Conference has attracted managers, experts in development fields, forestry experts from regional countries and international organizations, as well as institutions and individuals from provinces and central level ministries. Dear participants, your presence and participation in this Conference have strongly demonstrated the importance of its themes. We also had a great honour to welcome Madam Gudrun Kopp, Vice Minister of the Ministry of Economic Cooperation and Development from the Federal Republic of Germany and other officials of the Ministry to attend and speak at our Conference. The Conference is also a focus of attention to the media, as well as domestic and foreign newspapers.

Through presentations and discussions at the Conference, participants could gain a more multi-dimensional perception on forest protection and development, and sustainable forest development in the context of global climate change.

We highly appreciate inputs and recommendations of the Conference. I think these are good recommendations and can be considered for applying to actual work of each participant and all of those who are present here.

Ladies and Gentlemen!

We have talked much about sustainable forest development and climate change; and we will talk about it even more in the future.

I would only add a few more comments on comments and opinions from the Conference, namely:

1. Institutional and capacity strengthening

We need to strengthen institutions and capacity for the forestry sector; it is crystal clear. The question is what specific institutional reforms should be proposed on the basis learning from past management practices.

In the coming time, we will desperately need technical support, knowledge and experience from other international organizations working in this field of activity.

For institutional and capacity strengthening, we need to have specific programs, projects, and proposals, and we need to prioritize subjects and scope of research.

2. Mechanisms for encouraging small-scale forestry and community forestry

Encouraging household forestry and community forestry is one of the priorities in forestry policy development in Viet Nam today.

However, during the implementation process of this priority, there are still some specific challenges and difficulties, due to inadequate general awareness of society and managers, or insufficient institutions and policies, especially in terms of forest land allocation and contracting mechanisms for natural forests applied to households and rural communities.

Here, questions raised include:

- What mechanism can be used for allocating and contracting natural forests with growing stock in the situation that establishment of forest farms and forestry companies is impossible?
- How should forestry production and management be organized in an area

where there are both community and household forests, so as to improve the role and advantages of those forests and resolve its weaknesses in forestry production and trades?

3. Private investment and public investment in forest

Public investment:

Investment from the state budget in forestry has been specified quite sufficiently in many legal documents of Viet Nam, for example, the Law on Forest Protection and Development, and many others. But the current problem is that, the Government's resources are still limited and some objects of investment may not have clear and specific norms and criteria.

Some areas of forestry are not paid due attention to, and there are still very different perceptions, e.g. being very cautious about public investment for forestry companies and state owned forest farms, while forest itself is very diverse, and forestry companies and forest farms have very different circumstances and conditions. Many forest farms manage young forests which will only realize their benefits after a long period of time, and most of forest farms and forestry companies exist and involve in forestry trades not only for the purpose of forest product trading, but also for forest and environmental protection.

Private investments:

Private investment includes profit-led investment and not-for-profit investment.

In Viet Nam, the current private investment in such sub-sectors, such as processing and production forest plantation has been quite popular. The matter is how to attract more private investment (including both profit-led and not-for-profit) for protection and development of special-use forests and protection forests.

In fact, there has been some private investment in these two types of forests: for example, protection forest and protection forest land have been given by the State to households and communities, they have invested (though not very much) in protecting and developing these forests, and the State has also supported their investment (e.g.

under the 5 million ha project). Many special-use forests have leased landscape areas to private investors; and in the coming time, the State will also open new mechanisms for attracting more private investment in this area. The question to consider is how to ensure sound management of special-use forest in the context of profit-led private investment.

Through discussions at the Conference, many participants mentioned the need of establishing economic and technical norms for each type of forest. We understand that this is a gap in forest management at the present, and it needs to be studied soon to come up with specific regulations. We strongly expect that forest researchers and managers will study and suggest criteria for each type of forest, in order to promote as many benefits as possible from the use of forests, and on that basis, introduce solutions for silviculture and artisanal exploitation of forest products.

Another issue which also needs to be answered today, that is whether it is feasible to do business with natural forests, and if yes, in what conditions. As forest is very diverse, especially in relation to natural forest, there can be rich forest, poor forest, and newly recovered forest, which require different business conditions. So we desperately need a system of forest production and management, which is suitable for social forestry conditions. Private investment in natural forest management and trading will be very risky if this issue is not clarified.



Figure 44. Ms. Kopp and Mr. Nhi were extremely satisfied with the results of the conference

4. Challenges, opportunities and needs for financial investment in forestry under a changing climate

When it comes to climate change and mitigation measures, we immediately think about maintaining forests, especially natural forests. But natural forests, especially the newly recovered ones, usually give a quite low economic efficiency from exploiting and trading forest products. So, how can the issue of benefit be resolved? What mechanism can provide a driving force for forest management in the context of forest protection and development for adaptation to climate change? While, on the other hand, it is not easy at all to access international financial institutions.

We should have studies as soon as possible on the status and quality of forests (density, vegetation cover, growing stock, main types of forest trees, etc.) according to specific site conditions so that environmental requirements can be best satisfied in the climate change situation, and these should provide an orientation for silvicultural activities in the future.

The issues raised at this conference are really very major and important ones. To resolve them, it is essential to have contributions and inputs from international and domestic managers and experts working in various development fields. We very much hope to see their cooperation and community responsibility in these areas.

Ladies and Gentlemen,
I think that it is the time now to conclude our conference and finish my talk. Once again, I would like to emphasize our thanks to the Ministry of Economic Cooperation and Development of the Federal Republic of Germany, GTZ, KfW, WaKa, and especially Mr. Wulf Killmann, as well as other international and domestic organizations and individuals for your significant contributions to the success of our conference. We thank you all for your attendance and participation.

And I would like to wish you all a good health. Thank you very much for your attention.

V. APPENDICES



5.1 PROGRAMME

September 07: Opening and Framework Conditions

Time	Item	Proposed Speakers
07:30	Registration	
08:30	Introduction	Mr. Tran Kim Long, ICD, MARD
08:40	Introduction	Dr. Hans-Peter Müssig, First Vice President Asia, KfW,
	High – Level Segment	
08:45	Welcome address	Mr. Nhi, Vice Minister MARD
08:55	Welcome address	Ms. Kopp, Vice Minister BMZ
	Keynote Addresses	
09:05	The challenge of financing forestry under changing climate, economic and social conditions – A global perspective	Tan Sri Dato Dr. Salleh Mohd. Nor, Malaysia
09:25	Introduction about regional framework and plans for forestry	Mr. Karma Dukpa, Director Forest Bhutan, Chair of Asia Pacific Regional Forestry Commission
09:40	Panel	Ms. Kopp, Mr. Nhi, Dr. Salleh, Mr. Dukpa
10:15	Coffee Break	
	Technical Segment	
	Co-Chairs	BMZ / MARD
	Session 1: The Forestry Sector of Viet Nam	
10:30	Forestry sector in Viet Nam: Achievements, challenges and opportunities	Dr. Nguyen Ba Ngai Deputy DG, Directorate of Forestry, MARD
10:50	German Development Cooperation forestry projects in VN: Lessons learnt and outlook – German Perspective	Dr. Jürgen Hess and Nils Meyer, German Development Cooperation/GTZ and KfW
11:10	Market prospects for Viet Nam's forest products	Mr. Nguyen Chien Thang, Chairman Handicraft & Wood Industry Association (HAWA), HCM City
11:25	Challenges for biodiversity conservation in Viet Nam	Mr. Jake Brunner, IUCN
11:40	Questions and answers from the floor and discussion	
12:00	Lunch Break	

Time	Item	Proposed Speakers
Session 2: Regional and Global Aspects		
13:30	Opportunities and challenges from climate change for forestry – a global view.	Mr. Reinhard Wolf, GTZ
13:50	The voluntary carbon market	Mr. Harry Assenmacher, Forest Finance
14:05	Climate change, food security and poverty alleviation.	Mr. Dian Sukmajaya, ASEAN Secretariat
14:20	Questions and answers from the floor and discussion	
15:15	Coffee Break	
Session 3: Forest Financing		
15:45	Overview over investment in Viet Nam's forestry sector: Current status, futures directions.	Dr. Nguyen Nghia Bien, Director General, Financial and Planning Dept, DoF
16:00	Lessons from public forest financing in South East Asia.	Mr. Ahmad Dermawan, CIFOR
16:15	Investing in the forest sector: An investor's view	Mr. Paul Speed, Manager, New Forests Sdn Bhd, Sabah, Malaysia
16:30	Questions and answers from the floor and discussion	
17:25	Closing remarks	Co-Chairs
17:30	End of Day 1	
18:00	Reception in Meliã Hotel	BMZ

September 08: Discussion of experiences and recommendations

Time	Item		Speakers	
08:30	Resume of day 1		Co-Chairs	
09:00	Plenary: Organisation of working groups		Co-Chairs	
09:15	Coffee Break			
	Parallel Working Group Sessions			
	Group 1: Institution and capacity building	Group 2: Incentives for community and small scale forestry	Group 3: Public and private forest financing	Group 4: Forestry and climate change challenges, opportunities, and financing needs
09:30	Introduction International Mr. Eduardo Mansur, ITTO	Introduction International Mr. Patrick Durst, FAO	Introduction International Mr. Paul Speed, New Forests	Introduction International Mr. Reinhard Wolf, GTZ
09:40	Introduction National Dr. Nguyen Huu Dung, Chief of the Office of the Directorate of Forestry, MARD	Introduction National Dr. Dinh Duc Thuan, Director General, MBFP, MARD / Director, FLITCH	Introduction National Mr. Dinh Ngoc Minh, Vice Director Department of Agricultural and Economics, MPI	Introduction National Ms. Pham Minh Thoa, Director General Department of Science, Technology and International Cooperation, DoF, MARD
09:50	Group discussion	Group discussion	Group discussion	Group discussion
12:00	Lunch Break			
13:30	Finalising of group presentations			
14:00	Presentation of results from working groups 1 & 2		Co-chairs & Rapporteurs	
15:00	Coffee Break			
15:30	Presentation of results from working groups 3 & 4		Co-Chairs & Rapporteurs	
16:30	Summary of results of Conference		Wulf Killmann	
16:45	Closing remarks		BMZ	
17:00	Closing remarks		MARD	
17:15	End of Conference			

5.2 INPUT FOR DISCUSSION IN WORKING GROUPS (PRELIMINARY RECOMMENDATIONS PROVIDED BY THE ORGANIZER)

5.2.1 Working Group 1: Institution and Capacity Building

Expected result of groupwork

Preliminary recommendations for strengthening the forestry institutions to cope with the new challenges, including climate change, are identified.

Long-term goal: Forestry Institutions cope with the new challenges

Draft recommendations, contributed from the organizers, which the group may use, if they want. These are no prescription, but an offer, which can be reduced, shortened, or ex-panded:

1. Policy and institutional reforms in the forestry sector of Vietnam should be done strongly in order to: (a) address present difficulties and future challenges (e.g. changes in investment policy and public finance, emerging issues such as climate change, changing roles and tasks of the forestry management system nationwide); and (b) improve the effectiveness and efficiency of policy (through identifying priorities and resources, increasing the capacity of coordination among people, communities, private sector and civil society organizations in the forestry policy making and enforcement as well as forestry program formulation and implementation). Policy and institutional reforms in the forestry sector of Vietnam should follow the multi-purpose forest management approach. Therefore, it is essential to speed up the process of obtaining a deep understanding on this approach, so as to establish a firm foundation for implementing those policy and institutional reforms.
2. The policy and institutional reform agenda should be performed through capacity strengthening for concerned institutions and stakeholders, as well as adequately and efficiently allocating resources to the following areas:
 - a. Land and forest allocation and land use planning
 - b. Forest inventory, forest resources mapping and information systems, including applied research on forest development in the context of climate change
 - c. Strengthening forestry extension services for production forests, protection forests, communities and owners of small scale production forests.
 - d. Management boards of protection forests and national parks
 - e. Strengthening forest law enforcement, governance and forest products trade (FLEGT)
 - f. Forest Certification (legality of timber, sustainable forest management), legal basis and SFM
 - g. Market Information System
 - h. Restoration, protection and sustainable management of mangrove forests
 - i. Rehabilitation and maintenance of sea dykes and river dykes
 - j. Integrated and multi-purpose land and water resources management under the basin approach (e.g. hydrological management in the Mekong River Delta)
 - k. Forestry financing management
 - l. Calculation of volume of national carbon sequestration, carbon monitoring system in forestry in compliance with international standards (UN's requirements on REDD+, and voluntary carbon market)
3. The role, duties and local institutions are not clear in the changing context at the central level. It is essential to analyze roles and responsibilities, gaps and overlaps in the organizational system at the local level. Those necessary changes relating to local institutions must be

made according to the government's rules and regulations. The changes will then strengthen the enforcement of forest laws, regulations and policies nationwide as well as national standards.

4. Accountability and transparency in implementation of forestry policies and strategies must be enhanced.

5.2.2 Working Group 2: Incentives for Community and Small Scale Forestry

Expected result of groupwork:

Preliminary recommendations on incentives for Community and Small Scale Forestry are developed

Long-term goal: Extension services, financial instruments, and market opportunities for small-scale forestry foster entrepreneurship in rural areas contribute to poverty alleviation.

Draft recommendations, contributed from the organizers, which the group may use, if they want. These are no prescription, but an offer, which can be reduced, shortened, or expanded:

1. During the pilot process, the community and households involved in forestry activities have proven their capability of contributing to forest development and protection, and biodiversity conservation, especially coastal mangrove forest and protection forest in far and remote areas, as well as contributing to increasing income for people through equitable benefit-sharing mechanism and co-management approach. Nevertheless, how to replicate these models and ensure their sustainability still remains a major challenge to the forestry sector in Vietnam.
2. A legal framework relating to national and local level policies must be adopted for community and small scale forestry, under which short term, medium term and long term needs of support must be clearly specified. It is also necessary to provide opportunities for people to increase their income and poverty reduction must be done better. In addition, the community should be entitled to financial benefits from environmental services, including GHG emission reduction, land and water resources protection, and biodiversity conservation.
3. Community and household forestry should be provided with comprehensive support, in terms of legal documents, organizational arrangements, financial incentives and technical assistance in forest management and protection. This support should be provided under the combination of an improved institutional framework, direct and indirect support mechanisms and adequate public and private finances.
 - (a) The incentive package should include minimal components as follows:

Strengthening economic and social benefits of forest resources through a series of suitable models, for example, fast development model, or transfer-ring the land use right of permanent and more valuable forest and forest land to local households and communities, or other models.
 - (b) Providing inclusive forestry extension services, including technical issues (forest management planning, management techniques), organizational issues (community forestry, forest user association, co-management, benefit sharing), and economic issues (choice of products and markets, contract negotiation).
 - (c) Loosening rules concerning approval of forest management regulations and forest exploitation plans as well as registration of forest business model (forest user association, co-operatives, etc.)
 - (d) Providing technical and financial assistance for development of forestry infrastructure and facilities (logistics, tools and instruments) to minimize transportation costs and workforce involved in forest management and forest product processing.
 - (e) Supporting activities of marketing and seeking for markets (market information system, competitive bidding, auction sale, etc.)

5.2.3 Working Group 3: Public and Private Forest Financing

Expected result of groupwork:

Preliminary recommendations on public and private forest financing are developed

Long-term goal: A conducive investment climate for socialising sustainable forest development is supported by harmonised and decentralised processes

Draft recommendations, contributed from the organizers, which the group may use, if they want. These are no prescription, but an offer, which can be reduced, shortened, or expanded:

1. Many studies of domestic and foreign organizations have mentioned weaknesses and gaps relating to the issue of public finance in the forestry sector. However, to have a comprehensive analysis on forestry financing, it is essential to improve databases at all levels, conduct a comprehensive assessments on public revenue (from taxes, fees and charges, fines, etc.), public expenditures and adjustments of public budget (tax and revenue, investment and reinvestment, allocation of central and local budget, options for compensation and support mechanism).
2. Public finance should focus on creating an enabling environment for SFM (including public institutions and services, infrastructure, legal environment, research and education, and awareness raising). In the future, household-scale forestry and community forest management should be provided with stronger financial assistance.
3. Public finance should also focus on protection forests and special use forests, building forestry infrastructure and rural roads. For production forests, focus should be put on key infrastructure development projects (e.g. roads, bridges, culverts along the coast), special forest services, as well as processing and export.
4. Potential private investments and involvement should be mobilized and considered in a detailed manner for each option. First, investment should not only depend on state funding and/or ODA.

Second, the government should called for the private sector participation, as it will (a) make a significant contribution to investment funds, and/or (b) contribute to improving the operational efficiency and customer services. The fast development model should be promoted and tested at many different places and considered as a mechanism for a longer cycle (high-value timber, carbon credits, biodiversity).

5. The forestry sector should conduct studies and immediately apply new financing mechanisms, e.g. carbon finance and trust funds for payment of environmental services.

5.2.4 Working Group 4: Forestry and Climate Change: Challenges, Opportunities and Financing Needs

Expected result of groupwork:

Preliminary recommendations for cooperation in climate change adaptation and mitigation are developed.

Long-term goal: Multi- and bi-lateral forest sector co-operation strengthen Viet Nam's climate change adaptation and mitigation efforts

Draft recommendations, contributed from the organizers, which the group may use, if they want. These are no prescription, but an offer, which can reduced, shortened, or expanded:

1. Natural forests and plantations in Vietnam have a great potential in greenhouse gas emissions reduction and adaptation to climate change impacts.
2. To turn this potential into reality, causes of deforestation and forest degradation, e.g. illegal logging, conversion of forest land to other purposes, poverty, overlaps in policies, inconsistencies between legal documents, development plans,

weaknesses in law enforcement and management, must be all addressed. Local communities should be involved in implementation of REDD+, sustainable management of mangrove forests and protection forests, and they should be also fully benefited from these activities.

3. Intact forest ecosystems, including many endemic and mixed species, especially in newly established plantations where biodiversity is high and needs to be developed, must be developed, restored, protected and managed in a sustainable manner and at a large scale.
4. External support from private sector and international bodies (REDD/REDD+) and ODA finances is always necessary and should be ready for Vietnam, but it must be attracted and implemented more effectively to avoid overlaps. Therefore, it is necessary to have more detailed cost-benefit analyses for different options (cost norms for mangrove forest restoration); there should be also a better coordination mechanism for activities relating to climate change in the forestry sector.
5. Pilot measures and international investment projects should be designed and implemented at a larger scale in order to develop standards and best practices that can be wisely applied at the national scale. Focus should be given to top priorities such as carbon credits, forest carbon sequestration, limitations of infrastructure, restoration of forest ecosystems on a large scale for mitigation and adaptation purposes.
6. This must be done along with strengthening the enforcement of forestry laws, forest governance and management mechanisms, so as to ensure land use rights and forest protection, improve management systems and enhance the capacity for monitoring, reporting and verification.

5.3 OUTPUT OF WORKING GROUPS AS RECOMMENDATIONS TO PLENARY

5.3.1 Institution and Capacity Building

Summary

Capacity building for stakeholders and at institutional level in a broad spectrum of areas is urgently required. Decentralization should include the delegation of decision making, and an adaptation of roles and responsibilities of local institutions to changed conditions. Accountability and transparency at all levels needs to be enhanced. The coordination role of FSSP should be strengthened,

Preamble

Strong policy and institutional reforms in the forestry sector of Viet Nam are required to:

- (a) address present difficulties and future challenges (e.g. changes in investment policy and public finance, emerging issues such as climate change, changing roles and tasks of the forestry management system nationwide); and
- (b) improve the effectiveness and efficiency of policy through identifying priorities and resources, increasing the capacity of coordination among people, communities, private sector and civil society organizations in forestry policy development and enforcement as well as forestry program formulation and implementation.

Policy and institutional reforms in the forestry sector of Viet Nam should follow the multi-purpose forest management approach under the principles of sustainable forest management. To enable the implementation of this policy and institutional reform, stakeholders need to obtain a deep understanding of this approach.

Recommendations

1. The policy and institutional reform agenda should be backed up through capacity strengthening for concerned institutions and stakeholders, as well through an adequate and efficient allocation of resources to:

- a. Land and forest allocation and land use planning: Due attention should be paid to forest allocation to communities with land tenure rights and responsibilities;
- b. Forest inventory, forest resources mapping and information systems, including applied research on forest development in the context of climate change: Procedures should be simplified taking into account the participation of local communities; Calculation of volume of carbon sequestration, carbon monitoring system in forestry in compliance with international standards (UN's requirements on REDD+, and voluntary carbon market);
- c. Enforcement of regulations and mechanisms regarding PES and REDD+ ;
- d. Strengthening of forestry extension services for special-use forests, production forests, protection forests, communities and owners of small-scale production forests;
- e. Management boards of protection forests and national parks, establishment of unified management boards of protection forests, production forests, and special-use forests (refer to Dinh Hoa model). Provincial Forest Protection Department should be under the Provincial People's Committee;
- f. Strengthening of forest law enforcement, governance and forest products trade (FLEGT);
- g. Forest Certification (legality of timber, sustainable forest management);
- h. Market Information System;
- i. Restoration, protection and sustainable management of submerged forests e.g., mangrove and Melaleuca forests;
- j. Rehabilitation and maintenance of sea and river dykes;
- k. Integrated and multi-purpose land and water resources management under the basin approach (e.g. hydrological management in the Mekong River Delta);
- l. Forestry financing management.

2. With the changes at the central level, roles and duties of local institutions need to be adapted and clarified. It is essential to analyze roles and responsibilities, gaps and overlaps in the organizational system at the local level. Those necessary changes relating to local institutions must be made according to the government's rules and regulations agreed upon by all stakeholders. These changes will then strengthen the enforcement of forest laws, regulations and policies nationwide as well as national standards.

Decentralization is a necessary reform in Viet Nam to ensure better environmental services at the local level. However, this does not only mean to transfer tasks and further workload, but responsibilities for local decision making and public spending authority and to ensure accountability to local citizens. Thus, capacity building must also reflect a clear definition of roles and responsibilities for local stakeholders to provide environmental services. Institutionalization will be ensured if there is "on the job" training to implement decrees, regulations and policies referring to new decentralized functions, budget responsibilities and management capacities.

Forest and protected area management training institutions need to be strengthened, e.g., ranger training at national level and protected area managers training at regional (Southeast Asian) level.

3. Accountability and transparency in implementation of forestry policies and strategies must be enhanced.
4. To make best use of efforts by cooperation partners in the spirit of The Paris Declaration of Aid Effectiveness the FSSP requires further strengthening and should be the body where all sector relevant programs are coordinated and synergies sought.

5.3.2 Incentives for Community and Small Scale Forestry

Issues discussed

Small-scale forestry

- Importance of small-scale forestry;
- Scale of small forestry: depends on country. In Viet Nam it may be household or SME level;
- Roles of small-scale forestry should be well recognised by all parties and well linked to markets, including possible linkage to large-scale forest industries;
- Infrastructure for development of small-scale forestry is still poor in Viet Nam;
- Incentives include direct incentives such as provision of seedlings and fertilizers, grants, tax concessions and subsidized loans, and indirect incentives such as favourable tariff regimes, exchange rates and interest rates; the most important incentive, however, is creation of a favourable investment “climate”;
- Importance of land/forest/resource tenure, stable forest policies and regulations, organization of forest communities, financial resources, marketing and technical know-how.

Community forestry

- Fourteen years of pilots in Viet Nam have generated significant experiences, but a key challenge in Viet Nam remains in replicating, scaling-up efforts, and ensuring sustainability;
- Feasible benefit-sharing mechanisms are still not clarified for community forestry;
- New challenges have emerged with respect to accessing markets related to large-scale forest industries and new initiatives such as REDD and PES;

- Forest land allocation policies need to be revised for community forestry, as it relates to protection and production in natural forests.

Summary

To strengthen small-scale and community forestry, the legal framework needs to be adjusted, technical and financial assistance needs to be provided to communities and managers/owners of small-scale forestry enterprises, training for managers and extensionists should be improved, and infrastructure and facilities for small-scale and community forestry should be enhanced.

Recommendations

1. The legal framework for small-scale and community forestry should be improved and strengthened to follow a multi-purpose approach (forest land allocation policy, financing mechanism, benefit sharing mechanism, forest management regulation, forest exploitation plans etc.).
2. Government should provide stronger support in forest management, planting and forest resources development, etc. to small-scale forestry, in particular to communities and households.
3. Managers, foresters and extensionists should be better trained to become more confident with their techniques and to develop skills in working with communities, and to learn from case studies on user group rights and responsibilities.
4. Technical and financial assistance for development of forestry infrastructure and facilities should be provided.
5. Communities should be supported in marketing activities such as forest and chain-of-custody certification (e.g., under FSC), timber legality assurance systems, and in accessing market information.

5.3.3 Public and private Forest Financing

Summary

Enforcement and implementation of investment policies, and transparency of public financing will encourage increased private investment, preferably in production forests.

Issues discussed

3. How would private sector strengthen forest survey and biometrics;
4. Foreign investors and climate change;
5. Impact of Chinese market on Viet Nam;
6. How to increase more governmental investments in the forest sector;
7. Implementation of governmental forestry policies: effectiveness and lessons learnt;
8. Technical-economic norms for 3 forest categories;
9. Forest certification;
10. R&D: private sector and public sector needs;
11. Preferential credit.

Recommendations

1. Legal enforcement and implementation of investment policies at different levels of Government (National, Regional and Local).
2. Public funding to remain key for special-use and protection forest types until such time as there is greater acceptance of payment for environmental services mechanisms in the wider market.
3. Public funding for production forestry to focus on: infrastructure (roads, electrification, etc), R&D and formal training, information availability (such as national databases), supportive legislation to ensure continued wider public benefits, enforcement and transparency.

5.3.4 Forestry and climate change: Challenges, opportunities and financing needs

Restoration, protection and sustainable management should focus on ecosystems with particular potential for climate change adaptation and mitigation. REDD + pilot projects need to be up-scaled with participation of local communities, and the legal and institutional framework needs to be adjusted to support the implementation of adaptation and mitigation activities.

Preamble

In Viet Nam, natural and planted forests play an important role in socio-economic development, biodiversity conservation, and in responding to climate change. Climate change directly and indirectly impacts forests, and Viet Nam has great challenges, but also opportunities for implementing adaptation and mitigation measures.

Recommendations

1. Ecosystems of natural and planted forests with potential for climate change adaptation and mitigation, high biodiversity value, including mountain forest ecosystems, mangrove and *Melaleuca* forests, should be restored, protected, developed and managed sustainably.
2. Projects on piloting and investment in REDD+ should be implemented at a larger scale with the participation of local communities in order to develop standards and best practices that can be wisely applied at national level. Emphasis should be given to top priorities such as carbon credits, establishment of monitoring, reporting and verification system, forest law enforcement,

development of benefit-sharing mechanisms, enhancement of forest allocation, improvement in livelihoods and poverty alleviation that support and are consistent with the National Target Program to Respond to Climate Change.

3. Climate change adaptation and mitigation activities shall be implemented along with revision and formulation of new forest legislation and policies, and forest institutions that are not only appropriate to national circumstances but also meet with international standards. Rights and responsibilities of relevant stakeholders in forest management and development in climate change context need to be clearly specified.

5.4 PARTICIPANTS

In total 251 people participated in the conference, out of which were 167 were from Viet Nam, 40 from Germany, and the remainder of 44 from the regional or international community. In total 143 organisations were present, of which 7 were from the provincial level, 3 from the central ministerial level, and 8 MARD institutions. MARD was represented in total by 100 participants, of which 10 were not directly related to the forestry sector. 24 participants came from international or national NGO's and 18 from Viet Nam universities. The conference was attended by 47 women and 204 men.

5.4.1 Participants from Viet Nam

Name	Organisation
Dr. Nguyễn Chí Thành	Asia Regional Biodiversity Conservation Program, Winrock International
Dr. Nguyễn Thị Bích Thủy	Asia Regional Biodiversity Conservation Program, Winrock International
Mr. Nông Thế Diễn	Ba Be National Park
Mr. Trần Đức Lợi	Bac Giang Forestry Sub-department
Mr. Nguyễn Văn Linh	Bac Giang People' s Committee
Mr. Trần Ngọc Lâm	Bac Ninh Forest Protection Sub-department
Mr. Nguyễn Thế Dũng	Binh Dinh Forestry Sub-department
Mr. Chu Xuân Cảnh	Care International
Mr. Tống Văn Hoàng	Center for Research - Application of Forestry Science and Technology of Thanh Hoa
Ms. Phạm Anh Minh	Centre for Support of Combating Climate Change
Mr. Vũ Kiên	Centre for Support of Combating Climate Change
Mr. Nguyễn Thành Chung	Dak To Forestry State Enterprise
Mr. Nguyễn Lực	Dak To Pine-Plantation
Mr. Nguyễn Văn Bái	DARD Bac Giang
Mr. Nguyễn Hiếu Hòa	DARD Bình Định
Mr. Nguyễn Đức Luyện	DARD Dak Nong
Mr. Nguyễn Huy Lợi	DARD Ha Tinh
Ms. Bùi Thị Phương	DARD Hai Phong
Mr. Đinh Quang Long	DARD Hoa Binh
Mr. Võ Duy Việt	DARD Nghe An
Mr. Bùi Anh Tuấn	DARD Ninh Thuan
Mr. Trần Vĩnh Đức	DARD Quang Binh
Mr. Bùi Minh Sơn	DARD Quang Ngai
Mr. Hoàng Công Đăng	DARD Quang Ninh
Mr. Trương Văn Khanh	DARD Quang Tri
Mr. Hà Quyết Nghị	DARD Son La
Mr. Hà Đức Hưng	DARD Yen Bai
Ms. Nguyễn Thị Minh Vân	DED
Mr. Lưu Ngọc Lâm	Department of Dykes
Dr. Nguyễn Hữu Dũng	Department of Finance, MARD
Mr. Lương Thế Phiệt	Department of International Cooperation, MARD
Dr. Nguyễn Văn Việt	Department of Legal, MARD
Mr. Phạm Xuân Phương	Department of Legal, MARD

Name	Organisation
Mr. Bùi Tất Tiếp	Department of Planning, MARD
Mr. Phạm Xuân Thịnh	Department of Planning, MARD
Ms. Nguyễn Thị Hải Hòa	Department of Science, Technology and Environment
Ms. Phạm Minh Thoa	Department of Science, Technology and International Cooperation Department, DoF, MARD
Mr. Bùi Chính Nghĩa	Directorate of Forestry
Mr. Cao Chí Công	Directorate of Forestry
Mr. Đoàn Hoài Nam	Directorate of Forestry
Mr. Ngô Tiến Dũng	Directorate of Forestry
Ms. Nguyễn Tường Vân	Directorate of Forestry
Mr. Nguyễn Văn Vũ	Directorate of Forestry
Mr. Trần Thế Liên	Directorate of Forestry
Mr. Nguyễn Xuân Diệu	Directorate of Irrigation and Water Resources
Mr. Vũ Văn Thặng	Directorate of Irrigation and Water Resources
Dr. Nguyễn Bá Ngãi	DoF
Dr. Nguyễn Hữu Dũng	DoF
Dr. Nguyễn Nghĩa Biên	DoF
Mr. Nguyễn Ngọc Bình	DoF
Mr. Nguyễn Thành Nhơn	Duc Nhan J.S Corporation
Mr. Nguyễn Phi Hùng	Duc Tho Forest Protection Region, Ha Tinh Forest Protection
Ms. Felise Hai-Lý Nguyễn	EFI
Ms. Trần Hồng Việt	Embassy of Denmark
Ms. Lê Thị Thu Hương	Embassy of Finland
Mr. Nguyễn Huy Dũng	FIPI
Mr. Vũ Tiến Điển	FIPI
Mr. Đồng Văn Tú	Forest Protection of Thai Nguyen
Mr. Ngô Xuân Hải	Forest Protection of Thai Nguyen
Ms. Hồ Thị Quý Phi	Forestry Management Board of Kon Tum
Mr. Hoàng Quang Chính	Forestry Protection of Lang Son
Mr. Phan Văn Xê	Forestry Protection of Soc Trang
Mr. Vũ Văn Cương	Forestry State Enterprise
Mr. Nguyễn Văn Long	Forestry Sub Dept of Quang Binh
Mr. Hoàng Đức Doanh	Forestry Sub Dept of Quang Tri
Ms. Nguyễn Bích Hằng	FSSP CO, MARD
Mr. Nguyễn Thanh Tùng	FSSP CO, MARD

Name	Organisation
Mr. Phạm Anh Thư	FSSP CO, MARD
Mr. Vũ Hữu Thân	FSSP CO, MARD
Msc. Đinh Thế Dũng	GFA
Mr. Nguyễn Trọng Hùng	GFA
Mr. Đỗ Đình Tiến	GTZ
Mr. Hà Công Khải	GTZ
Ms. Lê Ngọc Hà	GTZ
Mr. Nguyễn Minh	GTZ
Mr. Nguyễn Sĩ Hà	GTZ
Mr. Nguyễn Thanh Tùng	GTZ
Ms. Nguyễn Thị Phương Hào	GTZ
Mr. Nguyễn Văn Hợp	GTZ
Mr. Phạm Ngọc Điệp	GTZ
Mr. Phạm Quốc Tuấn	GTZ
Ms. Phan Thi Thu Hồng	GTZ
Ms. Quách Hồng Nhung	GTZ
Ms. Tô Thị Thu Hương	GTZ
Mr. Trần Văn Hưng	GTZ
Mr. Nguyễn Chiến Thắng	Handicraft & Wood Industry Association of HCM City
Mr. Bùi Ngọc Đảm	Hoa Binh People's Committee
Mr. Trần Kim Long	ICD/MARD
Dr. Nguyễn Văn Sinh	Institute of Ecology and Biological Resources
Dr. Nguyễn Đình Hưởng	International Cooperation Department-MARD
Mr. Phạm Tiến Dũng	Inwent Capacity Building International, Germany
Ms. Trương Hạnh Trang	Inwent Capacity Building International, Germany
Mr. Lương Quang Hùng	KfW
Mr. Nguyễn Văn Minh	KfW
Mr. Kim Ngọc Quang	Kim Hoang One-member Ltd. Co.
Mr. Nguyễn Văn Bình	Lang Son People's Committee
Mr. Nguyễn Ngọc Bình	M'Drak Forestry Enterprise
Dr. Đinh Đức Thuận	Management Board of Forestry Projects
Mr. Hoàng Văn Mát	Management Board of Forestry Projects
Mr. Nguyễn Danh Đàm	Management Board of Forestry Projects
Mr. Nguyễn Phùng Minh	Management Board of Forestry Projects

Name	Organisation
Mr. Nguyễn Tiến Hải	Management Board of Forestry Projects
Mr. Nguyễn Trường Giang	Management Board of Forestry Projects
Mr. Phạm Hồng Vích	Management Board of Forestry Projects
Mr. Phạm Quốc Chiến	Management Board of Forestry Projects
Mr. Phan Thanh Ngộ	Management Board of Forestry Projects
Mr. Trần Công Hùng	Management Board of Forestry Projects
Mr. Trần Trung Hậu	Management Board of Forestry Projects
Mr. Trần Văn Luật	Management Board of Forestry Projects
Mr. Vũ Văn Hưng	Management Board of Forestry Projects
Mr. Vũ Xuân Thôn	Management Board of Forestry Projects
Mr. Lê Quang Dụng	Management Board of Sustainable Forest Project in Ninh Thuan
Mr. Hứa Đức Nhị	MARD
Mr. Ngô Út	MARD FIPI
Mr. Nguyễn Phú Hùng	MARD FIPI
Ms. Đào Lê Huyền Trang	MARD FSIV
Mr. Đoàn Văn Thu	MARD FSIV
Mr. Nguyễn Hoàng Nghĩa	MARD FSIV
Mr. Võ Đại Hải	MARD FSIV
Mr. Đào Quang Thu	MPI
Mr. Đinh Ngọc Minh	MPI
Mr. Lương Thanh Hải	Biosphere Reserve of Kien Giang Province
Dr. Phan Minh Sang	New Forests Sdn. Bhd.
Mr. Nguyễn Đình Chi	Nghe An People's Committee
Mr. Vũ Hoài Minh	ORGUT Representative Office
Mr. Nguyễn Quang Minh	Oxfam GB
Mr. Nguyễn Việt Dũng	People and Nature Reconciliation
Mr. Lưu Minh Thành	Phong Nha Ke Bang National Park
Mr. Nguyễn Văn Huyền	Phong Nha Ke Bang National Park
Mr. Trương Nho Tự	Pu Hu Nature Reserve
Mr. Cao Văn Cường	Pu Luong Nature Reserve
Mr. Nguyễn Cử	Quang Nam Forestry Sub-department
Mr. Nguyễn Ngọc Quang	Quang Nam People's Committee
Mr. Nguyễn Khánh Ngọc	Quang Ngai Forestry Sub-department
Dr. Nguyễn Tân Quang	RECOFTC Viet Nam

Name	Organisation
Dr. Hà Huy Thịnh	Research Centre for Forest Tree improvement - MARD FSIV
Dr. Lương Văn Tiến	Research Centre for Forest Tree Improvement - MARD FSIV
Dr. Đào Công Khanh	Research Institute for Sustainable Forest Management & Forest Certificate
Mr. Cẩm Văn Chính	Son La People's Committee
Prof. Dr. Nguyễn Ngọc Lung	Sustainable Forest Management Institute (SFMI)
Ms. Hoang Mỹ Lan	Swiss Agency for Development and Cooperation
Mr. Lê Văn Mơn	Thanh Hoa Forestry Sub-department
Mr. Lê Ngọc Trực	Thanh Hoa People's Committee
Mr. Nguyễn Đức Hạnh	Thanh Hoa People's Committee
Mr. Lê Hoàng Hưởng	U Minh Thuong National Park
Mr. Lê Hồng Tuyển	U Minh Thuong National Park
Ms. Đỗ Thị Huyền	UNDP, Viet Nam Country Office
Ms. Nguyễn Thị Thu Thủy	Viet Nam Conservation Fund
Dr. Bùi Thế Đồi	Viet Nam Forestry University
Mr. Đỗ Anh Tuấn	Viet Nam Forestry University
Mr. Khanthaly Khamphilavong	Viet Nam Forestry University
Prof. Dr. Phạm Văn Chương	Viet Nam Forestry University
Dr. Trần Bảo	Viet Nam Forestry University
Mr. Trần Hữu Viên	Viet Nam Forestry University
Ms. Trần Việt Hà	Viet Nam Forestry University
Mr. Lê Trung Kiên	Viet Nam Institute for Geological and Mineral Research
Mr. Hoàng Văn Vượng	Viet Nam Paper Corporation
Mr. Nguyễn Tôn Quyền	VIFOREST
Mr. Trần Đức Sinh	VINAFOR
Mr. Vũ Hải Nam	WaKa
Ms. Đặng Tùng Hoa	Water Resource University
Ms. Nguyễn Thị Thu Lan	World Bank Viet Nam
Ms. Lê Thủy Anh	WWF
Mr. Trần Thái Bình	Yen Bai Forest Protection Sub-department
Mr. Kiều Tư Giang	Yen Bai Forestry Sub-department
Mr. Huỳnh Văn Kéo	
Mr. Phú	
Mr. To Xuan Phuc	
Mr. Trần Hữu Nghị	

5.4.2 Participants from Germany

Name	Organisation
Ms. Brunhilde Vest	BMZ
Ms. Daniela Zehentner-Cappell	BMZ
Ms. Gudrun Kopp	BMZ
Mr. Matthias Reiche	BMZ
Mr. Eberhard Goetz	CIM
Ms. Hannelore Bossmann	DAAD
Mr. Lutz Leman	CIM
Mr. Adelbert Eberhard	DED
Mr. Christoph Dehn	DED
Mr. Dirk G. Euler	DED
Dr. Guenther Rapp	DED
Dr. Herbert Baumgartner	DEG
Ms. Constanze Esenwein	Embassy of the Federal Republic of Germany
Dr. Henning Plate	Embassy of the Federal Republic of Germany
Mr. Harry Assenmacher	Forest Finance
Mr. Benjamin Hodick	GFA
Mr. Christian Aschenbach	GFA
Mr. Heiko Woerner	GFA
Mr. Paul van der Poel	GFA
Ms. Evelyn Ebert	GTZ
Mr. Guenter Riethmacher	GTZ
Mr. Joachim Hofer	GTZ
Dr. Jürgen Hess	GTZ
Ms. Katharina Waak	GTZ
Mr. Jens Kallabinski	GTZ
Dr. Klaus Schmitt	GTZ
Mr. Reinhard Wolf	GTZ
Mrs. Rosmarie Metz	GTZ
Ms. Ute Klamert	GTZ
Mr. Gert Rode	Hessen Forst
Ms. Beate Wilhelm	InWent
Ms. Andrea Johnston	KfW
Ms. Birgit Erbel	KfW

Name	Organisation
Dr. Hans-Peter Muessig	KfW
Mr. Nils-Henning Meyer	KfW
Mr. Ivo Litzenberg	CIM
Mr. Rusch	VATTENFALL
Prof. Dr. Wilfried Butzler	AHT

5.4.3 Participants from other Countries

Name	Organisation
Mr. Dian Sukmajaya	Asean Secretariat
Ms. Kathryn Elliott	AusAID
Mr. Geoff Morris	Australian Centre for International Agricultural Research
Mr. Ahmad Dermawan	CIFOR
Ms. Kaisa Uusimaa	Niras Finland
Mr. Tapio Leppänen	Niras Finland
Mr. Max von Bonsdorff	Embassy of Finland
Ms. Akiko Inoguchi	FAO
Mr. Patrick Durst	FAO
Mr. Josh Kempinski	Fauna & Flora International
Mr. Steve Swan	Fauna & Flora International
Mr. Karma Dukpa	FD Buhtan
Mr. Fernando Potess	Forest Sector Development Project
Dr. Sharon Brown	GTZ Kien Giang
Mr. Daniel Valenghi	Helvetas Viet Nam
Dr. Eduardo Mansur	ITTO
Mr. Jake Brunner	IUCN
Ms. Đỗ Thu Thủy	Japan International Cooperation Agency
Mr. Eiji Egashira	Japan International Cooperation Agency
Tan Sri Dato Dr. Salleh Mohd. Nor	MNS
Mr. Paul Speed	New Forests Sdn. Bhd.
Mr. M. Elmo Drilling	People Resources and Conservation Foundation
Mr. Michael Dine	People Resources and Conservation Foundation
Mr. Bas van Helvoort	Phong Nha Ke Bang Project
Mr. Claude R. Heimo	Roxel S.A.
Ms. Annelies Donners	Royal Netherlands Embassy
Ms. Thea Martine Ottmann	Royal Norwegian Embassy
Mr. Richard McNally	SNV Viet Nam
Mr. Pascal Raess	Swiss Agency for Development and Cooperation
Mr. Yam Malla	Thailand
Ms. Eveline Trines	The Netherlands
Mr. Patrick van Laacke	UN-REDD Programme
Mr. Nguyễn Phúc	Viet Nam-Japan Chip Corporation

Name	Organisation
Mr. Takafumi Matsumoto	Viet Nam-Japan Chip Corporation
Dr. Reinhold Glauner	WaKa
Mr. Tim Dawson	WaKa
Dr. Wulf Killmann	WaKa
Mr. Steve Jaffee	World Bank Viet Nam
Mr. Arnoud Steeman	
Ms. Claire Alidenes	
Mr. Pedro Rodriguez Veiga	
Ms. Tarja Kuokkanen	

5.5 PRESS CLIPPINGS

This chapter provides a complete list with all recorded media articles. By clicking on the link provided the reader can access the complete articles. The comprehensive report with the full articles is only provided on the enclosed DVD.

No.	Publication	Date	Title	Link	Coverage	Frequency	Tone	Note
1	The Vanguard E-Newspaper	Sep 07, 10	Regional Conference on Sustainable Forestry Development in Vietnam	http://www.tienphong.vn/Thoi-Su/511907/Hoi-nghi-ve-phan-trien-rung-ben-vung-tai-Viet-Nam.html	Nation-wide	Daily	Positive	Feature
2	VOV News Online (Vnese)	Sep 07, 10	Sustainable Forest Development in a Changing Climate	http://vovnews.vn/Home/Phat-trien-rung-ben-vung-ung-pho-voi-bien-doi-khi-hau/20109/154098.vov	Nation-wide	Daily	Positive	Feature
3	VOV News Online (English)	Sep 07, 10	Sustainable Forest Development in a Changing Climate	http://english.vovnews.vn/Home/Sustainable-forest-development-in-a-changing-climate/20109/119335.vov	Nation-wide	Daily	Positive	Feature
4	Vietnam Business Forum E-Newspaper	Sep 07, 10	Germany committed 90 million USD to support forestry development in Vietnam	http://ddd.com.vn/20100907020149436cat119/duc-ho-tro-90-trieu-usd-phan-trien-rung-ben-vung-o-viet-nam.htm	Nation-wide	Daily	Positive	Feature
5	Website VDC	Sep 07, 10	Opening Regional Conference on Sustainable Forest Development in Vietnam	http://home.vnn.vn/khai_mac_hoi_nghi_ve_phat_trien_rung_ben_vung_tai_viet_nam-50331648-642699141-0	Nation-wide	Daily	Positive	Feature
6	Ha Noi People E-Newspaper	Sep 07, 10	Opening Regional Conference on Sustainable Forest Development in Vietnam	http://nguoiha noi.com.vn/modules.php?name=News&op=viewst&sid=15997	North	N/A	Positive	Feature

No.	Publication	Date	Title	Link	Coverage	Frequency	Tone	Note
7	Vietnam Plus E-Newspaper (English)	Sep 07, 10	Germany aids Vietnam to develop forestry sector	http://en.vietnamplus.vn/Home/Germany-aids-Vietnam-to-develop-forestry-sector/20109/11997.vnplus	Nation-wide	Daily	Positive	Feature
8	Vietnam Plus E-Newspaper (Spanish)	Sep 07, 10	Germany aids Vietnam to develop forestry sector	http://es.vietnamplus.vn/Home/Asistencia-de-Alemania-a-Viet-Nam-en-desarrollo-forestal/20109/7258.vnplus	Nation-wide	Daily	Positive	Feature
9	Vietnam Plus E-Newspaper (French)	Sep 07, 10	Germany aids Vietnam to develop forestry sector	http://fr.vietnamplus.vn/Home/Soutien-allemand-pour-le-reboisement-durable-au-Vietnam/20109/10845.vnplus	Nation-wide	Daily	Positive	Feature
10	Vietnam Plus E-Newspaper (Vnese)	Sep 07, 10	Sustainable forest development in a changing climate	http://www.vietnamplus.vn/Home/Phat-trien-rung-ben-vung-trong-bien-doi-khi-hau/20109/59327.vnplus	Nation-wide	Daily	Positive	Feature
11	The People E-Newspaper	Sep 07, 10	Sustainable Forest Development in a Changing Climate	http://nhandan.com.vn/tinbai/?top=39&sub=127&article=182887	Nation-wide	Daily	Positive	Feature
12	Vietnam Government Portal	Sep 07, 10	Sustainable Forest Development in a Changing Climate	http://baodientu.chinhphu.vn/Home/Phat-trien-rung-ben-vung-trong-boi-canh-bien-doi-khi-hau/20109/35878.vgp	Nation-wide	Daily	Positive	Feature
13	Vietnam Forum for Environmental Journalists	Sep 07, 10	Forest contributes to the prosperity of Vietnam	http://www.vfej.vn/vn/chi_tiet/25319/rung_dong_gop_cho_su_thinh_vuong_viet_nam	Nation-wide	N/A	Positive	Feature
14	Website VACNE	Sep 07, 10	Opening Regional Conference on Sustainable Forest Development in Vietnam	http://www.vacne.org.vn/default.aspx?newsid=3924	Nation-wide	N/A	Positive	Feature

No.	Publication	Date	Title	Link	Coverage	Frequency	Tone	Note
15	Website The Vision	Sep 07, 10	The most effective tool to cope with climate change	http://tamnhin.net/Canh-bao/3855/Cong-cu-hieu-qua-nhat-doi-pho-voi-bien-doi-khi-hau.html	Nation-wide	N/A	Positive	Feature
16	Ministry of Natural Resources and Environment Portal	Sep 07, 10	Sustainable forest management in a changing climate	http://www.monre.gov.vn/monreNet/default.aspx?tabid=209&ItemID=91265	Nation-wide	Daily	Positive	Feature
17	Vietnam Environmental Administration Portal	Sep 07, 10	Sustainable forest development in a changing climate	http://www.nea.gov.vn/VN/truyenthong/bien-doikhihau/Pages/Ph%C3%A1ttri%E1%BB%83nr%E1%BB%ABngb%E1%BB%81nv%E1%BB%AFngtrongbi%E1%BA%BFn%C4%91%E1%BB%95ikh%C3%ADh%E1%BA%ADu.aspx	Nation-wide	N/A	Positive	Feature
18	Website “Environment”	Sep 07, 10	Opening Regional Conference on Sustainable Forest Development in Vietnam	http://www.moitruong.com.vn/modules.php?name=News&opcase=detailsnews&mid=8463&mcid=308	Nation-wide	N/A	Positive	Feature
19	Portal of MARD	Sep 07, 10	Sustainable forest development in a changing climate	http://www.omard.gov.vn/omardLive/Trang-chu/Tin-tuc-su-kien/News?contentId=6461	Nation-wide	N/A	Positive	Feature
20	Website “Nature”	Sep 07, 10	Ger-Viet cooperation prioritizes sustainable forest development	http://www.thienhien.net/news/159/ARTICLE/12297/2010-09-07.html	Nation-wide	N/A	Positive	Feature
21	Vietnamnet	Sep 07, 10	Forest maintenance: State budget has its limit	http://vietnamnet.vn/chinhtri/201009/Giu-rung-Ngan-sach-nha-nuoc-chi-co-muc-do-934144/	Nation-wide	Daily	Positive	Feature

No.	Publication	Date	Title	Link	Coverage	Frequency	Tone	Note
22	Hau Giang TV Online News	Sep 07, 10	Sustainable Forest Development in a Changing Climate	http://www.hgtv.vn/?newsid=2332	Nation-wide	N/A	Positive	Feature
23	Website of the Youth League – Ministry of Construction	Sep 07, 10	Opening Regional Conference on Sustainable Forest Development in Vietnam	http://www.doan-thanhnienbx.d.com.vn/tintuctongquan_chitiet.php?idtongquan=1368&idloai=9	Nation-wide	N/A	Positive	Feature
24	People’s Army E-Newspaper	Sep 07, 10	Opening Regional Conference on Sustainable Forest Development in Vietnam	http://www.qdnd.vn/QDNDSite/vi-VN/75/43/2/26/26/123108/Default.aspx	Nation-wide	Daily	Positive	Feature
25	Bac Lieu Province Department of Natural Resources and Environment Portal	Sep 07, 10	Sustainable forest management in a changing climate	http://stnmt.baclieu.gov.vn/chuyennganh/default.aspx?Source=/chuyennganh&Category=B%E1%BA%A3o+v%E1%BB%87+m%C3%B4i+tr%E1%BB%9C6%B0%E1%BB%9Dng&ItemID=12&Mode=1	Nation-wide	N/A	Positive	Feature
26	Vietnam News E-Newspaper	Sep 07, 10	Forests vital to fighting climate change	http://vietnamnews.vnagency.com.vn/Agriculture/203406/Forests-vital-to-fighting-climate-change.html	Nation-wide	Daily	Positive	Feature
27	People’s Army E-Newspaper (English)	Sep 07, 10	Experts discuss sustainable forest development	http://www.qdnd.vn/QDNDSite/vi-VN/61/123086/print/Default.aspx	Nation-wide	Daily	Positive	Feature
28	Vietbao	Sep 07, 10	Forest maintenance: State budget has its limit	http://vietbao.vn/Chinh-Tri/Giu-rung-Ngan-sach-nha-nuoc-chi-co-muc-do/20934144/96/	Nation-wide	Daily	Positive	Feature

No.	Publication	Date	Title	Link	Coverage	Frequency	Tone	Note
29	Website "Forestry"	Sep 07, 10	Ger-Viet cooperation prioritizes sustainable forest development	http://lamnghiep.vn/Tin-tuc/Quoc-te/hop-tac-duc-viet-uu-tien-phet-trien-rung.html	Nation-wide	Daily	Positive	Feature
30	Vietnam News	Sep 08, 10	Forests vital to fighting climate change	Circulation: 30,000	Nation-wide	Daily	Positive	Feature
31	Vietnam Economic Times	Sep 08, 10	Sustainable forest development – Opportunities and challenges for the field of forestry	Circulation: 60,000	Nation-wide	Daily	Positive	Feature
32	The News	Sep 08, 10	Sustainable forest development in a changing climate	Circulation: 50,000	Nation-wide	Daily	Positive	Feature
33	Vietnam Forum for Environmental Journalists	Sep 08, 10	Opening Regional Conference on Sustainable Forest Development in Vietnam	http://www.vfej.vn/vn/chitiet/25309/khai_mac_hoi_nghi_ve_phat_trien_rung_ben_vung_tai_viet_nam	Nation-wide	N/A	Positive	Feature
34	Border Defense E-Newspaper	Sep 08, 10	Sustainable Forest Development in a Changing Climate	http://vietnamnews.vn-agency.http://www.bienphong.com.vn/nd5/detail/xa-hoi/phet-trien-rung-ben-vung-trong-boi-canh-bien-doi-khi-hau/39396.039.html	Nation-wide	Daily	Positive	Feature
35	Trade E-Newspaper	Sep 08, 10	Sustainable forest management in a changing climate	http://baocongthuong.com.vn/details/xa-hoi/quan-ly-rung-ben-vung-trong-bien-doi-khi-hau/32/0/37882.star	Nation-wide	Daily	Positive	Feature
36	Grand Union E-Newspaper	Sep 08, 10	Forest – An effective tool to cope with climate change	http://www.daidoanket.vn/index.aspx?Menu=1368&Chitiet=16993&Style=1	Nation-wide	N/A	Positive	Feature

No.	Publication	Date	Title	Link	Coverage	Frequency	Tone	Note
37	Vietnam Environmental Administration Portal	Sep 08, 10	Sustainable forest management in a changing climate	http://www.nea.gov.vn/VN/hoptac-quocte/cacduan/Pages/Ph%C3%A1ttri%E1%BB%83nr%E1%BB%ABngb%E1%BB%81nv%E1%BB%AFngtrongb%E1%BB%91ic%E1%BA%A3nhbi%E1%BA%BFn%C4%91%E1%BB%95ikh%C3%ADh%E1%BA%ADu.aspx	Nation-wide	N/A	Positive	Feature
38	Website of Directorate of Vietnam Tourism, MCST	Sep 08, 10	Forest – An effective tool to protect the environment	http://www.moitruongdulich.vn/index.php?itemid=3734	Nation-wide	N/A	Positive	Feature
39	Website “Women Magazine”	Sep 08, 10	Opening Regional Conference on Sustainable Forest Development in Vietnam	http://tapchiphunu.net/tin-tuc/29/3656/Khai-mac-Hoi-nghi-ve-Phat-trien-rung-ben-vung-tai-Viet-Nam.html	Nation-wide	N/A	Positive	Feature
40	Le Courier	Sep 08, 10	Pour le développement durable des forêts		Nation-wide	Daily	Positive	Feature
41	Vietnam Nation Newspaper	Sep 08, 10	Cooperation on sustainable forest development	Circulation: 150,000	Nation-wide	Daily	Positive	
42	Vietnam Financial Times	Sep 08, 10	Sustainable forest development in a changing climate	Circulation: 30,000	Nation-wide	Tri-weekly	Positive	
43	Captial Security	Sep 08, 10	Germany continues support for Vietnam in sustainable forestry development	Circulation: 60,000	North	N/A	4 issues per week	
44	Captial Security Online	Sep 08, 10	Germany continues support for Vietnam in sustainable forestry development	http://www.anninhthudo.vn/Tianyon/Index.aspx?ArticleID=81732&ChannelID=6	Nation-wide	Daily	Positive	

No.	Publication	Date	Title	Link	Coverage	Frequency	Tone	Note
45	Vietnam Women Magazine	Sep 08, 10	Climate change causes negative impact to Vietnam forests	Circulation: 100,000	Nation-wide	Weekly	Positive	Feature
46	Le Courier Online	Sep 08, 10	Pour le développement durable des forêts	http://lecourrier.vnagency.com.vn/default.asp?xt=&page=newsdetail&newsid=65577	Nation-wide	Daily	Positive	Feature
47	E-Newspaper "Natural Resource and Environment," MONRE	Sep 09, 10	Sustainable Forest Development in a Changing Climate	http://www.tainguyen-moitruong.com.vn/moi-truong-va-cuoc-song/phat-trien-rung-ben-vung-trong-boi-can-h-bien-111oi-khi-hau-1	Nation-wide	N/A	Positive	Feature
48	Hanoi Moi	Sep 09, 10	Sustainable forest development to fight climate change	Circulation: 60,000	Nation-wide	Daily	Positive	
49	Hanoi Moi Online	Sep 09, 10	Sustainable forest development to fight climate change	http://www.hanoimoi.com.vn/newsdetail/Moi_truong/371896/phat-trien-rung-ben-vung-doi-pho-voi-bien-doi-khi-hau.htm	Nation-wide	Daily	Positive	
50	The World & Vietnam Report E-Newspaper	Sep 10, 10	Viet-Ger: Sustainable forest development in Vietnam	http://www.tgvn.com.vn/Item/VN/KinhTe/2010/9/A41087290AEEA046/	Nation-wide	Weekly	Positive	Feature
51	Bao Moi	Sep 10, 10	Viet-Ger: Sustainable forest development in Vietnam	http://www.baomoi.com/Info/Viet-Nam--Duc-Phat-trien-rung-ben-vung-tai-Viet-Nam/122/4836658.epi	Nation-wide	Daily	Positive	Feature
52	Vietnam Economic News	Sep 13, 10	Germany helps green Vietnam	Circulation: 5,000	Nation-wide	Weekly	4 issues per week	Feature
53	Vietnam Economic News Online	Sep 13, 10	Sustainable forest development: a prioritized area by Ger-Viet cooperation	http://ven.vn/news/detail/tabid/77/newsid/16419/seo/Phat-trien-rung-ben-vung-Noi-dung-quan-trong-trong-hop-tac-Duc-Viet/language/vi-VN/Default.aspx	Nation-wide	Daily	Positive	Feature

No.	Publication	Date	Title	Link	Coverage	Frequency	Tone	Note
54	Vietnam Investment Review	Sep 13, 10	Seeds planted for forestry firms to take root	Circulation: 20,000	Nation-wide	Weekly	Positive	Feature
55	Viet Wood Magazine	Sep 2010	Regional Conference on Sustainable Forest Development in Vietnam		Nation-wide	Monthly	Positive	Feature

No.	Broadcaster	Time	Segment		Coverage	Frequency	Tone	Note
56	Voice of Vietnam (VOV5)	Sep 07, 10	News (10pm)		Nation-wide	Daily	Positive	
57	Vietnam Television (VTV1)	Sep 07, 10	Current News (16:02)		Nation-wide	Daily	Positive	
58	Vietnam Television Corp. (VTC1)	Sep 07, 10	Current News (11:34)		Nation-wide	Daily	Positive	
59	Vietnam Television Corp. (VTC1)	Sep 07, 10	Vietnam Online (18:41)		Nation-wide	Daily	Positive	Executive Quotes
60	Vietnam News Television	Sep 07, 10	Current News (6pm)		Nation-wide	Daily	Positive	Executive Quotes
61	Vietnam Cable Television (VCTV15)	Sep 07, 10	Investment News (4:30pm)		Nation-wide	Daily	Positive	
62	Hanoi Television	Sep 07, 10	News (6:30pm)		North	Daily	Positive	
63	Vietnam Television Corp. (VTC14)	Sep 08, 10	Daily Journal (Ban Tin Nhat Ky Cuoc Song 8pm)		Nation-wide	Daily	Positive	Executive Quotes
Total: 63 clippings								



**Bộ Nông nghiệp
và Phát triển Nông thôn
CHXHCN Việt Nam**



**NƯỚC ĐỨC Ở VIỆT NAM
DEUTSCHLAND IN VIETNAM
2010**



**Federal Ministry
for Economic Cooperation
and Development**

BACKGROUND DOCUMENT

**Regional Conference on
Sustainable Forest
Development in a
Changing Climate**

Hanoi, Meliã Hotel
7th – 8th September 2010

VI. BACKGROUND DOCUMENT



TABLE OF CONTENT

VI. BACKGROUND DOCUMENT



1	Introduction	110
2	Forestry in Vietnam	111
2.1	Forest Situation and Conditions	111
	Forest Area	111
	Forest Industries	112
	Forestry and Poverty in Rural Areas	113
	Forestry and Climate Change	115
	Forest Fires	117
	Forests and Biodiversity	118
2.2	Institutional and Legal Framework	121
2.3	Policies and Plans	124
2.4	Opportunities for Vietnam's Forestry Sector	127
	Modernising the Institutional Framework	127
	Reducing Poverty at Community and Farm-level	127
	Diversifying Investments in Forestry	128
	Adapting to and Mitigating the Impacts of Climate Change	128
3	International Cooperation in Forestry	134
3.1	German - Vietnamese Cooperation until 1990	135
	Applied Research	135
	Human Resource Development	137
3.2	German - Vietnamese Cooperation Post 1990	139
3.3	Lessons learnt in the Years of Vietnamese-German Cooperation	143
3.4	Other Multi- and Bilateral Cooperation	150
4	Approaches towards Sustainable Forest Development	155
4.1	Institution and Capacity Building	154
4.2	Incentives for Community and Small-scale Forestry	157
4.3	Public and Private Forest Financing	158
4.4	Forestry and Climate Change - Challenges, opportunities, and financing needs	160
	Adaptation Measures	163
	Mitigation Measures	163
	Financing Needs and Challenges	165

TABLE OF CONTENT

VI. BACKGROUND DOCUMENT



5	The Way Forward	166
6	References and Further Reading	168
7	Appendices	173
7.1	Appendix 1. German Contribution	173
	Financial Cooperation Projects	173
	Technical Cooperation Projects	173
	German Development Service Projects	174
7.2	Appendix 2. ODA Contribution	175
7.3	Appendix 3. IUCN Protected Area Management Categories	177
7.4	Appendix 4. National Protected Areas (Special-use forests as of Sept. 2002)	178
7.5	Appendix 5. Ethnic Groups in Vietnam	182
7.6	Appendix 6. Viet Nam Development Goals (VDG)	184
7.7	Photo Index	186

LIST OF TABLES

VI. BACKGROUND DOCUMENT



Table 1. Predicted regional climate change in Vietnam	115
Table 2. Summary of globally threatened species in Indochina	121
Table 3. Distribution of ODA project funds to the five forest-related development programmes	152
Table 4. Adaptation measures for forestry as proposed by UNFCCC (2007)	163
Table 5. Total ODA project commitments by VFDS programme type for projects to be completed in 2009 or later	175
Table 6. Total ODA project commitments by region and in relation to forest cover	175
Table 7. Approximate ODA project commitments by source and annual amounts for projects to be completed in 2009 or later	176

LIST OF FIGURES

VI. BACKGROUND DOCUMENT



Figure 1. Distribution of natural and planted forests from 1990 – 2005 (ADB, 2009)	111
Figure 2. Forest cover map of Viet Nam (Stiebig, H-J. and Beuchle, R. 2003)	111
Figure 3. Portion of land area protected by IUCN category (Earth Trends, 2003) Refer to Appendix 2 for category description	112
Figure 4. Projected change to area of natural and planted forest in '000 ha (ADB, 2009)	116
Figure 5. Projected changes in mean annual temperature (°C) and annual rainfall (%) of Viet Nam climate zones relative to the average for 1980 – 1999 according to low (B1), medium (B2) and high (A2) emission scenarios (MONRE, 2005)	117
Figure 6. Areas potentially affected by sea-level rise (low elevation coastal zone) in combination with population density	117
Figure 7. Map, derived from 50 years observation period, indicating that Viet Nam is one of the most vulnerable areas in the world for typhoons (United Nations Office for the Coordination of Humanitarian Affairs (OCHA))	118
Figure 8. Global distribution of fire occurrences over a 10-day period (May 2010)	118
Figure 9. Biodiversity conservation sites and corridors in Viet Nam (World Bank, 2005)	120
Figure 10. Institutions within the Ministry of Agriculture and Rural Development	122
Figure 11. Institutions within the Directorate of Forestry	123
Figure 12. Map of International and German project sites (by provinces)	137
Figure 13. Example of a village-land-use-plan (KfW)	151
Figure 14. Composition and Distribution of the Vietnamese Ethnic Minority Groups	183

LIST OF BOXES

VI. BACKGROUND DOCUMENT



Box 1.	Speech of Nguyen Ngoc Binh, A Cut for the Poor, FAO Conference in 2006	113
Box 2.	Poverty	126
Box 3.	Climate change mitigation in forestry	130
Box 4.	Benefits of a global REDD+-mechanism	133
Box 5.	Technical Recommendations	146
Box 6.	Recommendations on capacity building and awareness raising	147
Box 7.	Recommendations on project design and planning	148
Box 8.	Recommendations on community forest management and poverty reduction	150
Box 9.	The guiding questions for this working group “Institution and Capacity Building” are	156
Box 10.	Guiding questions for the working groups “Incentives for small-scale Forestry” group are	158
Box 11.	The guiding questions for the working group “Public and Private Forest Financing” are	159
Box 12.	The guiding questions for the working group “Forestry and Climate Change - Challenges, opportunities, and financing needs” are	164

LIST OF ABBREVIATIONS

VI. BACKGROUND DOCUMENT



5MHRP	Five Million Hectares Reforestation Programme
ADB	Asian Development Bank
Bio	Billion
C	Celsius
CBD	Convention on Biological Diversity
CC	Climate Change
CCB	Climate Community and Biodiversity
CCX	Chicago Climate Stock Exchange
CDM	Clean Development Mechanism
CDM-A/R	Clean Development Mechanism, Afforestation / Reforestation
CFM	Community Forest Management
CIM	Center for International Migration
CITES	Convention on International Trade in Endangered Species
CO2	Carbon Dioxide
COMAP	Comprehensive mitigation assessment process
COP	Conference of Parties
CPRS	Comprehensive Poverty Reduction and Growth Strategy
CSR	Corporate Social Responsibility
DARD	Provincial Department of Agriculture and Rural Development
DDR	German Democratic Republic
DED	Deutscher Entwicklungsdienst (German Development Service)
DONRE	Department of Natural Resources and Environment
EU	European Union
FAO	Food and Agriculture Organisation of the United Nations
FDS	Forest Development Strategy
FFI	Flora and Fauna International
FLEGT	Forest Law Enforcement , Governance and Trade
FP&D	Forest Protection and Development Law
FPDF	Forest Protection and Development Fund
FSSP	Forest Sector Support Partnership
GNP	Gross National Product
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (German Agency for Technical Cooperation)
Ha	Hectare
INGO	International Non-Governmental organisation
INWENT	Internationale Weiterbildung und Entwicklung (Capacity Building International)
IUCN	International Union for the Conservation of Nature
JBIC	Japan Bank for International Cooperation
JICA	Japan International cooperation Agency
KfW	Kreditanstalt für Wiederaufbau (German Bank for Development)
MARD	Ministry of Agriculture and Rural Development
MDG	Millennium Development Goals
MHC	Mekong River High Commission

VI. BACKGROUND DOCUMENT

MONRE	Ministry of Natural Resources and Environment
MRC	Mekong River Commission
MTR	Mid-term review
NTFP	Non Timber Forest Products
NTP	National Target Programme
NTP-CC	National Target Programme on Climate Change
nwfp	Non-wood Forest Products
ODA	Official Development Assistance
OTC	Over the Counter
PES	Payment for ecosystem services
PIM	Project Implementation Manual
PPP	Private Public Partnership
REDD	Reducing Emissions from Deforestation and Forest Degradation
REDD+	Reducing Emissions from Deforestation and Forest Degradation plus sustainable forest management
REFAS	Reform of the Forest and Administration System
RETE	Research, education, training, and forest extension
SEDS	Socio-economic Development Strategy
SEPD	Socio-economic Development Plan
SFE	State Forest Enterprise
SFM	Sustainable Forest Management
SNV	Stichting Nederlandse Vrijwilligers Development Foundation of the Netherlands)
SRV	Socialist Republic of Vietnam
SSP	Sektorschwerpunktpapier (sector strategy paper)
SUF	Special use forest
TFF	Trusts Fund for Forests
TU	Technische Universität (Technical University)
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States Dollar
VBARD	Viet Nam Bank for Agriculture and Rural Development
VCF	Vietnamese Conservation Fund
VDS	Viet Nam Development Goals
VER	Verified Emission Reductions
VFDS	Viet Nam Forest Development Strategy
VLUP	Village Landuse Planning
VN	Viet Nam
VNFF	Viet Nam Forest Protection Development Fund
VPA	Voluntary Partnership Agreement
WB	World Bank
WWF	World Wide Fund for Nature

1. INTRODUCTION



In 2010 Viet Nam and Germany celebrate the 35-year anniversary of bilateral diplomatic relations. In 1975, the Socialist Republic of Viet Nam (SRV) resumed diplomatic relations with the German Democratic Republic (DDR). Soon collaboration between both countries started also in the Forestry Sector, which was continued with the Federal Republic of Germany (FRG) after the DDR had joined it in 1990. To draw lessons learnt from 35 years of collaboration in the forestry sector, the Vietnamese Government will host in 2010 a regional forestry conference with the theme “Sustainable Forest Development in a Changing Climate”. The conference will take stock of performance and achievements of the Vietnamese forest sector in particular drawing experiences of the long-lasting Vietnamese German cooperation. It will address current and future challenges in developing and sustaining sound and beneficial forests and biodiversity in a changing climate.

The conference will provide recommendations for decision-makers to enable the financing of cost-efficient and effective development and management of planted and natural forests in Vietnam.

The conference will also strengthen Vietnam’s forestry sector to be prepared for future national, regional, and global markets and to make best use of all forest, especially in contributing to improving livelihoods. Particularly, it will strengthen the sector’s capacity to provide continuous support for

- timber production and processing through sustainable management of natural and planted forests,
- forest sector related climate change mitigation and adaptation measures, and
- management of forest biodiversity.

The present document is to provide the background for the Conference.



2. FORESTRY IN VIET NAM

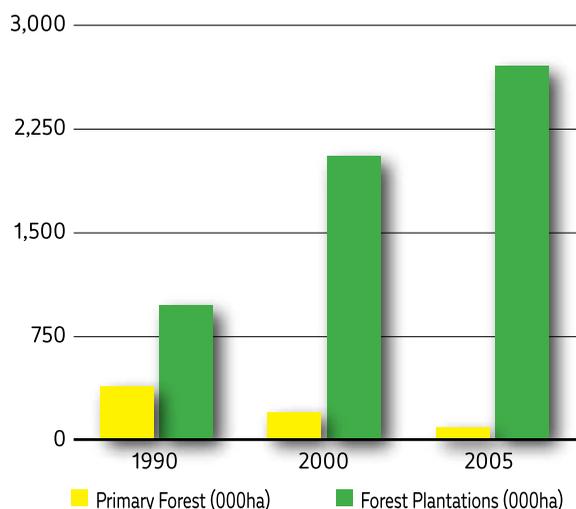


Figure 1. Distribution of natural and planted forests from 1990 – 2005 (ADB, 2009)

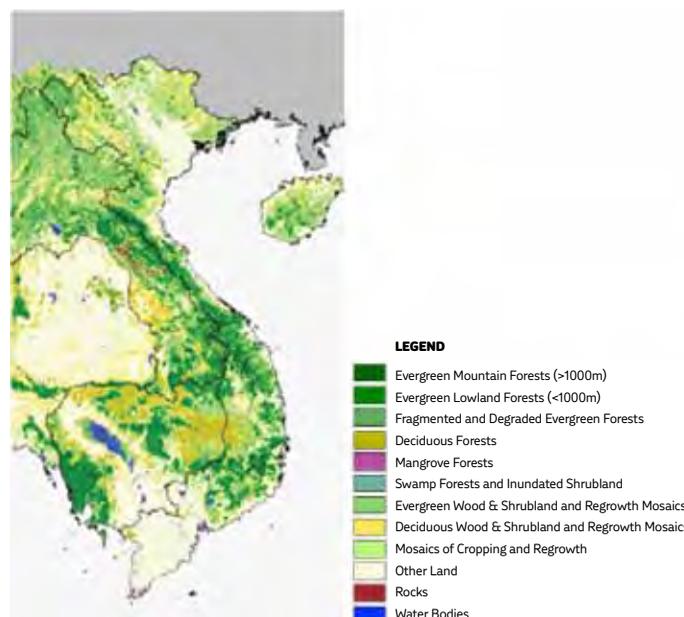


Figure 2. Forest cover map of Viet Nam (Stiebig, H-J. and Beuchle, R. 2003)

2.1. Forest Situation and Conditions

Forest Area

Viet Nam has some 19.2 million hectares of forestland, of which only 13.1 million hectares are covered with forests, and the remainder consisting of denuded hillsides and barren lands. Of the forested land, 10.3 million hectares are natural forests, and 2.8 million hectares are plantations. Forest land-use falls under three categories: special-use forests (mainly protected areas), 2.2 million hectares; protection forests, 5.7 million hectares; and production forests, 8.3 million hectares.

The history of changes in forest area in Viet Nam is dramatic. During the period of 1943 to 1983 about 50% of its forest was cleared due to intensive utilization. Forest cover dropped to a minimum of about 27% around 1990. However, successive reforestation programmes resulted in an increase in forest cover to 38.3% or around 13,118,773 hectares by 2008.

Forests are unevenly distributed throughout Vietnam, ranging from 5% of the land area in the Mekong and Red River deltas to 35% in the north-central, and coastal south-central regions, and 56% in the Central Highlands. Forest types are diverse, and include pine forests, broad-leave forests, mixed coniferous stands, moist and dry dipterocarp forests in the uplands; and lowland dipterocarp forests, mangroves, bamboos, and mixed stands of hardwoods and bamboos in lower areas, and wetlands. The quality of forest is also highly variable.

2. FORESTRY IN VIET NAM

VI. BACKGROUND DOCUMENT

Forest Industries

With wood products in the 5th position as an export earner (about 2.2 bln USD), the forestry sector contributes about 1.5 % to Vietnam's GNP. Over the past years, and largely due to private sector investment, a booming wood processing and export industry has emerged. The sector imports up to 80% of its raw material from other countries, partly also from unknown sources. Forest product supply from national forests is in rapid decline and forest plantations (6%) are generally of low quality or too young for production. Currently, Viet Nam is importing some 3 million m³ of timber per year, a figure, which is expected to rise to some 4-5 million m³ per year in the coming years, and much more until 2020 if the current forest policies are fully implemented. Furthermore there has been a focus on fast growing species (esp. Acacia) for the paper and chip wood industries, whereas there is a very strong demand for saw logs. Productivity of forest plantations is generally low, sustainable forest management is in its infancy and forest management certification is virtually non-existent. There is an urgent need to encourage the production of domestically grown timber and other forest products to meet the fast growing market demands and at the same time reduce the pressure on Vietnamese forests as well as from other countries.

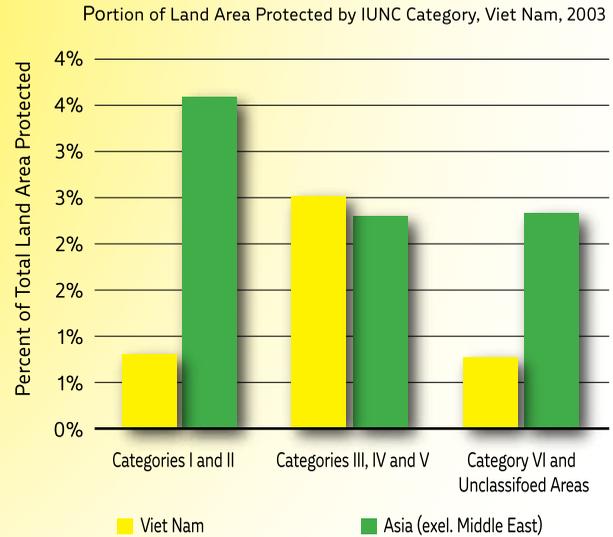


Figure 3. Portion of land area protected by IUNC category (Earth Trends, 2003) Refer to Appendix 2 for category description



Box 1. Speech of Nguyen Ngoc Binh, A Cut for the Poor, FAO Conference in 2006

An estimated 24–25 million people live within or in the vicinity of forests, that is one third of the entire population. 3 million of which are customarily shifting cultivators (slash-and-burn cropping). The livelihood of these people is still heavily dependent on forest as they are encroaching on forestland for cropping or collecting non-timber forest products to make a living. Poverty and famine prevailing in extensive forestry-designated areas is, among others, a major cause of deforestation and deterioration of environment. Although several hunger-eradication and poverty-reduction programs have been implemented in the last decades, and hunger and poverty have been significantly reduced, the rate of poverty remains rather high, especially amongst ethnic minorities and in remote areas, where the opportunities for income diversification are few and far between. Though economic growth has substantially contributed to poverty reduction, many segments of the population still do not benefit from forest development programs/policies and farm-based economy. Hunger and poverty prevail mainly in mountain and remote rural areas due to a higher natural population growth rate, a lack of infrastructure, as well as the scarcity of employment opportunities. Giving priority to hunger-eradication and poverty-reduction programs along with comprehensive rural development, therefore, proves to be an indispensable policy that has been persistently followed by the Party and the Government of Viet Nam to wipe out poverty, promote sustainable economic growth and, as a result, improve forest management and environmental protection.

Forestry and Poverty in Rural Areas

An estimated 25 million people live in or near forests, and this includes many ethnic minorities living in mountainous and remote areas where poverty rates are high. The poor tend to have a higher reliance than the non-poor on forest resources for meeting their basic needs, for obtaining “gap-filler” income between agricultural harvests, and for providing a “safety net” in the event of financial emergencies. Despite significant achievement in poverty alleviation in the country as a whole, high rates of poverty in areas with natural forest remain, particularly in the remote uplands. The contribution of the forest sector to poverty alleviation is unclear – despite large investments into a series of afforestation programmes (currently Programme 661, i.e. the five million hectare reforestation programme), evidence suggests that these have had little direct, beneficial impact on the incomes of the poor.

New forest and land laws issued in the wake of Doi-Moi (the process of economic reforms) initiated the devolution of forest use and management rights to non-state actors. Since then the area of forestland allocated to local people has expanded from almost nothing to 3.5 million ha in 2006. However, forestland allocation has generally been a top-down process, and outcomes have been afflicted by inefficient and inequitable allocation of mostly degraded or bare land. After ten years of piloting community forest management (CFM), revision of the forest law in 2004 provided for allocation of forests to communities. However CFM remains a pilot process, with few areas of mostly poor forestland allocated with support of donor projects in selected provinces – it is yet to be promoted by the Ministry of Agriculture and Rural Development (MARD) as a mainstream initiative.

The Viet Nam Forest Development Strategy 2006 – 2020 (VFDS) seeks to promote socialisation of the forest sector – encouraging non-state actor tenure and resource access.

However, most forestland, and in particular the high value forests, remain under state control, leaving local people disadvantaged by a lack of co-management opportunities and unclear benefit sharing mechanisms. The re-form of state forest enterprises (SFEs) has released relatively little forestland for allocation to households. This process commenced in 1999, but continues at a very slow pace that reflects the depth of underlying complications and intransigencies. Although SFEs have been changed to become state forestry companies (SFC), many remain dependent for their survival on subsidies and fees from Program 661 – proven business models for restructured the SFCs are lacking.

In response to challenges faced by the poor forest based people, a promising development of particular importance is community forestry, especially in ethnic minority areas. Initially donors were the main supporters of such projects (including several GTZ and KfW-supported projects). However, now with financial support from the Trust Fund for Forests (TFF), the Department of Forestry has implemented a National Pilot Program for community forestry in 40 communes, located in 10 provinces. The Pilot Program ran from 2006 to 2009 and first results revealed promising approaches that now could be applied on a wider basis.

Small-scale forestry in Viet Nam is still confronted with several challenges:

- The extension service does not yet provide the necessary support, which often leads to inappropriate management of forest stands. There is a need to establish sustainable (not project based) forestry extension service structures that clearly support smallholders in their efforts to sustainably manage their forestland.
- Small-sized individual forest sites often impede proper management, especially in areas with insufficient infrastructure. Therefore, ways to create larger forest management units need to be identified. This can be done on cooperative or community levels, or even on a larger scale by involving private investors. This would assist in creating professional forest service providers for the private sector.
- CFM still faces cumbersome bureaucratic procedures. Up to now, CFM still depends on extensive donor support. Also, the institutionalization of Community Forest Management within the different administrations has not been completed. Here, policy decisions and commitment are required to promote CFM to a level in which communities are effectively supported to manage their forests sustainably.
- Upland (natural) forests will remain to play an important role in food security and livelihood improvement. Allocation of natural forests to individual smallholders and communities will be essential to avoid further degradation and to assure their sustainable conservation.
- The contribution of small-scale forestry to domestic raw material production and climate change mitigation is rather limited, so far. Smallholder forests are often characterised by a low standing volume. The use of short-rotation species, harvesting of premature trees and illegal logging often inhibits forest stands to accumulate sufficient volume – in some areas about 70% below the actual site potential. Along with further depletion of existing natural forests, it will become difficult to reach the timber production targets of the VFDS. There is a high potential for valorisation of the existing smallholder forest area. This has to go along with continued support from an effective extension service (see above) together with the availability of private sector structures.
- The practice of converting natural forests to short-rotation plantations does not pay off, neither in economical nor in environmental terms. According to latest research results, exotic tree species do not produce significantly higher yields than native trees on poorer sites, but require high investments for establishment. Damages, such as wind-thrown Acacia stands, have also shown the higher risks of such plantations. Thus, natural forest management and planted forests with native species will need to play an increasing role.

➤ Adaption to climate change: small scale forestry will largely depend on functioning structures that promote species and management schemes adapted to climate change, thus leading to stable and economical viable forest structures.

➤ The establishment of corporate smallholder partnerships and/or professional forest service companies could also be one measure to overcome some of the prevailing obstacles.

Forestry and Climate Change

Up to now, Viet Nam has developed and reported future scenarios of climate change 3 times namely in the years 1994, 1998 and 2007. The Ministry of Natural Resources and Environment (MONRE) of Viet Nam has published an updated version of the possible scenarios as “Climate Change, Sea Level Rise for Vietnam” in 2009.

Due to its long and low lying coasts, Vietnam’s coastal areas including mangrove forests are particularly vulnerable to climate change and its impacts. ADB (2009) reports that forests and forestry in Viet Nam are already affected by climate change in many ways. And they will be

affected further. Tropical storms, floods, sea-level rise have already accelerated the speed of coastal erosion resulting in the destruction of many rich mangrove forests, particularly along the east coast of the Ca Mau cape (ADB, 2009). An additional threat for rice-producing coastal lowlands is salination due to coastal flooding, with severe negative impacts on the livelihoods of people as well as on the national economy (Compare Figure 6 and Figure 7).

The latest National Communication of 2009¹ provided detailed predictions regarding climate change impacts in Vietnam:

- increase of mean surface air temperature between 1.1 – 1.9°C in low and between 2.1 – 3.6°C in high emission scenario by 2070 with more significant increases probable in highland regions;
- Increase in annual maximum and minimum temperatures;
- Increase of the number of days with temperature higher than 25°C;

Table 1. Predicted regional climate change in Vietnam

Areas	Increase of temperature (°C)	Rainfall increase (+) or decrease (-) (%)		Sea level rise (cm)
		low emission scen.	high emission scen.	
North west				-
North east	1.2 – 4.5	+ 0 – 1.0	- 10.0 – 10.0	
North delta				15 – 90
North central				
South central		- 5.0 – 10.0	+ 0 – 1.0	
Central highlands	0.5 – 3.0			-
South		+ 0 – 1.0	- 10.0 – 10.0	15 – 90

ADB, 2009: Climate change in Asia

1. Institute of Strategy and Policy on Natural Resources and Environment (ISPONRE), 2009. Viet Nam Assessment Report on Climate Change

- ✎ increase of rainfall between 1.0 – 5.2% in low and 1.8 – 10.1% in high emission scenario;
- ✎ Increased incidence of floods and droughts, together with changes to seasonal rainfall patterns and an increased incidence and severity of typhoons;
- ✎ Increased evapotranspiration rate due to increasing temperature (and concentration of rainfall in the rainy season and decrease in the dry season);
- ✎ Rise in sea level of about 33 cm in 2050, 45 cm in 2070 and 100 cm in 2100.

A study on a limited number of tree species regarding potential impacts of climate change on Viet Nam’s forests summarises:

Under the climate change scenario used by ADB (2009), it is projected that the area of semi-deciduous broad leaf forest is to decrease by 41%² in 2020, 66% in 2050, and by 69% in 2100. The area planted with *Chukrasia tabularis* and *Pinus merkusii* will by 2020 increase by 21% and 7%, respectively. Until the end of the century it will decrease to 76% for *Chukrasia tabularis* and 56% for *Pinus merkusii* respectively. Studies on other species are not yet available.

In terms of the effects of rising sea levels on forest cover, it has been projected that a 1-meter rise in mean sea level in Viet Nam will affect 1,731 sq km of mangrove forests (almost 70% of the total) due to inundation, especially in the Mekong Delta region (MRC, 1996).

The loss of high-quality forests is likely to lead to significant biodiversity loss (compare Table 2). With severe changes in biome distribution, Thailand and Viet Nam are expected to suffer more than other countries in the region from biodiversity loss due to the impact of climate change.

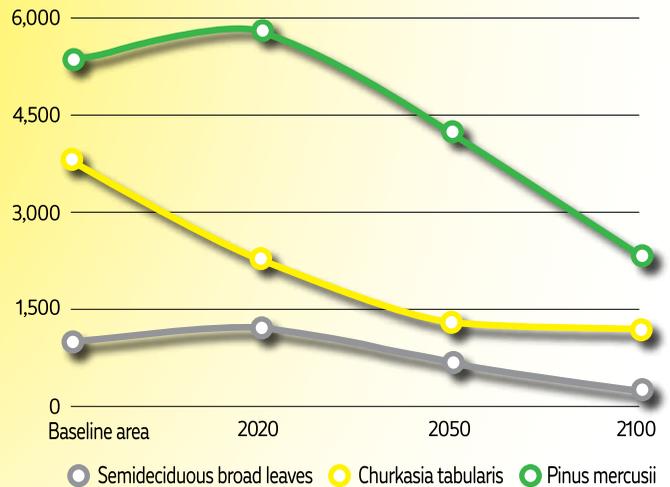
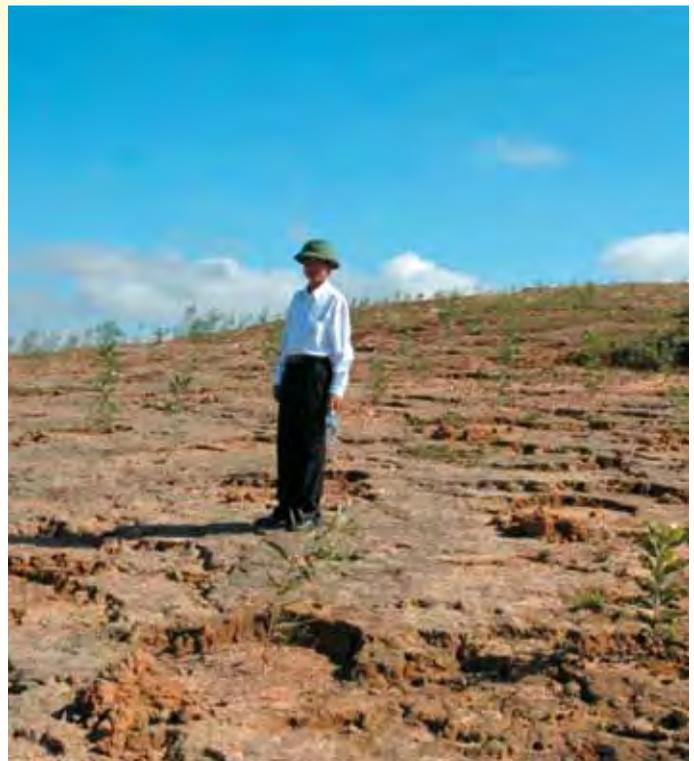


Figure 4. Projected change to area of natural and planted forest in '000 ha (ADB, 2009)



² percent figures refer to comparisons with the base year 2000

VI. BACKGROUND DOCUMENT

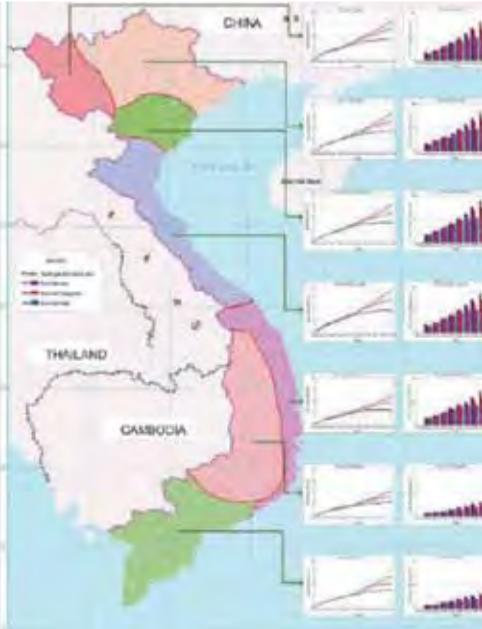


Figure 5. Projected changes in mean annual temperature ($^{\circ}\text{C}$) and annual rainfall (%) of Viet Nam climate zones relative to the average for 1980 – 1999 according to low (B1), medium (B2) and high (A2) emission scenarios (MONRE, 2005)



Figure 6. Areas potentially affected by sea-level rise (low elevation coastal zone) in combination with population density

Moreover, climate change will affect growth rates of forests, thus hampering medium- to long-term planning of industry supply. Additionally, risk for forest production, such as increased damages through storms and typhoons, increased fire hazard, devaluation through pests and diseases may appear. Further, the carbon sequestration potential will be influenced. On the other hand, the increase of forest area has considerably contributed to carbon sequestration; and it will further by implementing Programme 661.

Forest Fires

It is also reported that forest fires have increased in recent years. Between 1995 and 1999, about 5,000–8,000 ha of forests were burned during El Niño years. This has increased to about 9,000 to 12,000 ha during 2002–2005 (General Statistics Office of Viet Nam 2006).

Forests and Biodiversity

Forest ecosystems support the highest levels of plant species richness in Vietnam, among which montane forests and lowland evergreen forests are the most species-rich. Plant families particularly notable for their high species diversity in the region include the *Orchidaceae* and *Dipterocarpaceae*. Although precise country-related figures are unavailable, Indochina harbours the majority of vertebrate species that occur in the Indo-Burma Hotspot.

The area of natural forests of high biodiversity in Viet Nam has declined considerably – only 0.57 million ha of primary forests remain, scattered in Central Highlands, South-eastern region and Northern Central Vietnam, and primary mangrove forests have almost vanished (MoNRE, 2009). There are 248 globally threatened plant species in Indochina, comprising nearly half of the region’s globally threatened species. However, this figure probably represents only a fraction of the plant species of global conservation concern in the region, as comprehensive global threat assessments have only been conducted for certain groups. The number of species becoming endangered in Viet Nam is increasing; from 715 in 1992, to 882 in 2007³. Now at least 464 plant species are endangered, with populations declining due to deforestation and shifting cultivation (Nguyen Hoang Nghia, 2003); and 418 species of fauna are endangered as a result of habitat loss and hunting (compare Table 2).

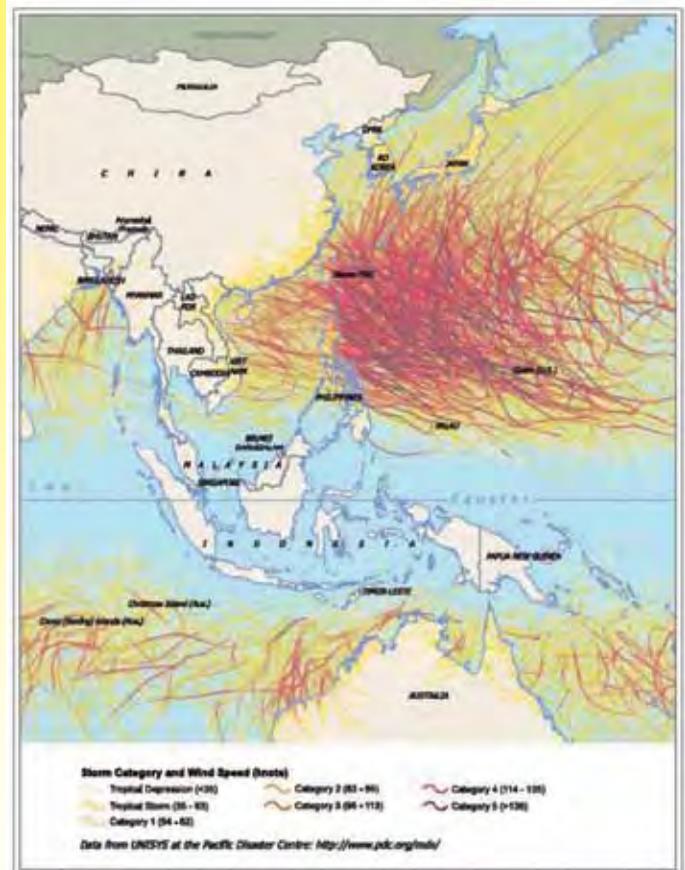


Figure 7. Map, derived from 50 years observation period, indicating that Viet Nam is one of the most vulnerable areas in the world for typhoons (United Nations Office for the Coordination of Humanitarian Affairs (OCHA))

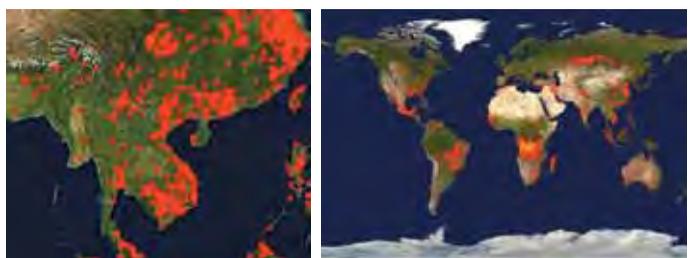
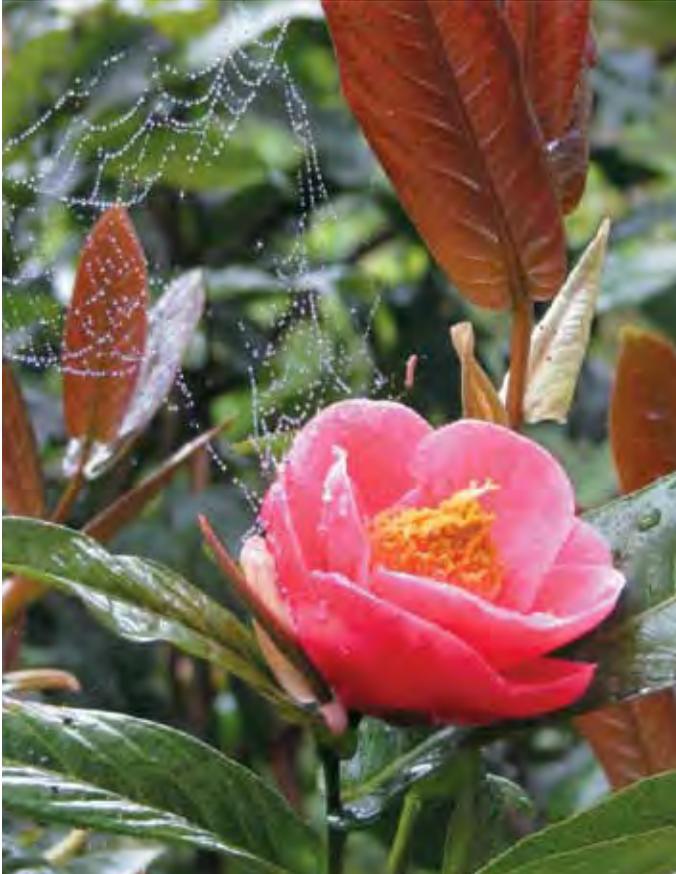


Figure 8. Global distribution of fire occurrences over a 10-day period (May 2010)

3. Comparing data in the Red Data Books of Viet Nam 2007 and 1996

VI. BACKGROUND DOCUMENT



Gymnosperms are generally better researched than angiosperms. Within angiosperms, tree species and particularly commercially valuable timber species are generally better assessed than other groups. A number of angiosperm families that are known to contain large numbers of endemic species, with very restricted ranges, and high levels of threat from habitat loss and/or overexploitation do not contain any globally threatened species, most notably the *Orchidaceae*. Comprehensive global threat assessments are a priority for these groups, as they are for pteridophytes and non-vascular plants.

Of the plant species already assessed as globally threatened, the majority are high value timber species threatened by overexploitation. The family with the highest number of globally threatened species is the *Dipterocarpaceae*, which includes three threatened species of *Anisoptera*, 12 species of *Dipterocarpus*, 20 species of *Hopea*, two species of *Parashorea*, 14 species of *Shorea*, and seven species of *Vatica*. Other globally threatened plant species in the region include four species of *Aquilaria*, which are threatened by overexploitation of agarwood, an aromatic non-timber forest product. Viet Nam has 128 special use forests (SUF), which comprise its protected area system. The protected areas include 30 National Parks, 48 Nature Reserves, 12 protected areas and species habitat, 38 protected landscape areas, with a total area of 2.06 million ha, accounting for 6.25% of physical area of the whole country (see Figure 9 and Appendix 6.1.4). However, most are small (falling well below global norms) and fragmented, some also include areas of agricultural and residential land. All suffer non-sustainable levels of exploitation and the large charismatic bird and mammal species have been lost from most. Many now suffer a continuing decline in quality rather than extent of habitat, and the unrestricted

VI. BACKGROUND DOCUMENT

and widespread practice of infrastructure development within them threatens their viability (J. Eames, 2010 (BirdLife International), personal communication).

Viet Nam signed various biodiversity – related conventions such as the CBD, CITES, UNCCD and RAMSAR. It also promulgated with July 1, 2008 a new law on biodiversity conservation. In spite of this formal commitment, however, the biological diversity of the country continues to be endangered. Livelihood needs lead to forest conversion for small-scale farming. Illegal forest acts such as illegal logging or fire impact further on Vietnam’s ecosystems, and forest biodiversity conservation can only be achieved through integrated and comprehensive approaches, which also address poverty and food security. Moreover, strict control of inland trade with CITES-listed threatened and endangered species needs to be enforced.



Figure 9. Biodiversity conservation sites and corridors in Viet Nam (World Bank, 2005)

2.2 Institutional and Legal Framework

The three principal laws that govern forestry include the Land Law (2004); the Forest Protection and Development Law (FP&D Law 2004), which provide the legal framework for the management of forests; and the Law on Environmental Protection (2005). The FP&D Law together with the Prime Ministerial Decision No. 245 (1998) describe the roles and responsibilities of different actors at different levels in the governance of forests and forestlands.

At the national level MARD is responsible for managing forests (Organisational structure see Figure 10). All decisions, policies, and revisions of the FP&D Law are initiated and drafted by MARD and commented on by related ministries. Major policies and institutions are approved by the Prime Minister, and other policies directly related to the sector are issued by the Minister or by Ministries.

In March 2010 MARD established a new Directorate of Forestry. Within the management scope of the Ministry this Department has been delegated with responsibilities for forest resource development and management, forest protection, forest conservation, forest plantations, forest resource development, and forest product harvesting.

The Ministry of Natural Resources and Environment is directly involved in forest management with respect to land administration. The Ministry of Defence and the Ministry of Police are responsible for directing their subordinates to collaborate with forest rangers to control illegal logging and to protect against and control forest fires.

Table 2. Summary of globally threatened species in Indochina

Taxonomic Group	Global Threat Status				Distribution by Country				
	Critically En-dangered	Endangered	Vulnerable	Total	Cambodia	Lao P.D.R.	S. China	Thailand	Vietnam
Mammals	10	18	32	60	26	32	32	34	42
Birds	8	16	49	73	24	22	30	45	40
Reptiles	9	16	8	33	11	13	16	18	22
Amphibians	1	8	37	46	2	4	26	6	23
Fish	3	9	20	32	9	10	15	18	7
Plants	51	64	133	248	32	21	116	83	131
Total	82	131	279	492	104	102	235	204	265

(Source: BirdLife International, 2007)

Figure 10. Institutions within the Ministry of Agriculture and Rural Development

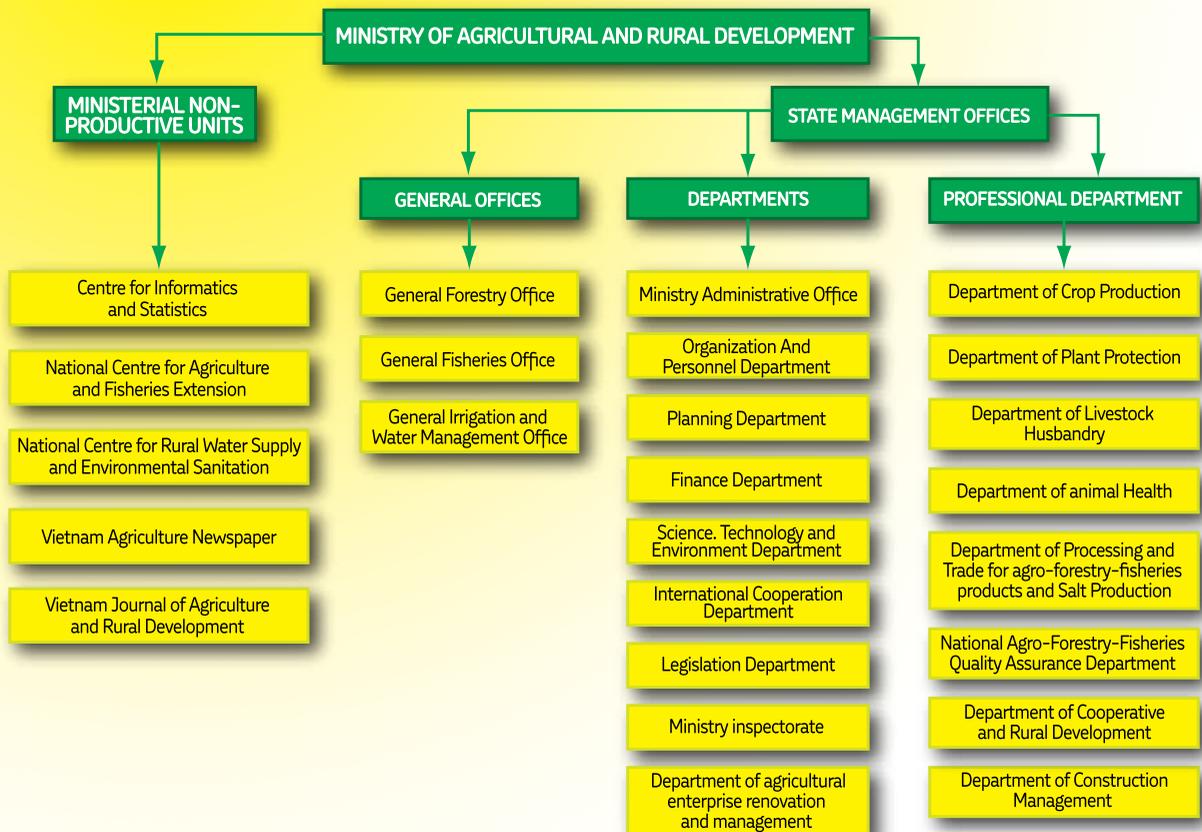
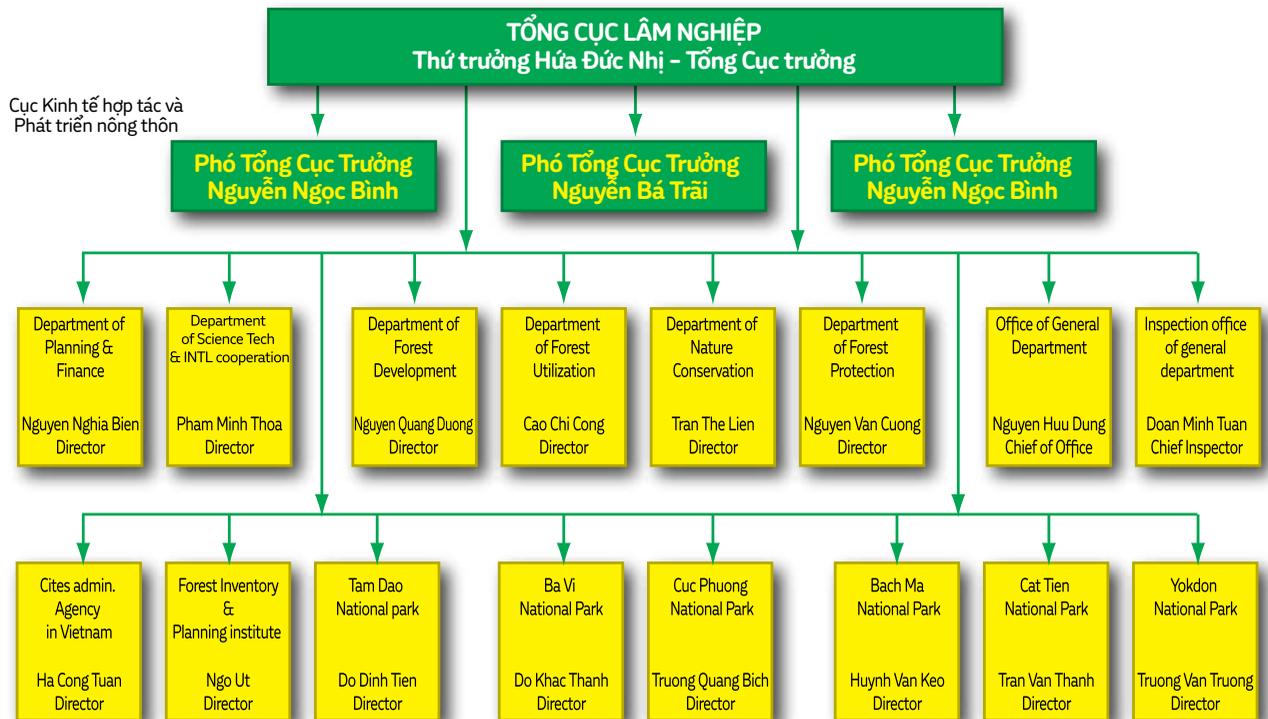


Figure 11. Institutions within the Directorate of Forestry



MARD extends to the provincial level through Department of Agriculture and Rural Development (DARD), which include sub-departments of forestry and forest protection (Figure 11). The chairpersons of the Provincial People’s Committees are responsible to the government for the development and utilisation of forests and forestland in their respective localities. The Departments of Agriculture and Rural Development assist the Provincial People’s Committees to fulfil the responsibility of forest governance. The Provincial Departments of Natural Resources and Environment (DONRE) assist the Provincial People’s Committees to govern forestland.

At the district level the chairperson of the District People’s Committees is responsible to the chairperson of the respective Provincial People’s Committee for the development and utilisation of forests and forestland in the district. The district station of forest protection is responsible for supervising law enforcement regarding forest management, protection and development in the district. The District Division of Agriculture assists the

District People’s Committee to manage forests.

At the community level the chairperson of the community people’s committee is responsible to the chairperson of the respective district people’s committee for forest protection and development, and forestland utilisation.

A fact of detrimental importance is the institutional capacity in the forest sector at all levels. It is still weak, especially at lower levels and, in particular, in isolated and mountainous areas. This applies not just to staff numbers and their capability, but also to the lack of financial resources and operational equipment. The problem is exacerbated by a lack of coordination between government agencies, and between the national and the provincial levels.

2.3 Policies and Plans

Vietnam's **Socio-economic Development Strategy (SEDS)**'s main goals are to overcome underdevelopment and noticeably improve the people's lives. The specific actions needed to translate the SEDS into reality are described in the constitutionally required five-year **Socio-Economic Development Plan (SEDP)** for 2006–10, as well as in sectoral five-year plans. In accordance with the Directive issued by the Prime Minister in September 2004 to guide its preparation, the 2006–10 SEDP serves both as a five-year plan for the Government and a Poverty Reduction Strategy (PRS), integrating the fundamental principles that characterized the formulation of the **Comprehensive Poverty Reduction and Growth Strategy (CPRGS)**, Vietnam's first PRS. The SEDP envisions Viet Nam as "an industrialized country by 2020", moving out of a low income country status, and increasing average GDP per capita (about USD 622 in 2005) to USD 1,050–USD 1,100 by 2010. The SEDP views business development, increased private investment, and increasing international economic integration as crucial in providing the jobs and resources needed to reduce poverty and improve living standards. Public services and infrastructure must be improved quickly. The private sector is expected to help accelerate improvements in public service and infrastructure. The SEDP also recognizes the importance of regional cooperation and integration in attaining **MDGs** and **VDGs** (Viet Nam Development Goals, refer to Appendix 6) as specified in CPRGS.

Vietnam's forestry policy seeks to increase overall forest cover, protect natural forests, promote forest tenure reform and land allocation, reform state forest enterprises, and improve forest-based livelihoods and employment opportunities. These objectives and orientations are defined within the **Forestry Development Strategy (VFDS 2006–2020)**, and implemented through a number of forestry programmes and policies.

The VFDS was approved in 2007 with ambitious targets for policy and institutional reforms, forest management and forest plantation establishment. In general, the strategy seeks to focus more on market-based approaches to sector financing and on the increased roles and responsibilities for local forest owners. Specifically, the strategy includes programmes for sustainable forest management, protection, biodiversity conservation, environmental services, as well as wood processing and trading. It also includes two support programmes on research, education, and forestry extension; and on forestry policy reform. The development of the VFDS included an intensive consultation process between government donors and other relevant organisations through the **Forest Sector Support Partnership (FSSP)**, the major coordination mechanism in forestry for cooperation between government, the international donor-community, civil society, private sector and other relevant organisations.

A review of FSSP in 2006 concluded that the forestry sector was not guided to any significant degree by the principles set out in the **Ha Noi Core Statement** (2005), a Vietnamese version of the **Paris Declaration on Aid Effectiveness**. This review mainly aimed to determine whether FSSP was indeed paving the way for an overall sector wide or sector budget support approach within the framework of **Programme 661 (5MHRP)**, see below). However, it did not assess the potential and challenges related to a targeted sector budget support approach. Neither did it assess recent improvements in the Governments' financial management systems. However, it pointed out the potential challenges ahead, as well as the need for setting clear objectives and targets, and for budget tracking exercises.

A 2010 subsequent performance review of the FSSP for the years 2006–2010 assessed that the FSSP provides an excellent platform for exchange, dialogue, coordination and cooperation, as well as a real long-term value-added to the quality management and optimisation of the VFDS implementation. Since the current and future provision of goods and services from forests go far beyond the forestry sector (van Tuyll and Le Khac Coi, 2010), FSSP will in future have also a bridging function to other sectors of Vietnam. In particular, the review recommended the following:

- Extension of FSSP for further 5 years to become a long term VN entity;

VI. BACKGROUND DOCUMENT



- ✚ Timely advice to VN Government on VFDS review and implementation issues and processes;
- ✚ Gradual increase of VN contribution to FSSP budget to at least 50% by 2015;
- ✚ Broadening of membership to different government institutions, national and international private sector and NGOs;
- ✚ Implementing its functions as a partial autonomous body, directly reporting to the Partnership Council, and with the Partnership Executive Committee Chairperson being the Director General of the Directorate of Forestry;
- ✚ Follow-up by FSSP Coordination Office to advice and recommendations from FSSP fora and meetings;
- ✚ Establishment of a performance (result-based) management system for FSSP;
- ✚ Establishment of various FSSP mechanisms and platforms;
- ✚ Implementation of capacity building activities.

The **Five Million Hectares Reforestation Programme (5MHRP)** has the overall objective of increasing forest coverage. It aims at building a forest resource base for the forest industry, creating jobs and income, contributing to poverty reduction and livelihoods, decentralizing forest management, reducing shifting cultivation, and facilitating the application of advanced technologies in seedling production, plantation forestry, and forest product processing.

A new **Production Forest Development Policy** was issued in 2007 to encourage investment in forest plantations and bolster efforts to reach the plantation development targets set in the 5MHRP. The Policy focuses on smallholder production forestry, stresses the need for secure forest tenure and makes provisions to subsidize various aspects of plantation forestry. One major step towards modernising the legal framework within the national policy

was **Decision no 380/QĐ-TTg by the Prime Minister (2008)** that regulates payments for forest environmental services to be applied in the whole country. It stipulates on responsibilities and benefits of the payers and payees of forest environmental services (FES). They are clearly defined and socialize the forestry sector by gradually establishing a sustainable economic basis for protecting the environment and ecosystems, improving quality of service provision, especially ensuring water supply for electricity production, for clean water production, and ecotourism business activities.

There exist various funding mechanisms for the Vietnamese forestry sector:

- the **Trust Fund for Forests (TFF)** of 2004, which pools contributions from Finland, Switzerland, and the Netherlands and finances bilateral projects and co-finances projects of the ADB and World Bank. In March 2009, the TFF was extended until 2012 on the basis of a Memorandum of Understanding (MoU) between Finland, Netherlands, Switzerland, and MARD. This new agreement also provides an institutional perspective for the TFF;
- the **Viet Nam Conservation Fund (VCF)** so far received mainly funding from World Bank and GEF;
- the **Forest Protection and Development Fund (FPDF)**, which was launched by the Vietnamese Government at the beginning of 2008 and is at the national level equipped from new environmental taxes (PES) on electricity and water plants.

One proposal is that in the medium term, both the TFF and the VCF should be integrated into the FPDF.

One of the major challenges for the forestry sector in Viet Nam in the coming years will be to align the financing structure of the FPDF with the designs and the practices of the TFF and the VCF.

Box 2: Poverty

Poverty is commonly defined as pronounced deprivation in well being, in terms of material deprivation (in income and consumption), lack of education and health services, vulnerability and exposure to risk, lack of opportunity to be heard, and powerlessness (Hansen et al, World Bank 2000). This definition highlights the multiple dimensions of poverty, the alleviation of which calls for a multi-dimensional approach. Poverty alleviation encompasses two discrete meanings, namely poverty mitigation and poverty reduction. Poverty mitigation implies that people are prevented from becoming poorer whereas poverty reduction describes a situation where people are being lifted out of poverty (Angelsen and Wunder 2003). It is necessary to recognize that these terms articulate different meanings and hence implications for the poor, and that the goals encompassed in the MDGs relate specifically to poverty reduction. The role of timber in poverty reduction, and the contribution of forests to poor people's livelihoods is largely unrecorded in national statistics because the informal use of forest products for subsistence and local trade is difficult to track and measure. According to FAO (2003) there are three ways in which forests contribute to poverty reduction:

- by providing the forest resources that are important for maintaining well-being (e.g. medicinal plants, food resources, erosion control);
- through continued access to forest resources and rents (e.g. access rights, income from forest products); and
- by increasing forest production values (e.g. payment for environmental services, recreational uses).

Timber harvesting, processing and marketing (i.e. the timber value chain) are generally not activities that explicitly target poverty reduction for a range of reasons. Barriers that restrict access to forest resources, such as lack of secure, long-term tenure and gaps in knowledge and technology, make it difficult for the poor to be in the "driver's seat" of commercial

timber exploitation. More often, the poor provide cheap labour for forest operations managed by the state or large commercial ventures. However, initiatives involving forest-dependent poor are beginning to emerge that can provide important insights into the opportunities and challenges faced by the poor in their attempts to benefit from commercial timber operations. Commercial forestry offers opportunities to address, in various ways, each of the five aspects of poverty identified by the World Bank. Material deprivation can be addressed directly by increasing income through improved access to timber harvesting and processing activities. This requires increased involvement of forest-dependent poor in the timber-value chain. Increased income at the household or community level can in turn improve access to educational and health services, which enhance economic opportunities and well-being, as well as reducing vulnerability in the face of rapid social change and environmental stresses such as drought or flooding. Additionally, participatory processes that support poor people's involvement in decision-making related to the management and utilization of forests and commercial forestry operations help to foster greater political empowerment and opportunities for marginalized voices to be heard more broadly. However, to date, many of these potential avenues are largely unexplored and more research is needed to understand how and to what extent they might be realized. While conventional approaches to commercial forestry operations focus on capital- and technology-intensive enterprises, forestry undertaken for, and by, the rural poor presents unique environmental and social benefits. [Chapter: Managing Forests for Poverty Reduction: Key Concepts and Conference Overview, A Cut for the Poor, FAO Conference in 2006]

2.4 Opportunities for Vietnam's Forestry Sector

Vietnam's forestry sector is facing a number of challenges, but there are also opportunities to be grasped.

Modernising the Institutional Framework

In spite of some progress, there is still much to be done to achieve cross-sectoral coordination and collaboration, as well as vertical coordination across the different levels of Government. The coordination and collaboration between different Government Agencies responsible for the sector needs to be improved, as well as coordination and collaboration between national, provincial, district and local levels of Government. Some progress has been observed since the mid nineties. However, this is an area where the international cooperation can only provide support – the impetus has to come from the Government Agencies.

Reducing Poverty at Community and Farm-level

The expansion of planted forests, as foreseen in the 5 million hectare reforestation programme, offers improved opportunities for households and communities to develop and manage forests and to benefit from forest products and services. The appreciation and integration of ethnic minorities will further improve the national identity and contribute towards a sustainable rural development.

Diversifying Investments in Forestry

While public subsidies are still widely spread in the forestry sector, private sector financing of forestry activities is on the rise. The development of a comprehensive forest sector financing strategy and of a toolkit with appropriate measures will enable the sector to make better use of the market opportunities and the values forests offer.

The strong export orientation of the Vietnamese timber industry will, in the long run, make environmental and legal sourcing of high quality timber and connected third-party certification indispensable. This will influence timber prices and will make sustainably produced timber from natural and planted forests in Viet Nam more competitive. Although the need for urgent action is known since some time, the progress in forest certification is very slow. The target of VFDS to reach 30% certified production is still far.

Adapting to and Mitigating the Impacts of Climate Change

In forestry, adaptation and mitigation measures offer a great potential to be linked. Forests can play important roles in climate change adaptation and mitigation.

Adapting to climate change

Amongst adaptation measures in forestry are

- the rehabilitation, establishment and sustainable management of mangrove and other coastal ecosystems to reduce the vulnerability of Viet Nam's long coastline against rising sea level and impacts of extreme weather events;
- the sustainable management of natural forests to protect riverine areas against flooding, to protect water sheds and agricultural soils, and to conserve forest carbon;



VI. BACKGROUND DOCUMENT



- the rehabilitation of degraded natural and planted forests by increasing their growing stock to optimum production levels, and to conserve forest carbon;
- the establishment of planted forests to rehabilitate degraded land, agricultural soils and watersheds and to sequester carbon;
- the sustainable management of planted forests through stabilising stands further with indigenous tree species to create a stable growing stock (wood and carbon);
- the protection against land slides on steep slopes.

Specifically, interventions aimed at adapting to and mitigating the impacts of climate change in Viet Nam's forests might include the following.

Adapting to increased variability of rainfall and higher rainfall and lower rainfall, and increasing temperature:

- Identify suitable tree and agroforestry species and production systems;
- Promote adequate species / production systems.

Adapting to higher rainfall:

- Flood risk analysis and subsequent design and implementation of a disaster risk management strategy.

Adapting to lower rainfall:

- Drought risk analysis and subsequent design and implementation of a disaster risk management strategy;
- management strategies.

Adapting to rising sea level and increased occurrence of tropical storm waves:

- Support rehabilitation, establishment and management of mangrove forests;
- Risk analysis and subsequent design and implementation of a disaster risk management strategy.

Adapting to higher frequency and intensity of storms:

- ✎ Support establishing / maintaining storm resilient forest plantations;
- ✎ Risk analysis and subsequent design and implementation of a disaster risk management strategy.

The Government of Viet Nam has developed a National Target Programme to Respond to Climate Change (NTP-RCC) under the leadership of MONRE. The NTP-RCC is designed to provide a basis for a joint cross-sectoral approach to the topic. The list of tasks and projects for implementing the NTP includes:

- ✎ Propose measures to develop protective forests (upstream forests and coastal forests) in accordance with climate change scenarios;
- ✎ Study to modify management strategy and planning on protected areas system of Viet Nam to respond to climate change; and
- ✎ Implement pilot projects.

MARD developed a Climate Change Adaptation Action Plan based on its long-term experience with Disaster Risk Mitigation and the particularly severe impacts expected on agricultural production systems.



Box 3. Climate change mitigation in forestry

Addressing climate change will incur costs far beyond the financing of actual interventions. As responses are required on national, regional and communal level, a broad multi-stakeholder discussion needs to be initiated to increase awareness. In many cases, change needs to be initiated before the need for change is obvious. For the forestry sector in Vietnam, increased costs have to be anticipated for climate checking and adapting existing and planned interventions.

The need for funding is recognized by the international community – with estimates ranging above USD 40 bn per year – and funding mechanisms are being designed for addressing the challenge according to a “common but differentiated responsibility”.

In the forestry sector the most important existing funding mechanisms for the mitigation issues (CDM-A/R, VER, REDD) are discussed below.

Afforestation and Reforestation under the Clean Development Mechanism

The Clean Development Mechanism (CDM) under the Kyoto Protocol of the UN Framework Convention on Climate Change (UNFCCC) aims at enabling industrialised countries to use emission reductions in developing countries to count towards their own national reduction targets. Afforestation/Reforestation

CDM aims to bring benefits to poor households in developing countries through involvement in forest plantation schemes. However, while worldwide CDM energy projects are thriving, only four forestry CDM projects exist worldwide, albeit 10 possible methodologies have been designed⁵. Furthermore, Viet Nam has largely been left out (with only 2 registered CDM projects).

Reducing Emissions from Deforestation and Forest Degradation

The Reducing Emissions from Deforestation and Forest Degradation (REDD) initiative is based on the idea that developed countries would provide financial or other incentives for developing countries to reduce rates of deforestation or forest degradation by implementing a range of policies and projects, thus offsetting parts or their emission reduction targets. By linking these payments to carbon markets (i.e. putting a value on the carbon emissions that are avoided), large sums of money could flow to developing countries. The potential contribution to rural poverty reduction could be substantial. The REDD concept was included at UNFCCC COP 13 in the Bali Action Plan and was expanded at COP 15 in Copenhagen to REDD+ to be negotiated as part of the post 2012 Climate Agreement.

The main issues to address will be to (a) overcome methodological barriers in leakage management, additionality and permanence, (b) the type of financing mechanism applied, and (c) the distribution of payments to the forest users if the REDD mechanism is developed at national level.

Currently, MARD is developing, with the assistance of UN-REDD, a national REDD-strategy.

Voluntary Emissions Reduction markets

The voluntary emissions reduction (VER) markets are small markets compared to the official, regulated or “compliance” carbon markets, having traded only about 0.5 % of the global volume⁶. VER markets started some 20 years ago, but only in the last 3 years has the market mushroomed, with official trading exchanges in place (The Chicago Climate Exchange, CCX), in addition to the

disaggregated so-called ‘Over the Counter (OTC)’ market.

About 15 % of the market relates to forestry (i.e. afforestation of mixed/native species – 8 %; avoided deforestation – 5 %; and plantation – 2 %). Overall 39 % of all transactions cover project locations in Asia. The main buyers have shifted from individuals to corporations, closely linked to the trend for Corporate Social Responsibility (CSR), hence there may also be options for Private Public Partnerships (PPP) to be explored.

The VER markets are interesting as potential returns can far exceed the prices in the compliance market, with up to USD 300/t CO₂e and up to USD 50/t of CO₂e generated from forestry projects⁷.

As the market is growing, the need for quality standards is evolving, with numerous standards competing with each other. An estimated 50% of the market is now governed by third party standards, checked by independent verification and auditing agencies. Main standards are “The Voluntary Market Standard”, CDM, CCX, VER, and the “Gold Standard”. The focus of these standards varies, but all need to show additionality. Some have clear additional goals, as the “Climate, Community, and Biodiversity (CCB)” standard, which aims at “simultaneously generating climate, biodiversity and sustainable-development benefits”.

5. CDM methodologies for Forestry can be found at <http://cdm.unfccc.int/methodologies/ARmethodologies/index.html>

6. In 2007 the EU Emissions Trading Scheme (EU ETS) traded over USD 50 bn, and globally more than USD 65 bn were traded, of which the WB claims to initiate over USD 2 bn. The total values are inflated versus the actually generated carbons, as a large part of the CER are being resold (not ‘retired’).

7. The Katoomba Group (2008), p.8: prices range from USD 1.8 to 300 per tonne of CO₂ equivalent (=e), with a volume weight based average of only USD 6.1/tCO₂e – similar to the average for forestry projects

Mitigating the impacts of climate change:

- Identifying cost effective measures for carbon sequestration in the Vietnamese Forestry Sector. So far, one COMAP exercise has been carried out by MONRE officials.⁴ The results of this study however warrant some further detailed follow up with more site-specific data. In particular the issue of social safeguarding was not yet addressed, i.e. the distribution of benefits to local forest owners and the benefits for the poor;
- Develop and mainstream a climate change strategy for the forest sector, based on accepted plans (NTP and Sector Action Plans);
- Develop and implement REDD+ strategy;
- Develop and test a methodology for assessing co-benefits of planned forestry activities;
- Regulate carbon rights and transfers.

The above activities have to go along with human and institutional capacity development activities.



4. Nguyen Khac Hieu (2008): Forestry Mitigation Studies in Vietnam. Presentation at the National consultation on ADB RETA PRECS, 5/08 Vietnam.

Box 4. Benefits of a global REDD+-mechanism

At present, the international community discusses under the UNFCCC a global REDD+ mechanism as part of a post 2012 climate agreement.

The approach is based on the results of the 4th Assessment Report of the IPCC (2007), which concluded that the worldwide annual deforestation of about 13 million hectares, and connected forest degradation result in about 17.4 % of global greenhouse gas emissions and about 20 % of global CO₂ emissions. REDD+ foresees a reduction of those greenhouse gas emissions, and in particular CO₂ emissions, and enhancement of forest and soil carbon, through

- Reduction of deforestation (e.g. through forest conservation and forest protection);
- Reduction of forest degradation (e.g. through a sustainable forest management and forest protection);
- Afforestation and Reforestation (A & R);
- Combination of several of these measures;
- REDD + also offers opportunities to combine these climate change mitigation measures with climate change adaption efforts.

While the international community discusses details about REDD+, countries are encouraged to prepare themselves for the time once such a global mechanism is internationally agreed upon and available. This preparation process of developing a “REDD Readiness” is supported by UN-REDD (a joint initiative of FAO, UNEP and UNDP, financed by Norway) and the Forest Carbon Partnership Facility of the World Bank. At COP 13 of the UNFCCC in 2007 in Bali countries were also encouraged to start already with demonstration projects at pilot level to test possible REDD instruments in the field. In various countries such demonstration projects are underway, financed mainly through bilateral and multilateral assistance.

Since deforestation is mainly caused by forest conversion to agricultural and other purposes, and thus in first place a land-use issue, REDD+ has only a chance of success if an integrated approach between the forestry, the agriculture, infrastructure, energy and mining sectors is achieved. A linkage with livelihood, poverty and food security efforts is indispensable.

3. INTERNATIONAL COOPERATION IN FORESTRY



The topics protection and sustainable use of natural resources in Viet Nam have a high international donor density, with contributions from Germany, Switzerland, the Netherlands, Sweden, Finland, Denmark, Norway, Japan, Spain, the EU, ADB, the World Bank and UN organisations. In addition, various international NGO's like WWF, IUCN and CARE are active in this sector. The overarching co-operation objective for all is to support Vietnam's efforts to reduce poverty in an economically, socially and environmentally sustainable manner.



Most donor support in Viet Nam has been in the form of project support, based on the Paris Declaration on Aid Effectiveness and its local version, the Ha Noi Core Statement (HCS, 2005). Government of Viet Nam (GoV) and partners, including Germany, have agreed on a number of principles, indicators and targets, adherence to which paves the way for programme-based approaches and sector budget support. These principles are: Ownership, Alignment, Harmonisation and Simplification, Managing for Results and Mutual Accountability.

Sector Budget Support (SBS) is a rather new aid modality in Viet Nam and aims at using the governments' own financial management and accountability systems, while supporting its long-term capacity for sustainable impacts in a (sub-)sector or (sub-)programme. SBS, or more precisely targeted budget support, is now being implemented in the Education and Water Supply and Sanitation Sectors as well as Programme 135⁸. The formulation of SBS in Viet Nam initially met with some resistance from line ministries, political and capacity constraints, and, especially, budget

8. Programme 135 (P135) was established in 1998 to implement government policies targeting the most vulnerable communes, promoting production and access to basic infrastructure, improving education, training local officials, and raising people's awareness for better living standards and quality of life.

VI. BACKGROUND DOCUMENT



transparency. A review by Finland in 2005 concluded that the general procedures in Viet Nam for targeted budget support for poverty programmes were generally acceptable. Budget mechanisms have been reviewed through Public Expenditures Reviews and were found to be rigorous and with good Government oversight. Overall it was concluded that although transaction costs were lower than in the case of project based support, they are not negligible and constitute an additional burden for both sides in terms of reporting and auditing requirements.

3.1 German - Vietnamese Cooperation until 1990

German-Vietnamese cooperation within the forestry sector dates back to initial fieldwork of bilateral teams of Northern Vietnamese and East German experts in the late 1950s. The objective of this cooperation was to broaden the raw material basis of the economy through identification and assessment of forest areas worth exploiting for timber and through sorting of timber for optimal utilization in construction works and industries. The elaborated classification system of natural and planted forests was integrated in the outline of the Vietnamese forest inventory.

Soon, however, this cooperation concentrated on two areas:

1. Applied forest and forest products research
2. Human Resource Development.

Applied Research

German forestry and forestry sciences contributed to standards of forest classification and identification of attributes of lesser-known tree species. With further development of forestry in Viet Nam the number of working fields of bilateral

cooperation was increased and deepened. Most of the programmes were dedicated to provide research results for application in the establishment and sustainable management of planted forests, primarily with tropical pines (***Pinus massoniana***, ***P. merkusii***.) The number of joint research programmes was continuously increased and deepened to cover areas like site mapping, silviculture, forest seed production, nursery management, mycorrhiza and humus management, afforestation and plantation establishment, mixture of forest tree species to avoid large area monocultures, control of pests and diseases, forest management and organization, and pine resin tapping and distillation.

Forest enterprises were established as experimental stations for the development of sustainable forest management. German cooperation assisted, for example, in the design, establishment and equipment of the research station at Yen Lap, Hong Quang province (now Quang Ninh province). Shortly after foundation of SR Viet Nam in 1975, the bilateral scientific-technical cooperation in forestry was evaluated, and its focus was shifted from the north towards sustainable forest management in the southern uplands of the country, in particular with ***Pinus khasya*** forests in Lam Dong province. The joint project work comprised aspects such as forest zoning, establishment of management units, site survey, growth and yield, forest inventory and planning of management, medium term planning of resin production, forest protection including protection from forest fire, organization of forest enterprises, annual planning of forest production etc. Cooperation at the Yen Lap research centre and other locations was dedicated to silvicultural topics as e.g., the range of tropical tree species for planting, spacing in afforestation and silvicultural interventions during the development of the stands.



VI. BACKGROUND DOCUMENT

Human Resource Development

The human resource development for Vietnamese foresters started with academic education at Dresden University of Technology at Diploma- and doctoral level and contributions to upgrade pro-fessional training at the Vietnamese College of Forestry. In the early 1970s, the academic education was complemented with apprenticeship courses in forestry within schools of German state forest enterprises, for example at Söllichau and Kunsterspring.

The first batch of Vietnamese students of forestry registered at Dresden University of Technology (TU) in the year 1961. Here, the continued intake of students contributed to establish a five-year German diploma course (Diplom-Forstingenieur) in tropical forestry. More than 90 Vietnamese graduated from this course. Following bilateral governmental agreements the scientific-technical cooperation in Viet Nam was widened to provide, amongst others, guest lectureships to strengthen the qualification of teaching staff of Dong Trieu College of Forestry, and Xuan Mai College of Forestry.

The number of students in forestry at Dresden University of Technology was slightly reduced over the years due to the qualification of academic forestry education in Viet Nam and relocation of the college to Xuan Mai, Ha Tay province in the vicinity of Hanoi. This process had been accompanied by a considerable number of doctoral studies of Vietnamese professional foresters in various forestry and forestry based industry related disciplines at TU Dresden and Humboldt Universität Berlin. The Faculty of Forestry of TU Dresden alone awarded more than 30 Vietnamese foresters with the Doctor degree.

The initiation and continued process of economic reform (**Doi Moi**) in Viet Nam from mid 1980s, as well as the socioeconomic



Figure 12. Map of International and German project sites (by provinces)

development in East Germany at the end of the 1980s also influenced further bilateral cooperation between Viet Nam and Germany in the forestry sector. The National Conference on Forestry Planning at the end of 1989 showed direction of future development of forest management in Viet Nam and related international cooperation. Aspects of a market-oriented economy also in forestry, systematic conservation of natural forests, development of farmer and village oriented and based forestry was increasingly taken into consideration for international cooperation by the then Vietnamese Ministry of Forestry.

In summing up, the bilateral German-Vietnamese cooperation in forestry from 1958 to 1990 concentrated on research and human resources development (and continued this successful approach also post 1990 under the heading capacity building), up to the beginning of the Doi Moi process fully integrated into central planning processes. The German side primarily invested professional knowledge and capacity.

The Vietnamese professionals trained at the various German education and training institutions are valuable partners in bi- and multilateral cooperation, and a large number of them took over high-level positions in Vietnamese forest administration, forest management and education.





3.2 German – Vietnamese Cooperation Post 1990

The German Cooperation in forestry supports the implementation of the VFDS and its 5 programmes:

1. *Sustainable forest management and development;*
2. *Forest protection, biodiversity conservation and environmental services development;*
3. *Forest products processing and trade;*
4. *Research, education, training, and forest extension (RETE);*
5. *Renovation of forest sector institutions, policy, planning and monitoring.*

To contribute towards achieving the objectives of these programmes, the German Government deployed its various cooperation instruments in a complementing manner (in alphabetical order):

- CIM (Center for International Migration) – mainly for providing experts who are integrated in the Vietnamese forest administration on line functions;
- DED (German Development Service) – mainly for technical cooperation with field personnel;
- DGIZ (German Agency for International Cooperation) – Institution to be established in the near future that will merge GTZ, DED, CIM, Inwent;
- GTZ (German Agency for Technical Cooperation) – technical cooperation, mainly in the con-servation and sustainable management of existing forest resources;
- INWENT (International Training and Development) – mainly for providing training and information; and
- KfW (German Bank for Development) – financial cooperation, mainly for assistance to Viet Nam’s afforestation and reforestation programme.

VI. BACKGROUND DOCUMENT

As mentioned earlier, the German efforts in the sector are an integrated part of the **Forest Sector Support Partnership (FSSP)**. Germany also supports the **Trust Fund for Forests (TFF)**, which was established within the framework of the FSSP.

Germany assisted Viet Nam since 1995 in its endeavour to restore at least part of its original forest cover. The German financial cooperation supported through KfW started in 1995 and the volume of co-financing amounts to EUR 37 million, in addition to some EUR 7.7 million of counterpart contribution. Since 1994, GTZ is in place with direct and indirect impacts on the forestry sector. The German Development Service (DED) has been working in Viet Nam since 1993. Since 1998, altogether nine professionals supported projects with a budget of USD 3.2m.

The general objective of all forestry projects supported by German funds is to contribute to afforestation, soil and biodiversity conservation, as well as to poverty alleviation particularly in rural areas.

Afforestation projects, including those supported by Germany, resulted in an increase of Vietnam's forest cover from 27 % in 1995 to 38 % in 2009. Viet Nam plans to further increase forest cover to 42% by 2015. A high proportion of the financial contribution was channelled directly to deposit accounts established under beneficiaries' names with Viet Nam Bank for Agriculture and Rural Development (VBARD). From the very beginning, a distinguishing feature of all German projects has been their focus on working with and providing support to impoverished, small-scale farm households. These projects are thus considered as instrumental in promoting the Vietnamese forest policy shift from state to private or household forestry. Conferring land tenure security to participating farmers by providing them with Red Books for a period of 50 years

has played an essential role in all projects. Of resembling relevance to the successful implementation has been the opening of saving accounts for partaking smallholders, which contributed considerably to the project's poverty alleviation efforts.

Moreover, the German contributions have increased the professionalism of local staff. Particularly, management and technical staff benefited by enhancing skills on project planning and implementation, proposal writing, animal and plant species identification, land use planning and forest utilisation, village development planning, the democracy decree and the English language. Also the construction and maintenance of ranger stations increased the forest protection service's presence within protected areas.

Additionally, the German activities contributed to improve the living conditions of the population in buffer zones and created alternatives to illegal logging and poaching. To date, these activities have reached more than 17,000 people. Reforestation in the buffer zones increased the amount of timber available for the population. The propagation of biogas and use of energy efficient stoves reduced the need for firewood by at least 50%. Reforestation with native tree species inside the protected areas directly contributes to conservation. The raising of pigs, goats and the establishment of fishponds increased the local availability of animal protein to replace meat from wild animals. In six villages water supply systems were constructed as an important means to improve the general living conditions and to increase the standing of the forest protection service. Once a positive relationship with a village has been established, the forest protection service raises the awareness for environmental concerns and the respective laws through short presentations, the distribution of calendars with specific environmental topics and the election of the Forest Protector of the Year. Further measures supported training on the improved cultivation of rice, the establishment of contour lines to prevent erosion, home gardens, the use of medicinal plants, composting, the use of rattan, beekeeping, mushroom production and fruit trees.

German projects also assisted in participatory land use planning and forestland allocation, the drafting of forest protection and development agreements and basic village development plans. To date professionals have been involved in the allocation of forestland and in planning

VI. BACKGROUND DOCUMENT



processes on different levels to the benefit of a considerable number of local farmers and communities. The support of ecotourism in suitable areas is a complimentary measure that can increase the revenue of protected areas and the income of some families through the training and provision of guides, the establishment of eco trails, wildlife observation posts and visitor's centres and the support of home stays.

The German cooperation thus supported the implementation of the VFDS. The objectives of the German development cooperation projects are elaborated in a German policy paper, the SSP (Sek-torschwerpunktpapier, sector strategy paper, 2005). A prominent feature of the paper and the resulting cooperation programme in Viet Nam is its integration into the national targets and indicators of the FSSP and the national forestry strategy. The German DC assists projects to achieve the objective of the SSP by applying the targets / indicators of the FSSP successfully. The successful integration of planning and implementation of project activities into procedures of the partner organizations has significantly contributed to the development of high standards at that level. Models and projects were replicated or included into national standards. Examples include the amendment of the Planning Act and the revision of national regulations on forest protection and rural community forest management.

At present, the German contribution to support Technical Cooperation Projects amounts to EUR 16.2m. The Financial Cooperation Project's budget amounts to EUR 64.4m, and additionally EUR 8m are currently under negotiation.

The German cooperation will continue to assist Viet Nam through financial cooperation and through measures of the newly founded Deutsche Gesellschaft für Internationale

Zusammenarbeit (DGIZ, German Agency for International Cooperation) in its endeavour towards sustainable management of natural resources in particular in the following areas:

- Forest biodiversity conservation;
 - ↳ Assistance to policy development, financing mechanism and the establishment and management of national parks, other protected areas, and buffer zones;
- Sustainable forest management;
 - ↳ Sustainable management and use of all forest resources;
 - ↳ Development and marketing of timber and non-timber forest products;
- Coastal zone protection;
 - ↳ Mangrove and coastal ecosystems protection and management, dyke rehabilitation.

In all areas mentioned above, support of mechanisms to widely apply income generating models of the management of natural resources will be provided.





3.3 Lessons learnt in the Years of Vietnamese–German Cooperation

One of the centrepieces of the German cooperation project design is the establishment of deposit accounts for smallholders participating in planting and plantation maintenance. Participating farmers receive intensive training through the projects' extension service. The state forestry extension system (i.e. Centre for Agriculture and Forestry Extension, state forest enterprises, and/or the Forest Protection Department) was only used in the projects when it was existent at village/commune level. Partly, a project extension service had to be tailored to the specific requirements consisting of a multi-level extension service of technical coordinators, field staff, extension workers, and voluntary participation through Forest Farmers Groups and Village Forest Support Groups. Investments in afforestation projects co-financed with German funds are based on a clear sequence of steps. The allocation of forestland is always based on participatory village land use planning (VLUP) and requires a forest development plan at village level. Detailed technical guidelines including all steps and procedures guide projects' extension staff and thus guarantee homogenous implementation and the maintenance of a uniform technical standard (project implementation manual, PIM). To date, some 70,000 households have been involved and 125,000 ha of new plantations and natural regeneration will have been established after project completion. Smallholders were able to generate some one million EURO in the form of interest in remote and disadvantaged areas. These measures had a remarkable impact on the environment and the livelihoods of people and communities. The Social Forestry Development Project in Song Da has been a pioneer in the testing and development of new and/or adapted methodologies in Vietnam: Village Development Planning (VDP),

Land Use Planning/Land Allocation LUP/LA, Community Forest Management Planning (CFMP), Participatory Agriculture Extension Methodology (PAEM), Forest Protection Regulation (FPR). The development of methodologies in two provinces made it possible to fully integrate the approaches into the partner organisations and implement them on a wider scale.

The German long-term support of the forestry sector followed a continuous participatory approach considering all stakeholders within and outside the sector. The REFAS project played a central role in the creation of the TFF and the FSSP and associated instruments (e.g. the forest sector manual) and contributed significantly to the decentralization of forestry support at regional levels. Strengthening of authorities and technical and management capacities were the key success factors. Moreover, training at all administrative levels formed the basis to efficiently deal with and manage sector-relevant issues and themes. The reform of administrative procedures considerably reduced the time and increased the efficiency of those processes. The approach to simultaneously work at various levels permitted the continuous and adequate information supply from the base to the top level. This enabled policy makers to base their decisions on reality and experiences from the field level. The activities assisted to improve the communication between policy makers and policy implementers as well as between different levels of public administration, and to reduce conflicts and disputes on land issues between local population and government agencies. An active involvement of local groups and ownership through co-management improved the access of communities to forests resources and increased their participation in the sustainable management of these resources. The increased awareness of the rural population on the role and functions of forests had a direct and positive impact on the conservation



VI. BACKGROUND DOCUMENT



and sustainable management of Viet Nam's forest resources, e.g. private investment of villagers in reforestation. The German-funded projects increased the attention for ethnic minorities and the involvement of women was strengthened (e.g. 25 % of participants in management courses for wood processing industry were women). New opportunities for private investment were created, and poverty could be reduced, for example by 4.5 % through the project Quang Binh.

The integration of German efforts into FSSP strengthened the impact of forestry cooperation projects. The concepts and experiences developed in pilot projects were adopted by other cooperation partners and partly found their way into the legal framework for the sector.

In order to achieve the goals set by the VFDS, there are still a number of issues to be dealt with. The lessons learnt are summarised in the following:

Sustainable Management of natural and planted forests

The integrated and sustainable management of forests offers environmental and livelihood benefits. However, there are cases where trade-offs between both have to be balanced. When in doubt, the livelihood of people comes first.

Technical guidelines and their implementation

The technical guidelines for afforestation developed to date are practical for implementation and adequate for Vietnam. The afforestation and enrichment planting sites *showed in general high vitality, good growth performance, and high survival rates*. Due to the concentration on capacity building, no severe difficulties have been encountered during field implementation.

Tree species were selected according to the site potential and the preference of participating farmers. This has resulted in a reasonable balance between economically and environmentally valuable indigenous species and fast growing exotic species, which contribute to the short-term income increase of farmers. While *Hopea odorata* and *Dipterocarpus spp.* generally performed well on appropriate sites, *Melia azadarach* has shown very poor growth performance with high mortality rates and is therefore no longer promoted.

Box 5. Technical Recommendations

- ↘ update the Project Implementation Manual (PIM) with the latest experiences;
- ↘ include national forest research institutions into the Project Steering Committees to enhance applied field research;
- ↘ include appropriate silvicultural measures and fire prevention from the onset into the project design;
- ↘ pay increased attention to the quality and provenances of forest seeds and seedlings to reduce failures in plantations;
- ↘ consider *Tectona grandis*, *Acacia mangium* and *Acacia hybrid (mangium x crassicarpa)* in further afforestation activities to supply farmers with faster cash-flows on sites inappropriate for local native species;
- ↘ select site-adapted, high value tree species for afforestation and reforestation;
- ↘ for mangrove planting, avoid seasons with sediment accumulation (June–October) and with strong winds (November – March);
- ↘ strengthen the integrated management of forests to make best use of all forest functions;
- ↘ involve and train individual household members, rather than communities, in nursery establishment and management;
- ↘ identify and clearly mark boundaries between properties;
- ↘ provide people in buffer zones with fast growing species like acacia, eucalyptus and pines, and concentrate efforts to propagate the slower growing native species inside protected areas;
- ↘ undertake a cost-benefit analysis before embarking on ecotourism activities;
- ↘ develop and communicate a market information to facilitate the marketing of forest products;
- ↘ Co-management approaches for natural resources management;
- ↘ marketing of timber products;
- ↘ guidelines for sustainable forest management such as reduced impact logging, and sustainable forest management planning according to FSC standards.

Box 6: Recommendations on capacity building and awareness raising

- ↳ Province People's Committee to clearly identify and earmark land reserved for the respective afforestation project to reduce the danger of encroachment;
- ↳ simplify bureaucratic procedures, regulations and guidelines, e.g. those on benefit sharing;
- ↳ decentralize administrative processes, for example, the approvals for harvest from natural forests
- ↳ further strengthen coordination and cooperation between the public institutions involved in the sector;
- ↳ budget for decentralized and community forest management in national and provincial programmes and policies.
- ↳ include capacity building in any project approach at all levels;
- ↳ counteract forest violations through labour days for social work instead of fines;
- ↳ increase training of farmers in agro-forestry, plantation establishment, marketing of forest products and forest conservation techniques;
- ↳ provide farmers with training in forest planning and protection of natural and planted forests;
- ↳ strengthen the forestry and agro-forestry extension service and expand them to village levels, in close collaboration with the Department for Agriculture;
- ↳ train more staff at district and community level to reduce illegal harvesting and trade;
- ↳ raise awareness and provide information on CFM, participatory processes and benefit sharing.



Capacity building at all levels

Capacity building is crucial for the long-term success of afforestation efforts. A lack of adequately trained staff at the field level still has to be observed. An effective co-management between partners at national and provincial levels, however with a decentralized implementation structure increases support and ownership at district, community, and village levels.

Project design and planning

The commitment of authorities at all levels is precondition for successful projects and the institutionalization and up-scaling of methods developed at project levels. A combination of technical and financial cooperation, close coordination and collaboration of donors, and an appropriate planning of time and other resources required to support sustainable forest management and marketing of products enhance the chances for success. Transparency on availability of funds has been helpful to avoid misunderstandings.

Box 7. Recommendations on project design and planning

- formulate implementation agreements carefully to avoid misunderstandings;
- set realistic targets;
- establish clear roles and responsibilities for each project component and partners/ stakeholders, including the Commune People's Committee Chairpersons;
- adapt and tailor implementation strategies to local conditions and priorities as well as to capacities of villagers;
- involve local, provincial, and national authorities in impact monitoring;
- ensure training measures to be accompanied by monitoring;
- integrate effective measures for forest fire management into project designs in order to minimize the risk of investment failure;
- consider food security and impacts on vulnerable groups;
- involve stakeholders at all levels in a participatory monitoring and evaluation system.



VI. BACKGROUND DOCUMENT



Participation at village and community level

Budgeting and subsequent involvement of stakeholders at all levels in participatory planning, decision-making, implementation and monitoring of projects has facilitated and stimulated the active participation and ownership at farmer household, village, and community levels. In particular, the demand-oriented and bottom-up village planning approach benefitted tremendously. Community and village contributions (e.g. through labour or cash) also increased the ownership-approach of the local population. Project activities have been implemented more efficiently, where village development workers were democratically selected. Village clubs and associations are in some places part of the local culture and played an important role to sustain the development efforts of a project. CFM is still insufficiently embedded in the institutional structures and processes, which also reflects the weak commitment towards an increased engagement in CFM. Provision of short-, medium-, and long-term income opportunities from forestland and benefit sharing mechanisms for rural population, including ethnic minorities, are pre-conditions for applying participatory forest conservation and sustainable forest management practices. The planning of such income-generating activities requires intensive studies of potentials, market conditions and existing capacities. The application of the “value-chain approach” can increase income at household levels.



Land use and land use planning

Land use planning is indispensable to facilitate the successful integration of land use for agriculture, forest-use and conservation, and an effective tool for decision-making, conflict resolution and application of bottom-up approaches.

3.4 Other Multi- and Bilateral Cooperation

Vietnam's forestry sector has received substantial support from a wide range of international donor agencies and INGOs (Appendix 7.2).

These include:

- ↘ Bilateral Donors with large-scale and sustained involvement such as Finland, Switzerland, Norway, the Netherlands, Australia, and Germany.
- ↘ Key multilateral and international financial institutional partners including JICA/JBIC, WB, KfW, ADB, UN organisations, FAO, EU.
- ↘ Various INGOs support forestry related projects and programmes at the provincial, district, and commune level. Some of these are also involved in policy related issues at national level such as IUCN, WWF, SNV, FFI, BirdLife International, Winrock International, and Tropenbos International.

For the year 2010, the amount of USD 44 million is contributed as ODA to the forestry sector. However, ODA declined steadily from about USD 68 million in 2008, and it is estimated to reach approx. USD 20 million by 2012. Viet Nam is reaching the status of a middle-income country, and it is expected that commitments of established development partners will be reduced further. This became evident in 2009, when only two new ODA-supported forestry projects were signed with a total value about USD 10 million. One of the aforementioned projects is the development of forest management information system (FORMIS) funded by Finland Government and TFF. The other project is the UN-REDD project funded by the United Nations.

It is an established fact that forests play a central role in climate change mitigation, biodiversity conservation, and sustainable development. Therefore, some donors

Box 8. Recommendations on community forest management and poverty reduction

- ↘ complete the legal framework for CFM at national level;
- ↘ review the technical guidelines elaborated stringently for their technical relevance and appropriateness;
- ↘ introduce budget lines for CFM at provincial level;
- ↘ simplify and streamline bureaucratic procedures required for legal approval;
- ↘ introduce mechanisms to link experiences from field to the national policy decision processes;
- ↘ introduce the participatory CFM approach into institutional district and provincial forest planning;
- ↘ delegate authority to “consultative groups” for the negotiation of processes at all levels;
- ↘ involve villagers in design, implementation and management of village-based service delivery structures and cost recovery schemes;
- ↘ plan and implement projects in harmony with the specific local traditions and cultures.
- ↘ include basic needs and concerns of villagers into socio-economic development planning at community, district and provincial levels;
- ↘ seek collaboration with and involvement of the private sector;
- ↘ select agriculture and forestry production models as function of market demand;
- ↘ focus in buffer zones on livelihood measures that directly contribute to the conservation of the protected area;
- ↘ train and assist communities in marketing their respective products
- ↘ focus training on technical subjects such as site mapping, reforestation and natural regeneration techniques, nursery and community forestry management.

VI. BACKGROUND DOCUMENT

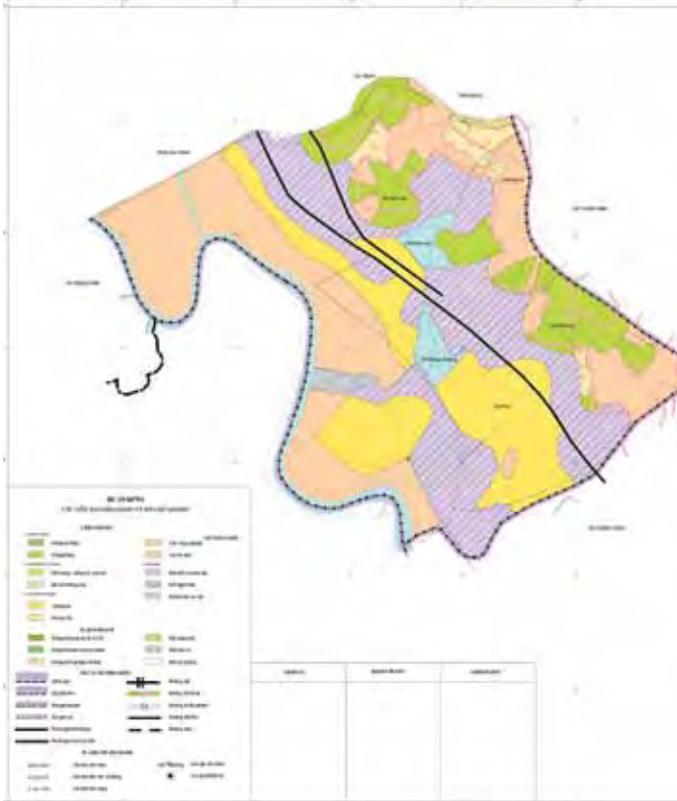


Figure 13. Example of a village-land-use-plan (KfW)



reconsidered their budget cut and will continue to support Vietnam's forest sector. However, a shift in focus is taking place and more emphasis will be given to a) sustainable forest management, b) enhancing forest certification, c) biodiversity conservation, and d) capacity building in REDD and PES implementation. This allows the forestry sector to receive continued international assistance for the protection and the sustainable management of forests, contributing to mitigate the impacts of climate change and to alleviate poverty. On this basis, the forestry sector, in collaboration with JICA, for example has developed two new projects, which are: "Study on forests and potential land related to climate change" and "Project on capacity building on climate change and community forest". However, tremendous challenges still remain to build capacity for REDD implementation.

Another global trend is influencing the development of Vietnam's forestry sector and donor support. Changes in the market conditions within major wood consuming countries (EU "The obligations of operators who place timber and products on the market", previously referred to as the EU Due Diligence Regulation and the US Lacey Act) will lead to a reduction of controversial timber. Viet Nam is one of Southeast Asia's largest exporter's of wooden furniture, and will be heavily affected. Therefore, the country is actively involved in regional initiatives and has been exploring cooperation opportunities with EU under the Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan to reduce illegal logging and associated timber trade. The EU, the Government of Finland, the Government of Germany through GTZ, as well as some NGOs (IUCN, WWF, Forest Trends, TRAFFIC) are building up capacity of stakeholders in the process, such as negotiation teams, technical working groups, and others. Embassies of EU members (e.g. Netherlands, Norway) are also willing to provide funds directly to Viet Nam for the Voluntary Partnership Agreement (VPA) negotiation process.

In 2008, a break-down of forestry ODA funds revealed the following activities:

- 48 organizations (donors / implementers) supporting the forest sector;
- 81 projects on-going;
- 25 projects implemented in national level;
- 7 projects implemented in regional level (6 regions);
- 49 projects implemented in provincial, district and National park level (in 35 provinces).

Most of the ongoing projects in the forestry sector promote the VFDS and its five programmes. At present, support is aligned predominantly with programmes one and two of the VFDS, reflecting the large investments in afforestation by the core donors.

For the year 2010, ODA project funds are distributed between the five programmes as follows:

At the provincial level, support focuses on the central highlands and the northeast of the country, reflecting the aim to reduce poverty. Support from multilateral agencies (ADB, World Bank and EU), two main bilateral donors (Germany and Japan), and the TFF (a multi-donor trust fund for forest, which pools contributions from Finland, Switzerland and the Netherlands) presently constitutes 87% of the ODA commitments to the forest sector in Vietnam.

Currently, TFF has completed 28 projects and 7 projects are on-going (including two large co-financing projects: World Bank Forest Sector Development Project (FSDP) with earmarked funding, and ADB FLITCH Project with non-earmarked funding). The FSDP and the FLITCH project belong to the largest projects in the sector in terms of scope and value. The aforementioned Viet Nam Conservation Fund (VCF) in Chapter 2.3 Policies and Plans is part of the FSDP project and aims to increase the reliability of funding to Special Use Forests as a new national conservation financing mechanism.



Table 3. Distribution of ODA project funds to the five forest-related development programmes

Programme		ODA Funds USD 2010
1.	Sustainable Forest Management and Development	19,210,023
2.	Forest Protection, Biodiversity Conservation and Environmental Services	12,699,198
3.	Forest Products Processing and Trade	4,149,313
4.	Renovating Forest Sector Institutions, Policy, Planning and Monitoring	1,281,050
5.	Management and other Cost	18,500
Total		42,014,336

VI. BACKGROUND DOCUMENT



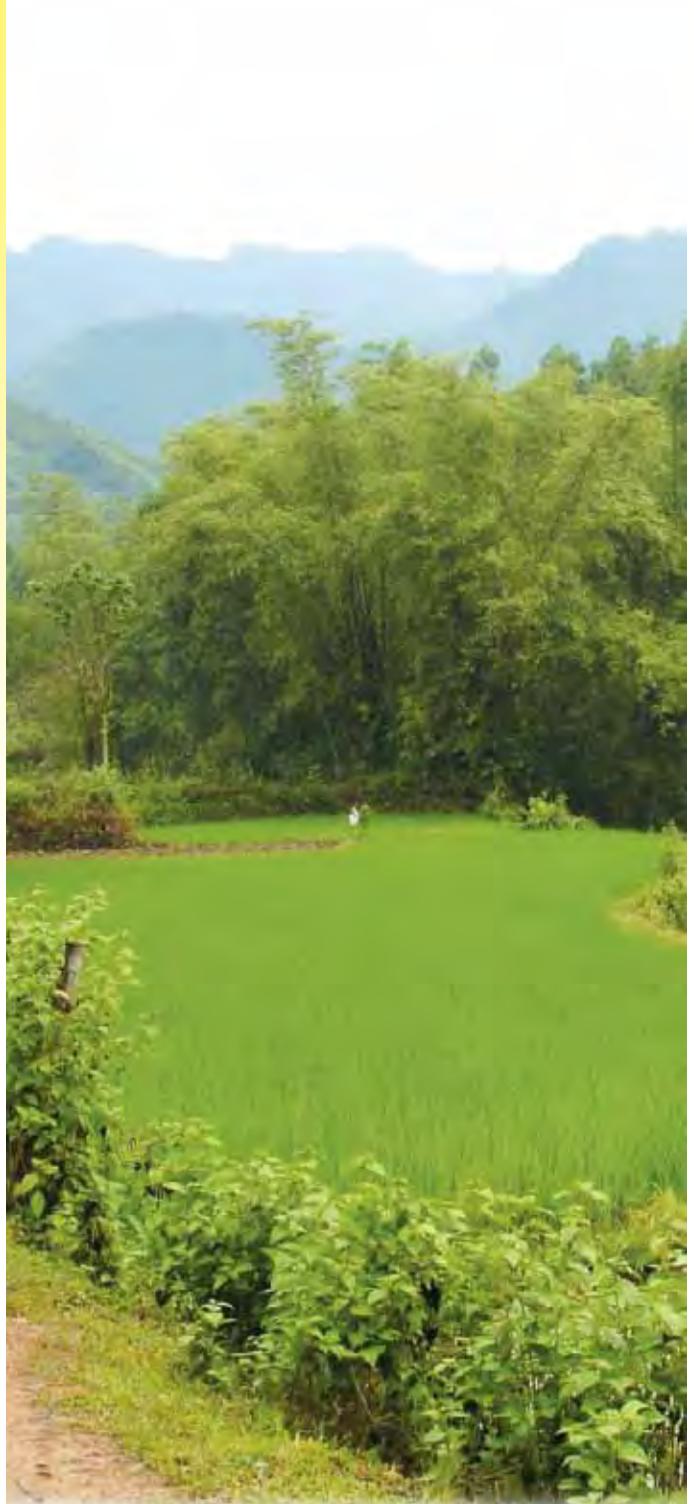
4. APPROACHES TOWARDS SUSTAINABLE FOREST DEVELOPMENT



Summarising challenges and opportunities, lessons learnt, and projecting promising approaches of sustainable forest management and biodiversity conservation, a number of approaches can be identified, which can be used as a starting point for shaping the future of Viet Nam's forestry sector.

Viet Nam has made substantial progress in conserving its natural forests and establishing forest plantations. However, the expansion of activities needs to be accompanied by a strengthening of relevant institutions. This refers particularly to rural areas and to the number and the qualification of staff. Moreover, the equipment of field offices is inappropriate to cope with the current and future tasks. Efforts so far have been largely driven by donor support at project level and sustainability of implemented measures is a challenge and requires an appropriate ownership through the Vietnamese Government. Substantial managerial and coordination improvements at all levels are required.

An essential backbone for sustainable forest management and biodiversity conservation in Vietnam are communes and small farmers. For their support reliable long-term programmes are required. These programmes should entail the strengthening and decentralisation of government extension services, increased participation and ownership of local people, provision of high-quality and site-adapted planting material, and appropriate planning of land-use and production requirements. The current financing mechanisms for sustainable forest management (of planted and natural forests) are largely driven by outside sources. The forest industry is still extremely vulnerable as raw material for downstream processing is imported at a large scale. To prepare Vietnam's forest sector for the future, more robust financing mechanisms are needed that merge public, private, and external financial sources. Despite the progress in other sectors applying sector



VI. BACKGROUND DOCUMENT



Box 9. The guiding questions for this working group “Institution and Capacity Building” are

1. What changes are required at Vietnam’s institutional forestry stakeholders to face the challenges of sustainable forest development in a changing climate?
2. What steps and arrangements are required to increasingly combine public and private sector efforts in sustainable forest management for the benefit of producers and consumers?

budget support programmes (SBS), the forestry sector is still in an infancy stage in developing effective approaches. The projected changes to the growing conditions of forests due to global warming are superimposed to the “normal” development opportunities and challenges. A number of technical issues have to be resolved to prevent coastal erosion, conserve biodiversity, manage forests, and to plant species adapted to site and climate conditions for the benefit of both producers (incl. industry) and consumers.

Group 1: Institution and capacity building

Group 2: Incentives for community and small-scale forestry

Group 3: Public and private forest financing

Group 4: Forestry and Climate Change – Challenges, opportunities, and financing needs

4.1 Institution and Capacity Building

Vietnam’s forestry sector faces internal and external challenges. To cope with these, strong and well-trained institutions are required. The most recent institutional reform in the forest sector took place in January 2010 through integrating the Department of Forestry and the Forest Protection Department into the Directorate of Forestry under the Ministry of Agriculture and Rural Development. The driving forces behind this reform were to achieve a higher efficiency of administrative procedures, better coordination between national and provincial levels, and the establishment of a functioning forest extension service. The new Directorate has a strong focus on the implementation of the VFDS. The FSSP supports these efforts by providing a forum for policy dialogue, coordination, and information exchange between different government institutions,

VI. BACKGROUND DOCUMENT

donor community, civil and academic society as well as private sector. The process of transforming state forest enterprises into liability limited companies operating in accordance with the law on enterprises is still ongoing. The process of forestland allocation and clarification on property rights has also not yet been concluded. To remove distortions that reduce the profitability of SFM, infrastructure needs further improvement.

The timber processing industry still shows high growth rates and it is most likely that these will remain in future. However, the past growth strongly depended on imports of raw material from partially questionable sources. Therefore investors/companies in the downstream sector need, additionally to bringing capital and technology, know-how and management skills to cope with the risk of uncertain raw material supply. Logically, securing increased local supply can reduce this risk.

When designing the institutional framework in Vietnam, the concentration on investments of the private sectors bear the risk that small-scale timber producers are not considered adequately.

The institutional forestry landscape of Viet Nam thus faces serious challenges. The efficiency of the implementation of the VFDS has to be increased further. Administrative procedures for the nation-wide establishment of SFM are improving, but are still complicated and time consuming. The timber processing industry is challenged by increasing global timber prices and will therefore rely increasingly on national supply. New emerging market requirements such as certification and legality evidence systems (EU-Due Diligence, US Lacey Act) require the application of internationally acknowledged standards of timber production and processing. The considerable mitigation potential of forests against the impacts of climate change has also to be realized.

The institutional landscape of the forest sector needs to respond to these challenges in an appropriate manner. Efficiency of bureaucratic procedures for the implementation of SFM has to be increased. The reform process of the state forest enterprises, as well as the process of forestland allocation, need to be accelerated. To effectively attract and support private sector investments the Government needs to ensure an attractive and stable investment environment, reduce bureaucracy to establish and operate business, provide an enabling incentive system (e.g. tax breaks), accelerate forest land allocation, clarify property rights, improve infrastructure, avoid distortions that reduce profitability of SFM, concentrate on investing in public services and reduce commercial investments.



4.2 Incentives for Community and Small-scale Forestry

In order to further motivate farmers, households and communities to get engaged in sustainable small-scale forestry, different incentive measures have been field-tested by the Vietnamese Government and various international cooperation projects in recent years. Generally, small-scale forestry is driven by expectations of returns from wood sales. Often these expected returns, together with a land title, are a sufficient incentive for the smallholders to maintain the forestlands. Yet, unfavourable conditions of the available land/forest resources, limitations in the social environment, and uncertainties regarding suitable climate change adaptation measures can hamper a successful participation of smallholders in sustainable forest management. A combination of several incentives, for example as offered by the Vietnamese-German financial cooperation smallholder forestry projects, usually leads to higher acceptance and participation rates among locals in small-scale forestry. Successfully supported project approaches included five incentives:

- Land tenure security. Smallholders receive land-use rights for up to two hectares of land for 50 years. The so-called “red book” is the legal land-use right document. The farmers are allowed to utilise the timber as well as non-timber forest products from this land. In return, farmers undertake to reforest and sustainably manage the land entrusted to them in line with technical guidelines.
- Opening of a deposit account (“green book”), which guaranteed up to USD 340 (6.5 Mio. VND) in savings per hectare for successfully reforested land, paid out with interest and compound interest for up to nine years. In this way the land users are compensated for their labour input.

- ↘ Training/extension services provided by project staff leads to improved skills in forest management.
- ↘ Free material. Seedlings and fertilizers were provided free of charge.
- ↘ Prospective short- and long-term profits from timber and secondary forest products. Small-holders are provided with a list of suitable tree species and may chose according to their own preference.
 - ▶ Short rotation pioneer species (mostly exotic) are used to cultivate former bare lands and provide early income to smallholders.
 - ▶ Long rotation high-value species (native) secure long-term benefits and ecological im-provement of the forestland.

4.3 Public and Private Forest Financing

In 2007, MARD implemented a Forestry Investment Forum to analyse the possibilities of linking public and private sector investments. It was concluded:

- ↘ Land availability and the forestland tenure system (which promotes small holder ownership) are challenges for large-scale plantation development. New and innovative strategies need to be developed to account for this and ensure landowners are engaged as “partners” in this development with appropriate incentives.
- ↘ Government policies support private sector development. In some cases, however, the actual situation (in terms of implementation of these policies) at the Provincial level differs from the policy statements from the National Government.
- ↘ Private Forestry enterprises find it difficult to compete for land and plantation resources with SFEs. The process of equitisation of SFEs should reduce this imbalance.

Box 10. Guiding questions for the working groups “Incentives for small-scale Forestry” group are

1. Are there contradictions at small-scale level between the production of timber and nwfp from planted and natural forests?
2. Are organisational structures of farmers appropriate to implement sustainable forest management and market forest produce?
3. What kind of technical support through governmental agencies is needed at farm-level for successful implementations of financially feasible forest management?
4. Which is the role of the commune-level to assist farmers in sustainable forest management?
5. What further steps are needed to additionally assist small-scale forestry at farm-level to adapt to climate change?
6. What are the lessons learnt from promoting gender roles in farm-forestry in the region?

Box 11. The guiding questions for the working group “Public and Private Forest Financing” are

1. How can Viet Nam make financing of sustainable forest management in natural forests more attractive for the private sector?
2. How can Viet Nam best link public and private financing, respectively work complementarily?
3. How can small-scale outgrower schemes and farmers benefit from introducing private investments to rural areas?
4. What lessons have private sector investors learnt so far from investments in planted and natural forests in Viet Nam and the region?

↘ Often information and data sources on the sector are limited and what is available from various sources is sometimes contradictory.

↘ To attract private investment the sector should seek to encourage an upstream and down-stream development approach. Rather than just focusing on plantations, investments in the processing and transportation of raw materials should be considered as part of a “whole of supply chain” approach.

↘ There are limited avenues for farmers to secure credit for investment. Larger investors should seek to involve farmers and smallholders in any venture so as to reduce the risks all round.

Financing sustainable development, in particular the bilateral Vietnamese-German efforts, will face major changes in the upcoming years. Germany reorganises its development assistance and merges some of its agencies, to increase efficiency and reduce costs. Moreover, bi- and multilateral public funding might be reduced due to the economic development in donor countries. Despite the development of public budgets, there is an increasing availability of private funding. International private and institutional investors, tired of losing money in short-term investments or in real estate markets are becoming increasingly aware of real assets, for example timber resources. According to World Bank (2010), Viet Nam ranks 93 of 183 countries in the “Ease of doing business index” (91 in 2009). This indicates that there is ample space to catch up or further distance with neighbouring countries (ranks: Thailand 12, Malaysia 23, China 89, Cambodia 145, Lao PDR 167).

Moreover, to increasingly and effectively attract and support private sector investment, the following measures are proposed:

↘ Ensure an attractive, stable investment environment;

- Reduce bureaucracy to establish and operate a business;
- Provide incentives by, e.g. tax breaks.

Viet Nam faces the challenge to further develop its forests with own contributions, decreasing international support and by attracting more private investments. The major challenges are formulated in the following box.

4.4 Forestry and Climate Change - Challenges, opportunities, and financing needs

In the past 50 years, Viet Nam has witnessed various impacts of climate change. For instance, the average temperature has increased by 0.5 – 0.7°C, the sea level has risen by 20 cm, and the number of typhoons and tropical depressions increased up to 8 per year. Though preventive measures have been actively taken, losses and damages from disasters are extremely severe for Vietnam. In the last 10 years alone, Viet Nam lost due to natural disasters up to 800 lives and 1.5% of GDP per year (ADB, 2009).

According to the latest estimates, in 2100 Vietnam's average temperature could increase by another 2.3°C and the sea level could rise by 75 to 100 cm. Many coastal areas in Viet Nam could be submerged. The Mekong River delta, which produces more than 50% of rice and contributes 90% of rice export of Vietnam, could see 19–38% of its current land area submerged. Viet Nam is among the few countries worst affected by the impacts of climate change, especially by rising sea level due to its long coastline that harbours important economic activities and densely populated communities. Moreover, the coastal communities are heavily dependent on the weather and climate because of their agricultural, fishery and forestry production. Though full assessment is not yet available, climate change is considered the biggest



VI. BACKGROUND DOCUMENT



challenge to food security in Vietnam, threatening the attainment of the Millennium Development Goals and the path to poverty reduction and sustainable development.

Being a Party to the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol, Viet Nam has made efforts and is closely cooperating with the world community to respond to impacts of climate change in conformity with the principle of “common but differentiated responsibilities” specified under the UNFCCC. The Vietnamese Government has actively implemented the provisions under the UNFCCC and Kyoto Protocol and has attained concrete results. With 1% of the world population, Viet Nam contributes only 0.4% of the global carbon dioxide emissions. Viet Nam has submitted its First National Report to the UNFCCC and is now preparing the second one. The Vietnamese Government has also approved the National Strategy on prevention and mitigation of natural disasters to 2020, published scenarios on climate change and rising sea level to 2100.

Meanwhile, to actively respond to climate change, the Vietnamese Government approved in 2008 the National Target Programme to Respond to Climate Change (NTP-RCC). The strategic objective of the NTP-RCC is to assess the impacts of climate change on industries, sectors and provinces in each reporting period, and to have feasible action plans to effectively respond to climate change in both the short- and long-term to ensure sustainable development, tap all the opportunities for economic development on the low-carbon path, use energy effectively and economically, explore and use effectively new energy sources, replace fossil fuels by renewable energy, and to develop green industries. Based on climate change and sea-level rise scenarios, Viet Nam is assessing the possible impacts and formulating suitable responses.

Viet Nam considers responding to climate change, especially to sea-level rise as an important and crucial task to attain sustained socio-economic development. Together with domestic efforts, Viet Nam has actively promoted international cooperation to have coordinated actions, joining the inter-national community to effectively respond to climate change, protect the earth's climate and to prevent and mitigate natural disasters. Viet Nam is committed to effectively implement measures to reduce Green House Gases (GHG) emissions with the active support of developed countries and the international community.

The Copenhagen Conference was an important milestone in the course of implementation of the Bali Roadmap. At this Conference, Viet Nam brought to the world the following understandings:

First, Earth is our common house that requires the collective efforts and contributions from all nations in the fight against climate change.

Second, the UNFCCC and Kyoto Protocol should remain as fundamental legal documents for the international community to respond to climate change. However, the Kyoto Protocol should be revised and amended to incorporate new provisions for high GHG emission countries.

Third, developed countries should take the lead in making strong mid-term and long-term commitments on GHG reduction. These commitments should be quantifiable, reportable and verifiable in order to limit the increase of global mean temperature to not over 2.0°C by the end of this century.

Fourth, developed countries should provide appropriate financial and technological assistance to countries seriously affected by climate change, especially by sea-level rise, through new financial



and technology transfer mechanisms and the access to the adaptation fund.

Fifth, countries including Vietnam, which are most vulnerable to climate change and especially sea-level rise, should be given prioritised mechanisms and special supports in financing and technological transferring, and assisted to strengthen capacity to respond to climate change by high GHG emission countries. The international community should have a coordination body and develop a special support programme for these countries to effectively respond to climate change, and especially to sea-level rise.

Sixth, developing countries should actively contribute to the global efforts by developing and implementing National Appropriate Mitigation Actions (NAMAs) on a voluntary basis to ensure sustainable development.

As a country providing a fifth of world food exports and also a country among the few worst affected by climate change, especially sea-level rise, Viet Nam is particularly grateful for the international assistance so far and would urge for more international support in order to effectively address this challenge so as to contribute more to global food security. (H.E. Mr. Nguyen Tan Dung, Prime Minister of the Socialist Republic of Viet Nam)

Adaptation Measures

To adapt to these changes Viet Nam has to considerably change its forest management approach by responsive and proactive measures, as e.g. proposed by UNFCCC (2007):

Mitigation Measures

A core principle in the UNFCCC that is also quoted in Vietnam's NTP-RCC is that of common but differentiated responsibilities, especially for mitigation of GHG emissions. In Bali (at COP13, in 2007) it was agreed that developing countries should implement NAMAs. NAMAs should be "Measurable, Reportable and Verifiable" (MRV). This means that Viet Nam should limit its growth in GHG emissions whilst making clean and affordable energy available to poor people and industries alike.

There are indeed opportunities for Viet Nam to start preparing now for a low-carbon, developed economy by using modern technologies and making investments that should help save costs and be socially and economically attractive, while at the same time mitigating GHG emissions. Moving towards a low-carbon economy and using international policy developments on climate change as a

Table 4. Adaptation measures for forestry as proposed by UNFCCC (2007)

Reactive and responsive options	Proactive and anticipatory options
<ul style="list-style-type: none"> • Improvement of management systems including control of deforestation, reforestation, and afforestation • Promoting agro-forestry to improve forest goods and services • Development/improvement of national forest fire management plans • Improvement of carbon storage in forests 	<ul style="list-style-type: none"> • Creation of parks/reserves, protected areas and biodiversity corridors • Identification/development of species resistant to climate change • Better assessment of the vulnerability of ecosystems • Monitoring of species • Development and maintenance of seed banks • Forest fire early warning systems

development opportunity is critical, especially as “new and additional” finance is becoming available to developing countries and efforts at capacity building are stepped up. This should not be a major demand on Vietnam’s domestic public finances.

Businesses need access to capital, which can be supported through loan guarantee schemes. There is also a need for new, innovative and well-monitored environmental standards that businesses can adopt voluntarily. In addition, strong and independent agencies are needed that can undertake various kinds of environmental audits. Furthermore, there is a need for long-term thinking about the location of industrial parks, in order to protect them from floods and at the same time conserve the most productive agricultural lands. The location of coal-fired power plants should be in areas where there is potential for carbon capture and storage, e.g. in forests.⁹

This can be achieved through (ADB, 2009):

- ↘ maintaining or increasing the forest area through reduced deforestation and degradation and through afforestation and reforestation;
- ↘ maintaining or increasing carbon density (tons of carbon per hectare) through forest management, forest conservation, longer forest rotations, and fire management; and
- ↘ increasing off-site carbon stocks in wood products and enhancing fuel substitution using forest-derived biomass.

Box 12. The guiding questions for the working group “Forestry and Climate Change - Challenges, opportunities, and financing needs” are

1. What are the short- to medium-term options for adapting Viet Nam forests to the impacts of climate change?
2. What role can Vietnam’s forests play in climate change adaptation on the long-term?
3. What are the priorities in financing climate change adaptation in/of Vietnam’s forests?
4. What further short-term steps are required to link REDD+ and ODA instruments effectively?

9. United Nations Vietnam. 2009. Viet Nam and climate change: A discussion paper on policies for sustainable human development. Hanoi: UN Vietnam.

Financing Needs and Challenges

Viet Nam is the first country in the region that seriously got involved in REDD activities under the UN-REDD programme. At the moment, REDD in Viet Nam only focuses on SFE (state forest enterprises) however, support should additionally integrate local people as beneficiaries.

Financial and technical support is particularly needed for strategy development, national and regional forest inventories, development of base lines, law enforcement, improvement of infrastructure, and mechanism to share benefits among stakeholders, just to mention a few aspects.

Viet Nam is still working on capacity and methodology development. The lack of available data on forests and their growth and yield will delay the development of a national baseline as well as MRV. Weak law enforcement will hinder the reduction of deforestation and forest degradation.



Forests in Viet Nam have always played an important role in sustaining people's livelihoods, as well as for the national economy. Over the many years of war, the country's forests and thus their contribution to people's and the national economy have severely been curtailed. Viet Nam has in the past twenty years undertaken great efforts to rehabilitate and reestablish its forests for the benefit of people and the economic development.

Nevertheless, Viet Nam's growing wood processing industry still relies to 80% on timber imports.

Now a new challenge is arising. Climate change will severely impact Viet Nam, especially its coastal regions. Additionally to forests' traditional functions of regulating the hydrological cycle and providing goods and services and thus income, employment and improving livelihoods, forests play an important role in climate change adaptation and mitigation.

The VFDS, as well as the national REDD strategy under development make provisions for the appropriate actions to cope with the new challenge of climate change. Objectives have also been set in Forest Sector Outlook Study (FAO, 2009).

In the past, multilateral, bilateral financing and private sector financing as well as technical cooperation have played a significant role in rehabilitating and sustainably managing natural forests and establishing planted forests. To further strengthen Viet Nam's forestry sector, and help it to cope with the traditional and new challenges, the following recommendations are made:

Strengthening of Institutional Framework

Coordination and collaboration between forestry institutions at different levels need to be strengthened, and implementation of policies further decentralized. This implies, amongst others, increased capacity building for government officers as well for civil society representatives at district and village levels, and a rethinking of the role of government in forest development. Since forest development, is closely interlinked with the development of other economic sectors, cross-sectoral coordination and cooperation also needs to be improved.

Community and Small Scale Forestry

An aspect specific for Viet Nam's forestry sector is the important role rural population, villages and communities as well as ethnic minorities play in the rural landscape. Since forests considerably contribute to their livelihoods, forest development is in their very interest. It will be important to more than before consider them as an asset and further encourage their commitment to conserve and manage Viet Nam's forests sustainably. To further engage them, their ownership needs to be strengthened through their proactive involvement and direct participation in all steps of forest development from planning through capacity building, development of leadership skills, project implementation, co-management and benefit sharing

Forest Financing

While public financing in the forestry sector is dwindling, the private investors have developed an increased interest in spreading their investment risks through expanding their portfolios to forest investment. It will be important to find ways to engage the private sector not only in forest plantation development, but also in the sustainable management and conservation of natural forests. This requires facilitating private investment further and enhancing the investment climate, amongst others through an easing of administrative procedures. It requires also further innovative approaches to link public and private investment in forestry, and the development of a national forest financing strategy, which aims at synergetically using different public and private forest financing mechanisms.

Forests and Climate Change

Viet Nam will be particularly affected by climate change, and its natural and planted forests can play an important role in climate change adaptation and mitigation. Forests also provide ample possibilities to link climate change adaptation and mitigation measures. It will therefore be important for the forest sector institutions to fully integrate themselves in the process to develop a national climate change adaptation and mitigation strategy, and its implementation. Important elements will be to introduce mechanisms for coastal protection, including the conservation and sustainable management of mangroves, the ongoing forest plantation development, sustainable management of natural forests, protected areas development, and the development of a national REDD+ strategy. For the latter, it will be important that all REDD+ efforts supported by different bi- and multilateral cooperation partners as well as carbon trading will be coordinated under the leadership of one sector institution such as MARD.

Forest Sector Support Partnership

To make best use of efforts by cooperation partners, the FSSP, in the spirit of the Paris Declaration of Aid Effectiveness, requires further strengthening and should be the body where all sector relevant programmes are coordinated and synergies sought.

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7.1 Appendix 1: German Contribution

Financial Cooperation Projects

- **KfW1:** Afforestation in Lang Son and Bac Giang, 1995 – 2000.
- **KfW2:** Afforestation in Ha Tinh, Quang Binh and Quang Tri, 1997 – 2007.
- **KfW3:** Afforestation in Bac Giang, Quang Ninh and Lang Son, 1999 – 2008 (2 phases). A third phase financed by the so-called ‘QuickWin Funds’ started mid of 2007 (Quick Win Afforestation Measures in Bac Giang, Lang Son and Quang Ninh provinces, 2007 – 2010).
- **KfW4:** Afforestation in Thanh Hoa and Nghe An, started 2003 and is presently in its second phase, which is expected to be completed in 2012; KfW4 for the first time planted indigenous tree species on a larger scale.
- Funds for the fifth project were allocated to supplement investments in the first and third pro-ject.
- **KfW Training for KfW1 and KfW3:** A training measure to technically support the existing plantations established under KfW1 and KfW3 started early 2005 (Afforestation and Reforestation Training Measures) and lasted until December 2008.
- **KfW6:** Forest Rehabilitation and Sustainable Forest Management in Quang Nam, Quang Ngai, Binh Dinh and Phu Yen, 2005 – 2013 presently in its second phase, started in 2005 and expected to be completed by 2012; KfW6 includes for the first time a community forest management (CFM) component.
- **KfW7:** Forest Development in Hoa Binh and Son La commenced in April 2009 (scheduled until 2015), and – apart from rehabilitation and CFM measures – additionally includes components of biodiversity conservation and community development in its project concept.

Technical Cooperation Projects

- Community Forestry Management in Song Da, 1994-2004;
- Promotion of Agriculture in the Tan Lan Area, 1995-2004;
- SFE renovation and development of improved cash crops, 1996-2005;
- Reform of the Forest and Administration System (REFAS), 1997-2006;
- Integrated food security programme in Quang Binh province, 1998-2004;
- Tam Dao National Park Management Project, 2003-2009;
- Integrated Rural Development Dak Lak, 2003-2010;
- Sustainable Management of Natural Resources in Central Vietnam, 2004-2010;
- Programme for the Promotion of Sustainable Utilisation and Management of Natural Forest and Important Forest Products, 2006-2015;
- Capacity Building for Sustainable Forest Management and Biodiversity, 2007-2010;
- Management of Natural Resources in the Coastal Zone of Soc Trang Province, 2007-2014;
- Nature Conservation and Sustainable Management of Natural Resources in the Phong Nha-Ke Bang National Park Region, 2008-2014;
- Conservation and Development of the Biosphere Reserve of Kien Giang Province, 2008-2011;
- Sustainable Management of Coastal Forest Ecosystems in Bac Lieu Province, 2008-2011;

- Environmental Protection and Sustainable Management of Natural Resources in Dak Nong Province, 2008-2011;
- Preservation of Biodiversity in the Forest Ecosystems in Vietnam, 2010-2020.

German Development Service Projects

- Bach Ma National Park in the province of Thua Thien Hue (1998);
- Forest Protection Department in Thanh Hoa in the Pu Luong Nature Reserve (2002-present);
- Pu Hu and Xuan Lien Nature Reserves (2007-present);
- Tam Dao National Park in Vinh Phuc (2006);
- Phong Nha Ke Bang National Park in Quang Binh (2007-present);
- Pu Huong and Nghe An Nature Reserves (2009-present).

CIM Positions

- 3 positions at MARD;
- 1 position at DARD in Province of Kon Thum;
- 1 position at Handicraft and Wood Industry Association of HCMC, HAWA;
- 1 position at Ministry for Science and Technology.

7.2 Appendix 2: ODA Contribution

Table 5. Total ODA project commitments by VFDS programme type for projects to be completed in 2009 or later

VFDS programme	Amount (USD)
1. Sustainable forest management and development	138,543,879.43
2. Forest protection, biodiversity conservation and environmental services development	80,096,769.05
3. Forest product processing and trade	26,257,341.08
4. Research, education, training and forestry extension	27,218,651.70
5. Renovation of forest sector institutions, policy, planning and monitoring	9,756,277.32
6. Management and other costs	113,690.00
Total	281,986,608.58

Source: FOMIS data (<http://210.245.80.182/Default.aspx>)**Table 6.** Total ODA project commitments by region and in relation to forest cover

Region	ODA Fund Amount and percentage of annual total			Forest cover in 2008 (ha and % of total)
	2008	2009	2010	
North East	7,169,657 (17.9%)	7,246,657 (18.1%)	6,344,759 (16.3%)	2,815,000 (26.3%)
North West	2,666,819 (6.7%)	2,693,819 (6.7%)	2,141,588 (5.5%)	797,400 (7.5%)
Red River Delta	448,131 (1.1%)	448,131 (1.1%)	123,810 (0.3%)	416,400 (3.9%)
North Central	5,122,052 (12.8%)	5,143,752 (12.8%)	4,957,196 (12.7%)	1,902,800 (17.8%)
South Central	10,255,470 (25.7%)	10,255,470 (25.6%)	10,255,470 (26.4%)	1,114,700 (10.4%)
Central Highland	7,119,939 (17.8%)	7,119,939 (17.8%)	7,894,939 (20.3%)	2,928,700 (27.4%)
South East	1,221,578 (3.1%)	1,221,578 (3.0%)	1,221,578 (3.1%)	419,900 (3.9%)
Mekong River Delta	5,968,630 (14.9%)	5,968,630 (14.9%)	5,968,630 (15.3%)	298,500 (2.8%)
Total	39,972,276	40,097,976	38,907,970	

Source: FOMIS data (<http://210.245.80.182/Default.aspx>)

VI. BACKGROUND DOCUMENT

Table 7: Approximate ODA project commitments by source and annual amounts for projects to be completed in 2009 or later

Source	Total Amount (USD)	Approximate annual amount (USD)				
		2008	2009	2010	2011	2012
Japan	73,941,774	10,504,936	14,711,930	16,453,463	12,710,469	9,006,667
ADB	45,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Germany	44,891,928	8,382,869	8,426,257	6,140,302	3,668,343	3,283,905
IDA	39,540,000	6,590,000	6,590,000	6,590,000	3,295,000	0
European Union	23,096,616	4,622,120	4,622,118	4,606,798	0	0
TFF	22,253,378	3,232,859	3,232,858	2,971,871	2,694,043	1,722,222
Global Environment Facility	9,973,000	1,743,251	1,743,250	1,621,625	750,000	0
NGOs & Foundations	7,844,080	1,184,405	1,185,123	1,143,456	1,101,072	123,810
Australia	6,415,999	890,433	1,209,872	1,143,094	787,755	539,017
The Netherlands	5,615,070	927,996	995,945	995,945	466,016	0
Finland	5,000,000	833,333	833,333	833,333	416,667	0
Denmark	3,136,721	784,181	468,204	0	0	0
Switzerland	457,996	152,665	152,665	152,665	0	0
UK	204,805	68,268	68,268	34,134	0	0
USA	160,000	23,750	65,500	70,750	0	0
Total	287,531,366	44,941,077	49,328,325	47,757,438	30,889,365	19,675,621

Source: Based on FOMIS data (<http://210.245.80.182/Default.aspx>)

7.3 Appendix 3: IUCN Protected Area Management Categories

IUCN has defined a series of six protected area management categories, based on primary management objective. In summary, these are:

CATEGORY Ia	Strict Nature Reserve: protected area managed mainly for science
Definition	Area of land and/or sea possessing some outstanding or representative ecosystems, geological or physiological features and/or species, available primarily for scientific research and/or environmental monitoring.

CATEGORY Ib	Wilderness Area: protected area managed mainly for wilderness protection
Definition	Large area of unmodified or slightly modified land, and/or sea, retaining its natural character and influence, without permanent or significant habitation, which is protected and managed so as to preserve its natural condition.

CATEGORY II	National Park: protected area managed mainly for ecosystem protection and recreation
Definition	Natural area of land and/or sea, designated to (a) protect the ecological integrity of one or more ecosystems for present and future generations, (b) exclude exploitation or occupation inimical to the purposes of designation of the area and (c) provide a foundation for spiritual, scientific, educational, recreational and visitor opportunities, all of which must be environmentally and culturally compatible.

CATEGORY III	Natural Monument: protected area managed mainly for conservation of specific natural features
Definition	Area containing one, or more, specific natural or natural/cultural feature which is of outstanding or unique value because of its inherent rarity, representative or aesthetic qualities or cultural significance.

CATEGORY IV	Habitat/Species Management Area: protected area managed mainly for conservation through management intervention
Definition	Area of land and/or sea subject to active intervention for management purposes so as to ensure the maintenance of habitats and/or to meet the requirements of specific species.

CATEGORY V	Protected Landscape/Seascape: protected area managed mainly for landscape/seascape conservation and recreation
Definition	Area of land, with coast and sea as appropriate, where the interaction of people and nature over time has produced an area of distinct character with significant aesthetic, ecological and/or cultural value, and often with high biological diversity. Safeguarding the integrity of this traditional interaction is vital to the protection, maintenance and evolution of such an area.

CATEGORY VI	Managed Resource Protected Area: protected area managed mainly for the sustainable use of natural ecosystems
Definition	Area containing predominantly unmodified natural systems, managed to ensure long term protection and maintenance of biological diversity, while providing at the same time a sustainable flow of natural products and services to meet community needs.

These categories are defined in detail in the Guidelines for Protected Areas Management Categories published by IUCN in 1994.

7.4 Appendix 4: National Protected Areas (Special-use forests as of Sept. 2002)

No	Name	Location	Year Decreed	Area (ha)
I. National Parks				727,281
1	Bai Tu Long	Quang Ninh	41/TTg -1977	15,738
2	Bach Ma*	Thua Thien Hue	194/CT - 1986	22,031
3	Ba Be	Bac Kan	41/TTg -1977	7,610
4	Ba Vi*	Ha Tay	41/TTg -1977	6,786
5	Ben En*	Thanh Hoa	194/CT - 1986	16,634
6	Cat Ba*	Hai Phong	79/CT - 1986	15,200
7	Cat Tien*	Dong Nai, Lam Dong, Binh Phuoc	360/TTg - 1978	66,000
8	Con Dao	Ba Ria Vung Tau	85/CT - 1984	5,998
9	Chu Yang Sin	Dak Lak	194/CT - 1986	54,227
10	Cuc Phuong*	Ninh Binh, Thanh Hoa, Hoa Binh	72/TTg - 1962	22,200
11	Hoang Lien Sa Pa	Lao Cai	194/CT - 1986	29,845
12	Lo Go Sa Mat	Tay Ninh	194/CT - 1986	16,754
13	Phu Quoc	Kien Giang	194/CT - 1986	31,422
14	Phong Nha Ke Bang	Quang Binh	194/CT - 1986	86,200
15	Pu Mat	Nghe An	1993	91,113
16	Tam Dao*	Vinh Phuc, Thai Nguyen, Tuyen Quang	41/TTg -1977	36,883
17	Tram Chim	Dong Thap	47/TTg - 1994	7,588
18	U Minh Thuong	Kien Giang	1993	8,509
19	Vu Quang	Ha Tinh	194/CT - 1986	55,950
20	Xuan Son	Phu Tho	194/CT - 1986	15,048
21	Yok Don*	Dak Lak	352/CT - 1991	115,545

* Under MARD/FPD management

II. Nature Conservation Area				1,467,786
Ila. Nature Reserve				1,376,033
1	Dakrong	Quang Tri		40,526
2	Ban Dao Son Tra	Da Nang	41/TTg-1977	4,370
3	Binh Chau Phuoc Buu	Ba Ria Vung Tau	194/CT - 1986	11,293
4	Ba Na - Nui Chua	Da Nang	194/CT - 1986	8,838
5	Bac Me	Ha Giang		27,800
6	Bu Gia Map	Binh Phuoc	194/CT - 1986	26,032
7	Bidoup-Nui Ba	Lam Dong	194/CT - 1986	72,573
8	Chu Mom Ray	Kon Tum	65/H§BT-1982	48,658

VI. BACKGROUND DOCUMENT

No	Name	Location	Year Decreed	Area (ha)
9	Cham Chu	Tuyen Quang		58,187
10	Cu Lao Cham	Quang Nam	194/CT - 1986	1,535
11	Du Gia	Ha Giang		24,293
12	Easo	Dak Lak		22,000
13	Huu Lien	Lang Son	194/CT - 1986	10,640
14	Hon Me	Thanh Hoa	194/CT - 1986	500
15	Khe Ro	Bac Giang		5,675
16	Ke Go	Ha Tinh		24,801
17	Kim Hy	Bac Kan		18,555
18	Kon Cha Rang	Gia Lai	194/CT - 1986	24,000
19	Kon Ka Kinh	Gia Lai	194/CT - 1986	41,710
20	Krong Trai	Phu Yen	194/CT - 1986	22,290
21	Ky Thuong	Quang Ninh		17,640
22	Muong Nhe	Lai Chau	194/CT - 1986	182,000
23	Nam Don	Son La	194/CT - 1986	18,000
24	Nam Ca	Dak Lak	194/CT - 1986	24,555
25	Nam Nung	Dak Lak	194/CT - 1986	10,849
26	Ngoc Linh Kon Tum	Kon Tum	194/CT - 1986	41,424
27	Nui Ong	Binh Thuan		25,468
28	Nui Dai Binh	Lam Dong	194/CT - 1986	5,000
29	Nui Cam	An Giang	194/CT - 1986	1,500
30	Nui Pia Oac	Cao Bang	194/CT - 1986	10,000
31	Pa Co - Hang Kia	Hoa Binh	194/CT - 1986	7,091
32	Phong Dien	Thua Thien Hue		41,548
33	Phong Quang	Ha Giang	194/CT - 1986	18,397
34	Phu Canh	Hoa Binh	254/UBND HSB	5,647
35	Pu Hoat	Nghe An		67,934
36	Pu Hu	Thanh Hoa	Bo LN	35,089
37	Pu Huong	Nghe An	194/CT - 1986	50,075
38	Pu Luong	Thanh Hoa	Bé LN	17,662
39	Song Thanh	Quang Nam		93,249
40	Sop Cop	Son La	194/CT - 1986	27,886
41	Tay Con Linh	Ha Giang		40,344
42	Tay Yen Tu	Bac Giang	194/CT - 1986	16,466
43	Ta Dung	Dak Lak		18,893
44	Ta Kou	Binh Thuan		17,823
45	Thanh Phu	Ben Tre		4,510

VI. BACKGROUND DOCUMENT

No	Name	Location	Year Decreed	Area (ha)
46	Thuong Tien	Hoa Binh	194/CT - 1986	7,308
47	Trung Khanh	Cao Bang	194/CT - 1986	3,000
48	Xuan Lien	Thanh Hoa		23,610
49	Xuan Nha	Son La	194/CT - 1986	38,069
50	Xuan Thuy	Nam Dinh	4893/KGVX-1994	7,680
51	Yen Tu	Quang Ninh	194/CT - 1986	3,040
IIb. Species/Habitat Conservation Areas				91,753
1	Dat Mui Bai Boi		194/CT - 1986	4,461
2	EaRal	Dak Lak		50
3	Lung Ngoc Hoang	Can Tho		6,000
4	Mo Re – Bac Son	Lang Son	41/TTg-1977	2,416
5	Na Hang	Tuyen Quang		41,930
6	Rung kho Nui Chua	Ninh Thuan	194/CT - 1986	16,775
7	San Chim Bac Lieu	Bac Lieu		127
8	Tam Quy	Thanh Hoa	194/CT - 1986	500
9	Tien Hai	Thai Binh		12,500
10	Trap Kso	Dak Lak		100
11	Van Long	Ninh Binh		3,500
12	Vo Doi	Cau Mau		3,394
III. Cultural-Historic-Environmental sites				187,668
1	Dao Ho Song Da	Hoa Binh	194/CT - 1986	3,000
2	Do Son	Hai Phong	194/CT - 1986	267
3	Deo Ca – Hon Nua	Phu Yen	194/CT - 1986	8,876
4	Den Ba Trieu	Thanh Hoa	194/CT - 1986	300
5	Den Hung	Phu Tho	41/TTg-1977	285
6	Ai Chi Lang	Lang Son	194/CT - 1986	1,000
7	Bai Chay	Quang Ninh	194/CT - 1986	562
8	Bac Hai Van	Thua Thien Hue		14,547
9	Ba To	Binh Dinh	194/CT - 1986	500
10	Cac dao Thac Ba	Yen Bai	194/CT - 1986	5,000
11	Cac dao Vinh Ha Long	Quang Ninh	194/CT - 1986	1,000
12	Con Son Kiep Bac	Hai Duong	194/CT - 1986	1,477
13	Chien Khu Boi Loi	Tay Ninh	194/CT - 1986	2,000
14	Duong Minh Chau	Tay Ninh	194/CT - 1986	5,000
15	Ghenh Rang	Binh Dinh	2009/QSVH - 1991	2,616
16	Huong Son	Ha Tay	194/CT - 1986	4,355

VI. BACKGROUND DOCUMENT

No	Name	Location	Year Decreed	Area (ha)
17	Ho Cam Son	Bac Giang	194/CT - 1986	15,000
18	Ho Lac	Dak Lak	194/CT - 1986	12,744
19	Ho Nui Coc	Thai Nguyen	194/CT - 1986	6,000
20	Hang Phuong Hoang	Thai Nguyen	3211/QVH-BVH-1991	6,000
21	Hoa Lu	Ninh Binh		5,624
22	Hon Chong	Kien Giang	194/CT - 1986	3,495
23	Kim Binh	Tuyen Quang	1057/VHQ§ - 1991	1,937
24	Lam Son	Thanh Hoa	194/CT - 1986	300
25	Muong Phang	Lai Chau	194/CT - 1986	1,000
26	Nam Hai Van	Da Nang		10,850
27	Ngoc Trao	Thanh Hoa	194/CT - 1986	300
28	Ngu Hanh Son	Quang Nam	194/CT - 1986	400
29	Nui Ba Den	Tay Ninh	194/CT - 1986	2,000
30	Nui Ba Ra	Phuoc Long	194/CT - 1986	940
31	Nui Chung	Nghe An		600
32	Nui Thanh	Quang Nam	194/CT - 1986	1,500
33	Pac Bo	Cao Bang	41/TTg-1977	2,784
34	Rung Thong Da Lat	Lam Dong	41/TTg-1977	32,051
35	Tan Trao	Tuyen Quang	41/TTg-1977	6,633
36	Vuc Mau	Nghe An		24,842
37	Yen The	Bac Giang		1,883

7.5 Appendix 5: Ethnic Groups in Vietnam

Viet Nam is a multi-nationality country with 54 ethnic groups. The Viet (Kinh) people account for 87% of the country's population and mainly inhabit the Red River delta, the central coastal delta, the Mekong delta and major cities. The other 53 ethnic minority groups, totalling over 8 million people, are scattered over mountain areas (covering two-thirds of the country's territory) spreading from the North to the South.

Among ethnic minorities, the most populated are Tay, Thai, Muong, Hoa, Khmer, Nung with a population of around 1 million each, while the least populated are Brau, Roman, Odu with several hundred people each. The Viet people succeeded in establishing a centralized monarchy right in the 10th century. The Cham people once boasted a flourishing culture early in the history. The Tay, Nung, and Khmer peoples had reached high levels of development with the presence of various social strata. The Muong, H'mong, Dao, Thai peoples gathered under the rule of local tribal heads. Many ethnic groups divided their population into social echelons, especially those who lived in mountainous areas. A number of ethnic minorities had mastered some farming techniques. They grew rice plants in swamped paddy fields and carried out irrigation. Others went hunting, fishing, collecting and lived a semi-nomadic life. Each group has its own culture, diverse and special. Beliefs and religions of the Viet-nameese ethnic minority groups were also disparate from each other.

However, a fundamental solidarity among ethnic groups has been established on top of this difference as a result of a centuries long cooperation on the soil of Vietnam. Right in the first century of the history, a mutual supplement in economic relationship between lowland people and mountainous people was formed. This solidarity had been unceasingly strengthened during wars of resistance for defending the country. Through the shared struggle for defending and building of the country and the mutual assistance for co-existence and development, a common community between the Viet people and other ethnic minority peoples had been established and continuously consolidated and developed.

Nonetheless, an evident gap in the material and moral life has indeed still existed between peoples living in the deltas and those living in mountain areas as well as among ethnic minorities themselves. The Vietnamese government has worked out specific policies and special treatments in order to help mountainous people catching up with lowland people, and made great efforts to develop and preserve traditional cultural identities of each ethnic minority group. At present, the programmes of providing iodized salt for remote villages, equipping village's health care and hygienic station, fighting malaria, building free schools for ethnic minority children, settled agriculture and fixed residence, and projects of creating new writing scripts for minority peoples and studying and developing traditional culture of each ethnic minority group have obtained satisfactory results.

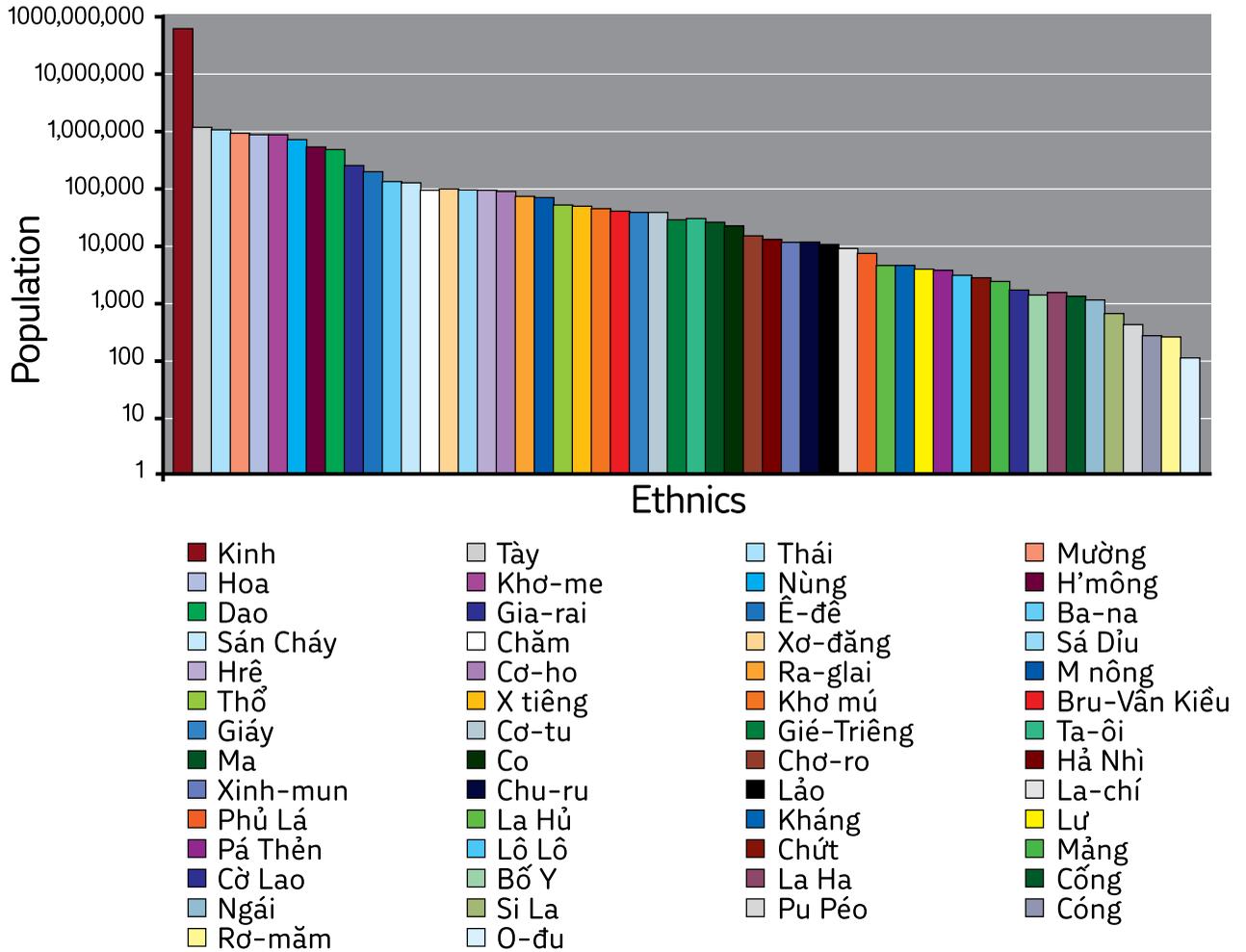


Figure 14: Composition and Distribution of the Vietnamese Ethnic Minority Groups

Source: The Embassy of the Socialist Republic of Viet Nam in the United Kingdom (<http://www.vietnamembassy.org.uk/population.html>).

7.6 Appendix 6: Viet Nam Development Goals (VDG)

These goals are strongly related to the Millennium Development Goals (MDGs), but are adapted and expanded to reflect Vietnam's national challenges and the government's development plans, in particular its Comprehensive Poverty Reduction and Growth Strategy (CPRGS).

Goal 1: Reduce the percentage of poor and hungry households

- | | |
|----------|--|
| Target 1 | Reduce by 40% the proportion of people living below the international poverty line between 2001 and 2010 |
| Target 2 | Reduce by 75% the number of people living below the international food poverty line by 2010 |
-

Goal 2: Universalise education and improve education quality

- | | |
|----------|---|
| Target 1 | Increase net enrolment in primary school to 97% by 2005 and to 99% by 2010 |
| Target 2 | Increase net enrolment rate in junior secondary school to 80% by 2005 and 90% by 2010 |
| Target 3 | Eliminate the gender gap in primary and secondary education by 2005, and the gap between ethnic minorities and others by 2010 |
| Target 4 | Increase literacy to 95% of under-40-year-old women by 2005 and 100% by 2010 |
| Target 5 | By 2010 have improved the quality of education and increase full-day schooling at primary level (exact target depends on funding) |
-

Goal 3: Ensure gender equality and women empowerment

- | | |
|----------|--|
| Target 1 | Increase the number of women in elected bodies at all levels |
| Target 2 | Increase the participation of women in agencies and sectors [includes ministries, central agencies and enterprises] at all levels by 3-5% in the next 10 years |
| Target 3 | Ensure that the names of both husband and wife appear on land-use right certificates by 2005 |
| Target 4 | Reduce the vulnerability of women to domestic violence |
-

Goal 4: Reduce child mortality, child malnutrition and reduce the birth rate

- | | |
|----------|---|
| Target 1 | Reduce the infant mortality rate to 30 per 1000 live births by 2005 and 25 by 2010, and at a more rapid rate in disadvantaged regions (see below) |
| Target 2 | Reduce the under-5 mortality rate to 36 per 1000 live births by 2005 and 32 by 2010 |
| Target 3 | Reduce under-5 malnutrition to 25% by 2005 and 20% by 2010 |
-

Goal 5: Improve maternal health

- | | |
|----------|--|
| Target 1 | Reduce the maternal mortality rate to 80 per 100 000 live births by 2005 and 70 by 2010 with particular attention to disadvantaged areas |
|----------|--|
-

Goal 6: Reduce HIV/AIDS infection and eradicate other major diseases

- | | |
|----------|--|
| Target 1 | Slow the increase in the spread of HIV/AIDs by 2005 and halve the rate of increase by 2010 |
|----------|--|
-

Goal 7: Ensure environmental sustainability

Target 1	Extend forest cover to 43% by 2010 (from 33% in 1999)
Target 2	Ensure that 60% of the rural population has access to clean and safe water by 2005 and 85% by 2010. This should be the case for 80% of urban people by 2005.
Target 3	2010. This should be the case for 80% of urban people by 2005.
Target 4	Ensure there are no slums and temporary houses in all towns and cities by 2010
Target 5	Ensure that all waste-water in towns and cities is treated by 2010
Target 6	Ensure that all solid waste is collected and disposed of safely in all towns and cities by 2010 Air and water pollution must attain national standards by 2005.

Goal 8: Reducing vulnerability

Target 1	By 2005, increase the average income of the lowest expenditure quintile to 140% of that in 2000
Target 2	and to 190% of that by 2010 Reduce by half the rate of poor people falling back into poverty due to natural disasters and other risks by 2010

Goal 9: Improving governance for poverty reduction

Target 1	Effectively implement grassroots democracy
Target 2	Ensure budget transparency
Target 3	Implement legal reform agenda

Goal 10: Reducing ethnic inequality

Target 1	Preserve and develop the reading and writing ability of ethnic languages
Target 2	Ensure entitlement of individual and collective land-use rights in ethnic minority and mountainous areas
Target 3	Increase the proportion of ethnic minority people in authority bodies at various levels

Goal 11: Ensuring pro-poor infrastructure development

Target 1	Provide basic infrastructure to 80% of poor communes by 2005 and 100% by 2010
Target 2	Expand the national transmission grid to 900 poor commune centres by 2005

Campaigning Toolkit for Civil Society Organisations engaged in the Millennium Development Goals, <http://www.civicus.org/mdg/title.htm>

7.7 Photo Index

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Applied research together with local people in Tam Dao National Park	35
Degraded, hilly landscape, Son La province	32
Forest Management Planning	62
Forest School, Tam Dao National Park	45
How to protect ourselves against sea level rise? Coastal Zone in Soc Trang province	61
Improvement of water sources	57
Integrated landuse, Son La province	25
Livelihood improvement is one objective of the German-Vietnamese Cooperation	39
Sawn timber waiting for further processing, M'Drak State Forest Enterprise of Dak Lak province	12
Simple village life, Son La province	28
Studying new requirements related to tropical timber trade, Dak To State Forest Enterprise, Kon Tum province	51
Sustainable combination between forestry and agriculture	54
Unity in diversity, amplexicant Camelia, Tam Dao National Park	19
Vocational School in Lang Son	55

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Acacia auriculiformis seedlings on degraded land, Thanh Chuong district, Nghe An province, KfW 4 project	16
Canarium album planted in small gaps, surrounded by natural regeneration, Thach Thanh district, Thanh Hoa province, KfW 4 project	41
Environmental services enjoyed by village youths	60
Farmers discussing potential landuse options on self-made 3-D terrain model	42
Flooded village in 2007, Vinh Loc district, Thanh Hoa province	61
Healthy Pinus seedlings (four months old)	43
KfW delegation visiting afforestation site in Lang Son province	42
Meeting of farmers for village landuse planning	34
On-the-job training in nursery management, Thanh Hoa province, KfW 4 project	41
Protecting biodiversity is one of the major German cooperation objectives	10
Seedlings of Illicium verum in nursery, Lang Son province, KfW 3 project	44
Silvicultural treatment	48
Small farmers, receiving fertilizers	52
Small village nursery raising indigenous species, Ba Thuoc district, Thanh Hoa province, KfW 4 project	47
Training of farmers in landuse planning	49
Training of farmers in nursery establishment, Nghe An province, KfW 4 project	49
Woman in village nursery transplanting seedlings to polybags	41

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(both pictures) Ba Be National Park	2
Coastline erosion in degraded mangrove forest	28
Degraded mangrove forest	29
Discussion of results of afforestation project on-site (KfW 4 project)	25
GTZ Eco Trail Phong Nha Ke Bang	28
GTZ planning for Kien Giang Biosphere Reserve	32
Mangrove seedlings	29

VII. IMPRINT



Organised by



Contact Information

KfW Bankengruppe
Regional Office Hanoi
6th Floor, Hanoi Towers,
49 Hai Ba Trung Street,
Hanoi, Vietnam
Tel.: (+84-4) 3 934 5355
Fax: (+84-4) 3 934 5356
Email: kfw.hanoi@kfw.de

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Responsible: Dr. Reinhold Glauner
info@waka-fis.ch



Editors

Wulf Killmann
Tim Dawson
Reinhold Glauner

Layout and Production

thankbrand@gmail.com



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và Phát triển Nông thôn
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**NƯỚC ĐỨC Ở VIỆT NAM
DEUTSCHLAND IN VIETNAM
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German Cooperation in Forestry in Viet Nam

The overarching goal of German Development Cooperation in the forest sector is two fold: securing global environmental sustainability and alleviation of poverty, thus contributing especially to Millennium Development Goals 1 and 7. Assistance is based on the concept of forest multi-functionality. It combines the social, cultural, economic, climatic, and biodiversity aspects of forest management.

The German Government, through the Federal Ministry for Economic Cooperation and Development (BMZ), supports public authorities, civil society and private entrepreneurs in their efforts to manage forests sustainably and to benefit from all functions of intact forest ecosystems. All forest related interventions follow a common Forest Sector Strategy. Priorities and principles are aligned with international standards. Social and ecological minimum standards safeguard the rights of the forest dependent poor and help to maintain ecologically vital forest functions.

In 1997 the Vietnamese Government launched the National Five Million Hectare Reforestation Programme (5MHRP). German Development Cooperation supported policy reforms, reorganisation and decentralisation of forest sector structures. The new Forest Law of 2004 now allows community forest management, the National Forest Strategy 2006-2020 builds on improved approaches for forest governance, and participatory village development planning has started to replace the earlier top-down planning approach.

The German development aid assisted Viet Nam through all development agencies and farmers are in a better position today and can decide over their own ways of managing natural resources and set their own priorities in local development.

