Re-inventing Forestry Agencies
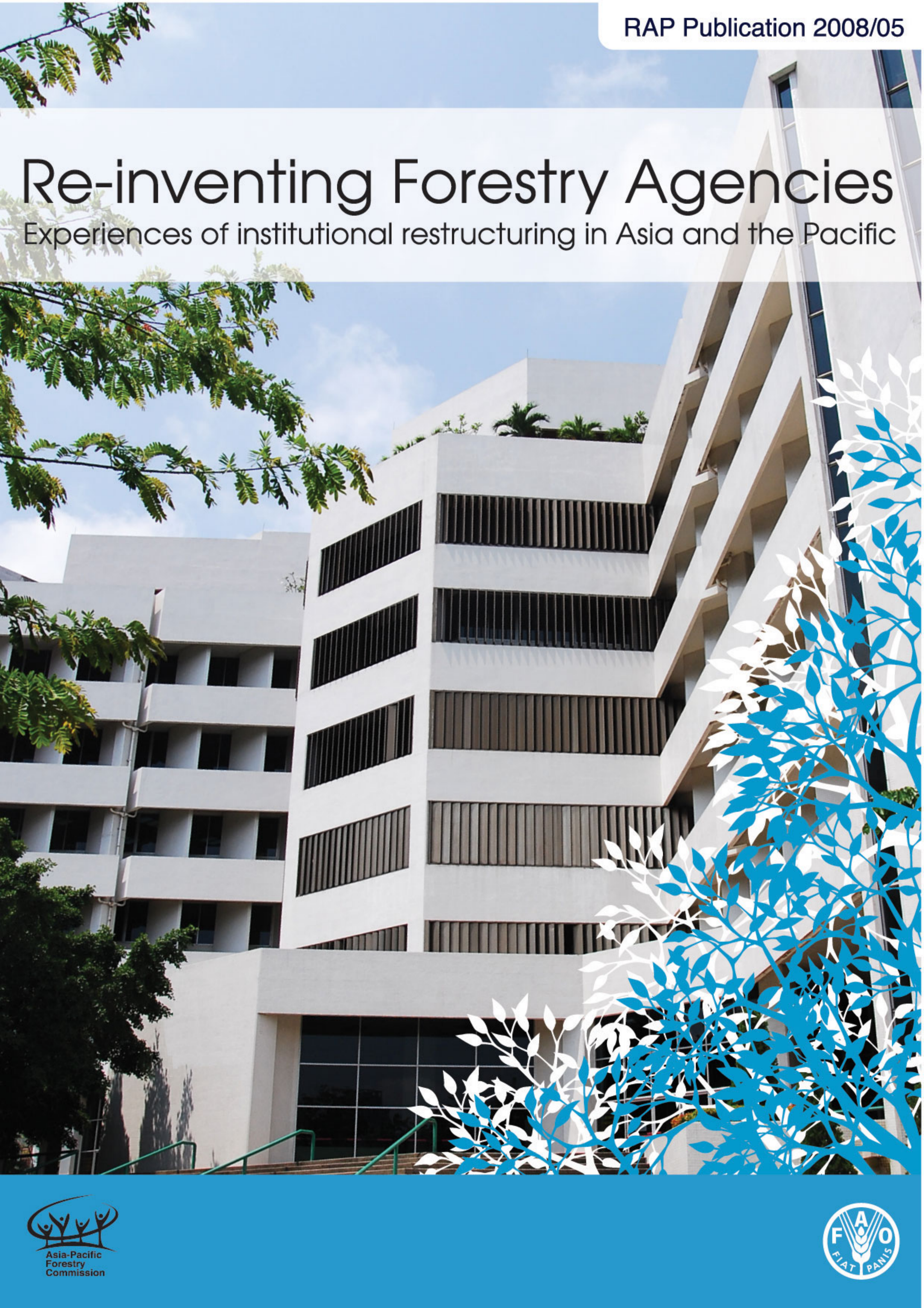Experiences of institutional restructuring in Asia and the Pacific

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Re-inventing forestry agencies

Experiences of institutional restructuring in Asia and the Pacific

Edited by: Patrick Durst, Chris Brown, Jeremy Broadhead, Regan Suzuki, Robin Leslie and Akiko Inoguchi

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FOREWORD

The roles of forests in Asia and the Pacific are changing their focus from wood production towards an orientation encompassing much broader social, environmental, economic, and cultural dimensions. In parallel with changes in the forest landscape, forestry stakeholders have also changed significantly whilst their range of interests has expanded and diversified. Forestry stakeholders are now recognized to include impoverished, forest-dependent locals, sophisticated global carbon market investors, and a vast array of parties and individuals in between.

Society's burgeoning expectations for forests and the associated need to engage and involve these "new foresters" places enormous new demands on traditional forestry institutions. In the Asia–Pacific region, state agencies with long legacies and rich histories continue to dominate the sector. However, many suffer severe criticism for failing to meet expectations in delivering the services demanded of them by modern society. If these agencies are to remain relevant, there is an urgent need for most to re-invent themselves into more flexible, responsive, and dynamic entities.

To effectively respond to changing needs, forest agencies must ask themselves: What are the objectives of re-invention? How can others' experiences be used? Is re-invention through a gradual, evolutionary approach preferable to "big bang" reform? Can fundamental and superfluous institutional changes be distinguished? Can hijacking of "re-invention" by vested interests be avoided? These and many other questions appear essential for re-invention to have a significant chance of success and much effort is also required in retaining momentum once the process is underway.

This publication is a compilation of nine case studies of forestry re-inventing processes in countries and institutions around the Asia–Pacific region. Analysis reveals some clear factors determining the effectiveness (or ineffectiveness) of forestry institutions, and outlines commonalities and differences in the trajectories followed by different countries in responding to calls for change. The analysis further identifies major trends related to forest management including the devolution of powers and responsibilities to a range of actors and recognition of the multiple functions of forests and the conflicts that may arise between these functions. A trend towards separation of regulatory and strategic roles from implementation functions — and corresponding restructuring of agencies and redirection of funds — is clearly evidenced.

This publication is intended to offer insights into the approaches and rationales that have supported restructuring and re-invention of forestry agencies. Through comparative analysis, the publication offers recommendations on national forestry institutional structures, functions, and strategies that appropriately respond to the rapidly changing environment surrounding forests and forestry.

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OVERVIEW: RE-INVENTING FORESTRY INSTITUTIONS

Rapid changes in economies, environmental conditions and social structures require that institutions are often called upon to transform themselves to meet new priorities and shifting demands. The forestry sector is increasingly swayed by the tides of change in national and regional affairs that accompany globalization. On the one hand, increasing wealth, lower poverty rates and greater access to information have, together with demands for social equity, stimulated moves to promote more participatory and devolved forms of governance. At the same time, however, dramatic deterioration in the extent and quality of forest resources in the region has led to criticism and questioning of the roles, objectives and institutional cultures of many traditional state forestry agencies. In addition, processes of economic, social and technological transformation have created political imperatives to enforce major changes in activities, responsibilities and the *modus operandi* of most forestry agencies in the Asia-Pacific region.

Generally, perceived weaknesses and failures of forestry institutions have meant that institutional re-inventions have been imposed on forestry agencies in the form of major restructurings, rather than allowing forestry agencies to evolve responses to change in more "organic" fashion. However, for several agencies – for example the USDA Forest Service – evolutionary approaches are a key feature of on-going re-invention. Important institutional weaknesses documented in *Re-inventing forestry agencies* include such factors as:

- failures of forest management systems to adequately protect forest resources;

- shortfalls and breakdowns in the provision of forest-related services;

- inability to deliver results with requisite economic efficiency;

- failures to adequately safeguard livelihoods of forest-dependent poor; and

- sluggishness in reacting robustly to new demands and ensuring representation of key stake holders in decision-making.

The *Re-inventing forestry agencies* initiative was organized with the intention of unravelling some of the trends and approaches to institutional restructuring in forestry in the Asia-Pacific region. The case studies describe various forces acting upon the region's forestry institutions and the trajectories followed by individual countries in adjusting and adapting. The publication elaborates recent experiences in China, India, Malaysia (Sarawak and FRIM), Nepal, New Zealand, the Philippines, United States of America and Viet Nam. The initiative identifies key themes and forces at play in forestry and analyzes how countries have restructured their forestry institutions to respond to a fast changing landscape with rapidly evolving demands.

Worldwide economic, social and political integration, or "globalization," is one of the defining characteristics of the twentieth and now the twenty-first century. Never before have so many states operated according to such similar sets of rules. The emergence of the World Trade Organization and regional trade blocks such as the European Union are phenomena that are re-defining state interactions and modes of governance. For countries where central planning and non-market-based economic systems have prevailed, especially in Asia, this has involved major re-orientation. The impacts on governments, how they are structured and operate, and the fundamental roles that they play have been – and currently are being – rewritten.

Forestry institutions have not been immune to the impacts of global trends in governance. These include: effects of globalization and economic liberalization; the privatization of government functions; increased importance of trade; multi-disciplinary and multi-stakeholder approaches; all combining with a need to remain relevant in an increasingly competitive environment. In light of globalization and increasing inter-connectedness of countries – through closer economic ties and increased information flows – there is consistency and universality in many of the trends taking place. There are strong similarities between, for example, experiences in New Zealand and Sarawak, and between Nepal, Philippines and Chhattisgarh. The more prominent themes resonate widely throughout the countries of Asia and the Pacific.

Privatization, corporatization and commercialization

Privatization is a recurrent theme in discussions of forest management options, both globally and within Asia and the Pacific. However, it has been relatively rare that discussions have progressed to implementation. New Zealand was one of the pioneering countries in the world to embark upon large-scale privatization of its plantation forests. In the late-1980s, the New Zealand government decided that perceived conflicts between the multiple objectives pursued by the Forest Service were compromising organizational efficiency and resulting in economically suboptimal outcomes in forestry. A major restructuring of forest agencies was embarked upon. As a first step, the Forest Service was disbanded and new agencies were established to ensure production and commercial forestry functions would be kept separate from environmental and conservation forestry. Subsequently, between 1990 and 1996, the government sold more than 530 000 hectares of commercial forests to the private sector. The vast majority of New Zealand's government-owned planted forest resources have been privatized, with the majority now in the hands of overseas interests.

In Sarawak, Malaysia, the formation of the Sarawak Forestry Corporation provides valuable insights into the processes of corporatization, even while it remains too early to assess the outcomes. International criticism over high rates of deforestation in the rainforests of Sarawak led to a mission by the International Tropical Timber Organization (ITTO) to assess how the forest resources of Sarawak could best be managed. The findings of this mission recommended a significant increase in Forest Department staffing, a move that the Government was reluctant to undertake with obvious implications for finance and overall bureaucracy size. A model was eventually proposed that vested operational forest management functions within a new corporate entity, whilst responsibilities for regulations and policy remained in the Forest Department. An innovative arrangement that established the Sarawak Forestry Corporation Sdn. Bhd., a "government-owned, private company", enabled the state government to "cut through red tape" and enhance efficiency. The Sarawak model offers a unique example of an innovative institutional restructuring that is taking place in the sector as a result of pressures to improve performance within strict financial constraints.

New Zealand and Sarawak encapsulate a trend towards greater commercialization in forestry, which is embodied in the re-invention of the Forest Research Institute of Malaysia (FRIM). The transformation of FRIM into a new, statutory body was driven by a vision and need for the institution to generate innovations, rather than merely conduct research. Institutional restructuring enabled FRIM a far greater degree of independence to identify new research directions, and to pursue research excellence on its own terms. One of the most important innovations was much greater scope to react to the research demands of Malaysian industry, and to commercialize research findings. The importance of this restructuring is reflected in the scale and success of the Malaysian rubberwood industry, which is – to a significant part – attributable to the re-invention of FRIM.

Devolution and participatory management

Devolution is the transfer of powers from the central level to the regional or local levels and may involve transfer of powers to community groups or individuals. Devolution also re-allocates rights and responsibilities and re-distributes benefits and risks. The key argument for devolution, particularly as it relates to natural resources, is that it will lead to increased efficiency, equity and local-level inclusion by transferring decision-making powers towards those most directly affected. Devolution is regarded as an effective means of bringing about democratizing effects by empowering local people to control resources – and their own livelihoods.

The rising prominence of public participation in forest management has occurred for a number of reasons, including: opportunities for improved outcomes through local people's inclusion; reaction against centralization and the isolation of decision-makers; the rise of advocacy movements supporting indigenous people, the rural poor and better environmental management; higher levels of education among the general public; and the growing influence of global trends. Public participation in forestry occurs in numerous forms: Joint Forest Management in India, community forestry agreements throughout the region; and in the case of more developed countries such as the United States, strong civil society dialogue on the use and management of forests.

In the case of the Philippines, devolution of power and the spread of participatory approaches grew out of resistance from indigenous groups to developments perceived as threatening traditional livelihoods. Such resistance ultimately led to the passing of the Indigenous Peoples Rights Act (IPRA). With control over ancestral lands being a flashpoint issue, the Department of the Environment and Natural Resources responded by creating the Indigenous Communities and Ancestral Domain (ICAD) Division within its Special Concerns Office. The various legal mechanisms that ensued culminated in increased rights and recognition of indigenous peoples, particularly with regard to management and de facto ownership of forestlands – effectively validating traditional indigenous forest use practices. While acceptance of direct public participation was not a painless transition in the case of the Philippines, it did allow greater involvement of civil society in forest resource management.

In Nepal, rampant forest degradation – attributed to ineffective management on the part of the government – prompted the eventual transfer of forest management responsibilities to local communities. While solutions to forest degradation were initially focused on technical aspects and centrally implemented, it became clear that important strategic elements were absent. Poverty reduction and income generation for surrounding communities gradually came to be viewed as keys for halting forest loss. Decentralization of rights and responsibilities to Community Forest User Groups, supported by the premise of equitable benefit sharing, became the cornerstone of Nepal's forest policy.

Chhattisgarh is another case where very specific allowances were made for the involvement of local people. The new State's forest policy envisaged that participatory Joint Forest Management (JFM) would form the basis of forest management in Chhattisgarh. However, recognition of "gaps" within the JFM approach, led to the design of several innovative institutional arrangements to enhance local people's well-being and promote enhanced management of forest resources. Chhattisgarh developed new concepts of People's Protected Areas and Public-Private Partnerships, along with innovative pilot projects and new benefit-sharing arrangements. Chhattisgarh is a living example of the need to re-invent broad concepts to adapt to specific local circumstances.

Decentralization and rationalization

Devolution processes can be implemented in different ways and to different extents. Decentralisation is one such restructuring process – usually considered a less comprehensive form of devolution – in which decision-making powers or administrative resources are moved from central government agencies to provincial or local government levels.

In Viet Nam, the process of forestry sector decentralization and re-invention was wrapped up with – and driven by – the sweeping national reforms of *Doi Moi*. With transition to a market economy, the Vietnamese government faced significant challenges as forest agencies had been designed and trained to carry out a highly centralized management approach. In addition, the forest resource base had deteriorated significantly in the post-war national rebuilding period. The chosen approach of the Vietnamese Government in addressing these challenges was to adopt a policy of decentralization. Forestry functions, previously under the jurisdiction of national-level agencies, were decentralized to people's committees (equivalent to municipal government-level). The lower levels of administration (provincial and district level) became responsible for forest protection and development and were made upwardly accountable. Underpinning these processes of decentralization in Viet Nam was a keen desire, as well as a necessity, for decision-making to more accurately reflect on-the-ground realities.

In China, massive changes in forestry have occurred during the past 50 years. During the period of the Cultural Revolution, the sector was dominated by institutional paralysis and widespread exploitation of forests. The 1980s saw recognition of an urgent need for "re-greening" the country, while also coping with huge economic changes associated with development of market–based systems. Reform of forest tenure and devolution of forest management responsibilities to households and collectives was also a major aspect of change. More recently, the focus has been on environmental rehabilitation, with downsizing of state-owned forestry enterprises and the development of large-scale programmes encouraging rural households to assume responsibility for tree-planting and forest management (such as "Grain for Green").

A major objective of re-inventions in New Zealand, Sarawak, and at FRIM, was the rationalization of activities and assets to enhance the efficiency and international competitiveness of the forestry sector. This drive to improve the efficiency of government agencies has similarly been demonstrated in efforts to downsize and streamline ministries and departments. The trend has forced a fundamental rethinking of the roles being played by forestry institutions in the light of shrinking human and financial resources. The China case study depicts "across-the-board" downsizing of government agencies during three major State Council-drive restructurings, between 1982 and 1988. The aim was both to reduce the size of the administration and to curtail bureaucratic involvement in micro-level management, thereby inducing greater separation between macro- and field-level functions. The same trend of administrative downsizing has been played out in almost all countries of the region, though none has matched the scale of China's reforms.

Institutional evolution

The case studies summarized above largely implemented "Big Bang" approaches to institutional restructuring. An alternative approach, as reflected in the institutional experiences of the USDA Forest Service, is gradual evolution in response to changing demands and challenges.

Following the Second World War, the USDA Forest Service had a well-demarcated role – supplying timber to a burgeoning economy. The Forest Service was seen as a provider of jobs and supporter of national economic progress. However, by the 1970s, concerns over the management of the nation's forest resources had begun to percolate through society. Multi-functional forest management

and forest protection – allied to new planning and participatory approaches – supplanted wood production as the key priority. The changed emphasis required the employment of new staff, with new skills appropriate to managing social, environmental and recreational functions. During the 1980s, forest management priorities veered towards greater protection of forest resources, and the instruments effecting the change were, in this case, legal – rather than political or economic – in origin. The flagship case of the Northern Spotted Owl, and other legal challenges, required the agency to bring on board new staff, versed in managing the issues for which the Forest Service had acquired responsibility. In recent times, the Forest Service has been grappling with new and revised roles such as forest rehabilitation and reduction of forest fire risk. However, the underlying experience for the USDA Forest Service has been more one of adaptation and adjustment, rather than complete re-invention.

Successful re-inventions

Moves towards devolution, decentralization, increased participation and privatization are common responses to perceptions of ineffective forest management by state agencies. A trend toward the separation of regulatory and strategic roles – from operational functions – is clearly reflected in the New Zealand, Sarawak, Nepal and China studies. The main driver appears to be the demarcation of clear spheres of responsibility that remove conflicts of interest and allow agencies to focus on narrower sets of objectives. The major costs of this "simplification" include losses of potential synergies. For example, if an agency is tasked solely with managing forests for wood production – and its performance is reviewed only against this criteria – externalities relating to soil and water conservation, biodiversity conservation, production of non-wood forest products, etc. are likely to diminish in performance or be lost altogether. A similar argument applies to agencies tasked solely with forest management for conservation. Sound arguments can be made for retaining broad multiple-use frameworks, rather than embracing this compartmentalized approach. However, the merits of a structure that enables agencies to successfully achieve a narrow range of objectives, rather than fail across a broad range, should not be underestimated.

Consultation and participation promote involvement in processes of transformation, with broader shouldering of responsibilities, better information on which to orient changes, and (in theory) better decision-making. These factors were listed as being very important in Nepal, China and the Philippines and took different forms in each country. In Nepal, open discussions, negotiations and consensus-building led to decision-making being more closely linked to forest management through the devolution of rights and responsibilities to Forest User Groups. Policy monitoring and research were important in Viet Nam and China, stressing the importance of awareness of on-the-ground realities in determining the success of institutions.

The need to train staff to effectively carry out tasks associated with new institutional roles was cited in the studies from New Zealand, Sarawak, Nepal, Viet Nam and Philippines and variously referred to as "reorientation", "development of new attitudes", "retraining" and "initiation of changes in the mindsets of staff". In the United States, new staff were employed to meet expanding needs, but the principle remained the same – institutional expertise must be harmonized with institutional objectives. Where forest management responsibilities are devolved to new groups, success is contingent on the space and opportunities created for these groups to learn and access necessary skills, information and knowledge.

A good model may fail due to weak implementation. Successful re-invention of forestry agencies requires not only appropriate reasons for initiation, but also the right ingredients to make the process a success. Visionary leadership, committed political support, and an ability to win followers and influence detractors were critical in effecting change in New Zealand, Sarawak and the United States.

Wider support for institutional change not only assists transforming forestry agencies to reach objectives, but may also serve as a bellwether for broader change across society. National and international networking provided support for change in the Forest Research Institute of Malaysia and in Nepal. In Viet Nam, strong support from international donors helped to ensure the establishment of the Ministry of Agriculture and Rural Development and its subsidiary Department. In the Philippines, collaboration with NGOs and civil society organizations – in addition to international assistance – supported the bureaus in the Department of Environment and Natural Resources in extending and devolving powers to the community level. Other key factors in successful re-inventions include the existence of role models in the form of other re-invented agencies (FRIM), institutional independence (China) and adequate financial support (Malaysia, Philippines and USA), and the need to maintain momentum in the reform process (Nepal).

Conclusions

An obvious lesson is that there is no panacea for institutional restructuring and reform processes. Social, economic, physical and political factors are markedly different among countries of Asia and the Pacific, so that institutions must adapt themselves to very specific situations. In the modern world, change has often out-paced institutional capacities to adapt. While adopting a gradual reform process – avoiding the "Big Bang" – is attractive when relationships among organizational structures, functions and values are sound, in many cases the linkages have become sufficiently dysfunctional as to necessitate radical change.

To be successful and remain relevant, institutions need to ensure flexibility, strategic management capabilities, strong "sensory" capacities, and an institutional culture that responds to change. The overarching lesson is that unless an institutional structure is properly aligned with organizational values and principles, objectives and functions, organizations will struggle to effectively implement their mission.

PUBLIC SECTOR FORESTRY AGENCIES AT THE CROSS-ROADS: ARE THEY FADING INTO IRRELEVANCE?

C.T.S. Nair[1]

Despite the dramatic changes in the way people work, the organizations in which they carry out that work have changed much less than might be expected... 21st century organizations are not fit for 21st century workers. The Economist, 21 January 2006

INTRODUCTION

Reforming public sector forestry agencies is a major challenge facing most countries (Bass *et al*. 1998; World Bank 2005). While government-run forestry departments have dominated the institutional scene for a long time, new players — like the private sector, community groups, civil society organizations and other government agencies — are taking over many of their functions. At the same time public sector forestry agencies are required to assume new responsibilities, often far outside their traditional domain. All these factors have necessitated a revisiting of their values and functions and making appropriate structural changes to maintain their relevance to the environment in which they operate. Adapt and re-invent or fade into irrelevance is the norm in an increasingly competitive environment.

Historically most public sector forestry agencies have been established as "command and control organizations" and the older the organization, the more deep-rooted is this approach. Shifting to the more appropriate "coordinate and connect" mode (Malone 2004) involves enormous challenges. Reform of forest policies and legislation in many countries remains ineffective in the absence of concomitant institutional reforms. Although institutional change is a key theme of study in business schools, this knowledge has not percolated into the forest sector and in many cases reform efforts have not necessarily improved the situation. While the role of public sector agencies has changed and will continue to change, better clarity is required on how to reform them while avoiding some of the pitfalls, which may sometimes even worsen the situation.

DRIVERS OF CHANGE AND THEIR IMPLICATIONS

A host of inter-related factors, external and internal to the institutions, but primarily the former, compel institutional re-invention. Some, like long-term societal changes (which embed larger economic changes going far beyond growth in income and its distribution) are more fundamental, leading to a series of proximal drivers, especially changes in policies within and outside the forest sector and technological changes. A brief account of these factors and how they necessitate institutional change is outlined hereunder.

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Long-term societal changes and their impact

Fundamental long-term changes in societies are affecting perceptions, values and, more importantly, the basket of goods and services people need and how they are produced. In general, most developing countries are characterized by the preponderance of land-dependent agrarian communities, with small segments of forest-dependent, and still smaller industrial and postindustrial societies. Structural changes in the economies reduce the proportion of agriculture and forest-dependent communities. As economies grow and diversify, the proportion of industrial societies (largely based on capital intensive production) and postindustrial societies tend to expand.

Demand for goods and services significantly differs between these diverse societal segments as do the technologies and institutions to meet them (Nair 2004). For example, forest-dependent communities derive most of their sustenance from forests, including a host of cultural, social and spiritual values while agrarian societies have very different needs, with access to land (often through forest clearance in the context of expanding agricultural population) and sustainable agriculture as the primary concerns. Industrial society's main thrust is to use forests as a source of raw material, with increasing attention paid to improve productivity and quality. As a postindustrial society develops, objectives of management change, with provision of environmental services gaining primacy. Apart from setting aside large areas primarily for the provision of environmental benefits, even production forestry is subjected to stringent regulations to safeguard environmental functions. To some extent this has made wood production economically less viable in a number of postindustrial countries, encouraging shifts in forestry investments to low-cost emerging economies.

Proximal drivers of change

Long-term changes in societal structure, in particular the proportion of different segments, are attributable to several proximal drivers, including changes in economic, social and environmental policies. While the fundamental changes may be slow, a variety of factors and events, for example severe budgetary crises and catastrophic events like floods, may trigger policy responses necessitating appropriate institutional adaptation.

Changes in political and social conditions

Changes in political perceptions and their impact on economic and social policies are important drivers of institutional change. Economic liberalization policies envisage increasing involvement of the private sector in resource management with a corresponding diminution of the role of government. A wide spectrum of situations exists regarding changes in the relative roles of government *vis-à-vis* the private sector. Several countries that were formerly governed under centralized planning have re-instated private ownership of forests earlier appropriated by the state (World Bank 2005). Others are divesting ownership and management in a phased manner, initially focusing on participation of non-state actors (especially local communities, farmers and industries) in forest management without resorting to an outright transfer of ownership rights.

Public sector forests (in particular industrial plantations) become a too obvious target for disinvestment, especially in the context of budgetary crises and the continued pursuit of economic liberalization policies. Historically, public sector ownership of forests has been justified on account of the perceived strategic importance of timber and for the provision of environmental services. Several factors, including increased timber supply from alternate sources, especially from private land, have to some extent undermined the strategic reason for public sector control. As economic efficiency and competitiveness become important, private sector involvement in wood production has gained wider acceptance. Such is also the case with the provision of some of the environmental services, for example recreation, which are amenable to market transactions.

While policies on divestment of public ownership in some countries have been driven by efficiency considerations, in others, equity and social justice aspects have been important drivers of policy changes. These range from transfer of land ownership (i.e. as envisaged under the Tribal Land Ownership Bill passed by the Indian Parliament in December 2006) to partnerships in forest management and sharing of benefits (i.e. under the various arrangements for joint forest management). All these affect the responsibilities and functions of public sector forestry agencies, requiring substantial re-invention.

Economic compulsions

A changing economic situation, largely affecting commercial viability, is a major factor necessitating institutional change. Public sector organizations that are geared to the production of marketed goods are particularly vulnerable to such changes. In many countries, forestry departments had retained control over timber production by regulating prices of inputs and outputs and excluding competition. Total monopoly was maintained through rules and regulations relating to harvesting and transport of timber, even from private land. Economic liberalization policies and the removal of various controls are changing these approaches. Removal of barriers to the movement of capital and technology on account of globalization has accelerated the process. Traditional public sector organizations that have survived under protected conditions cannot continue in this fashion and the options available are rather limited: either re-invent or go out of business.

Environmental policies

Increasing concern about environmental degradation has led to a number of policy changes and these, like others, necessitate appropriate institutional responses. Environmental issues move up the priority list when some of the adverse economic impacts become evident (for example impacts of climate change, catastrophic events like floods and hurricanes, or gradual processes like land degradation, desertification and loss of biological diversity) or when the demand for some environmental service like recreation increases. Obligations to fulfil international conventions and treaties have also led to important changes. In many countries protected area management has been shifted outside the control of forestry organizations according to the argument that they are largely focused on wood production and hence inadequately equipped to address conservation issues. Either the organization has to make significant changes in its functions and structures, or give way to new organizations better designed to fulfil specialized tasks.

Technological changes

Technological developments are another major driver of institutional change. Developments in information and communication technologies seem to have significant impacts on organizations (UN 2005). Increased speed of communication necessitates rapid responses, and invariably traditional lines of command have become irrelevant, helping the shift from hierarchical to flatter organizational structures. Information communication technologies have also enhanced information access to the public, and a more informed public is making greater demands on institutions with regard to efficiency in the provision of goods and services and observance of social and environmental responsibilities. Information sources have proliferated undermining the power of those which thrived as the few controlling sources of such information. A substantial part of the information that was privy to public forestry agencies has moved into the public domain, and in a way has demystified the profession.

HOW ARE PUBLIC FORESTRY AGENCIES RESPONDING TO CHANGE?

The aforesaid drivers described have a host of direct and indirect implications for the forest sector. Certainly the stakeholders in forests and forestry have increased as well as diversified substantially. Some of the impacts of the change are:

- Pressures to fulfil multiple objectives requiring very diverse sets of managerial and technical skills.
- Emergence of special interest groups, which are able to mobilize support to direct public policies in the direction they consider appropriate.
- Fragmentation of the forestry agenda.
- Increasing fuzziness of sectoral boundaries, especially in view of the growing share of production of wood and non-wood forest products from outside forests, in particular, farm lands.

All these factors have led to varying institutional responses as discussed hereunder.

Overall direction of institutional change

In several Asia–Pacific countries and elsewhere, public forestry agencies are among the oldest civil services, established primarily to protect timber resources and hunting grounds. The approaches adopted in the management and deployment of resources have changed at varying paces in different countries. Table 1 summarizes the objectives and approaches to the management and consequent impacts on the structure and functions of forestry organizations.

Table 1. Changing institutional framework

Objectives of resource management	Main thrust	Functions and structures
Exploit/utilize what grows/is available under natural conditions (for example logging natural forests) and safeguard future timber supplies for strategic reasons.	Exclude others from exploiting the resources.	Policing the resources with a hierarchically structured organization
Improve the state of resources (invest in management including creation of assets like planted forests).	Build up resources using inputs like land, labour, capital.	Organization focused on resource management with substantial emphasis on technical and managerial skills
Empower/support other players — the private sector, communities, farmers, etc. — to develop and manage resources.	Create enabling conditions for other players to manage the resources efficiently	Negotiation/facilitation and conflict resolution skills. Organization with very diverse skills with the ability to respond quickly to the diverse needs of the various stakeholders.

Often, as is the case with public forestry agencies established a long time ago, there is a mixture of different characteristics and approaches. Many forestry departments in the Asia–Pacific region have a feudal past with policing to protect the forests as the main thrust. Over time there has been pressure to transform them to resource management and facilitation organizations. However, often the feudal values and perceptions linger on, promoting a culture of conformity that makes change extremely difficult (see Box 1).

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Box 1. The culture of conformity

Many Forest Departments do not encourage forest officers to question their roles. For some this is a colonial inheritance; a complex bureaucracy was put in place to reward officers for perpetuating a status quo that best suits those at the top. Procedures that do this become, over the long term, ends themselves.

Bass *et al.* (1998)

Changes in forestry organizations

While most public sector forestry agencies in forested countries have been established primarily to manage timber resources, they have also taken up other functions including the processing and marketing of wood products and provision of environmental services. Low intensity wood production (and more particularly, the protection of timber resources for strategic reasons) enabled the fulfilment of other objectives including the provision of environmental services. Forest departments undertook a host of related functions including protection and management of wildlife, research, education, training, extension, etc.

Emergence of new players, the increasing demand for specific products and services and the difficulties in resolving conflicts between competing alternatives have made multipurpose management extremely difficult. Increasing emphasis on specialization and the entrusting of tasks to units or organizations with specific skills have necessitated the various changes as indicated hereunder:

- Several options have been pursued to fulfil the function of wood production outside the purview of traditional government controlled forestry departments. This has involved the establishment of publicly owned and managed commercial enterprises — parastatal-like forestry development corporations with greater operational flexibility as one option that has been pursued in many countries. To some extent this has been done to avoid outright privatization which still faces political resistance. Private sector involvement, by industries and smallholders, has however gained momentum in several countries and a variety of arrangements, including industry–community partnerships, have emerged. On the whole, the role of public sector forestry agencies in managing wood production is on the decline.
- Similarly, the increasing demand to improve the delivery of environmental services has led to institutional changes, for example, the establishment of separate wildlife or national parks services to ensure that management of wildlife receives better attention than it would have had, had it been under a general purpose forestry department that gives more attention to wood production. In many cases these institutions are given sufficient autonomy to enable them to plough income back into improving park management. As in the case of wood production, there have been increasing efforts to involve the private sector as well as communities in the management of national parks and other protected areas, again requiring substantial institutional changes.
- Research and development has been another important function that has undergone major institutional restructuring. While forestry research has been an integral function of most government forestry departments, increasing complexity of research, the need to provide an environment that permits open-ended thinking, flexibility and adaptability and the need to cater to demands from diverse stakeholders have all led to substantial changes in the institutional arrangements (see Nair *et al.* 1998). This has led to: (a) the establishment of autonomous public sector research institutions; (b) privatization; and (c) outsourcing of research through competitive processes.

ISSUES IN REFORMING PUBLIC SECTOR FORESTRY AGENCIES

Confronting changes: an overview of responses

Confronted with the various pressures, public sector organizations, including forestry agencies, respond in different ways. Broadly the responses can be grouped as follows:

1. When an organization rightly or wrongly believes that the changes are temporary and after a period of time the situation will revert to "normal" there is a strong tendency to maintain the status quo dismissing external pressures as short-lived.
2. Organizations also resist changes, especially if they require substantial reduction in the power and authority to control resources. This is particularly so in the case of organizations that derive their strength from controlling physical resources like land, water and forests. Decentralization of authority to local levels and transfer of ownership and management rights to communities tend to meet substantial resistance. A wide range of arguments resist changes, particularly if they undermine the power and authority of the organization.
3. Bringing about superficial changes, largely focusing on the structure of the organization, is another common response. This involves focus on creating and reshuffling the boxes and changing their names and designations. Giving such a semblance of change often helps to keep intact their values and functions and counters the pressures for more fundamental changes. In many countries agencies have been renamed or moved from one ministry to another (for example forestry agencies transferred from agriculture to the environment) and new subdepartments/ divisions have been created, merged or the names changed. These manifestations seldom involve changes in their basic values and functions.
4. Certainly, the most desirable situation is one of institutions proactively adapting to changes on a continuing basis, foreseeing emerging challenges and opportunities and preparing to face them via fine-tuning of institutional values, functions and structures.

Procrastination makes drastic re-invention inevitable

Continuous adaptation however is an exception rather than the rule, as the proportion of institutions that either resist change or at best undertake cosmetic reforms tends to be very high. Primarily this stems from weak accountability in terms of delivery of services, very different from the situation facing private sector organizations, where failure to adapt to changes is punished severely in the market place. For obvious reasons, government departments tend to escape market scrutiny and lean upon their alleged social and environmental roles for continued public funding.

Procrastination of institutional reforms and adaptation, although convenient in the short term, only serves to aggravate the problems. Delay in bringing about changes results in the organization continuously deviating from changes in the external environment. If eventually it has to be brought in line with the changed circumstances, the process will be drastic, difficult and painful. The ability to continuously adapt to changes obviates the need for drastic re-invention. At any time the basic questions that need answering are:

- Are the institutions providing improved delivery of the services they are entrusted with?
- Are they delivering them cost-effectively?
- Are they helping to fulfil broader social, economic and environmental objectives that cannot be provided more efficiently through alternative arrangements?

If any of the answers are in the negative, then the organization is out of step with the environment and a change is overdue.

Why is institutional change difficult?

While reform of public sector forestry institutions is critical, bringing about change is extremely difficult for a number of reasons:

- One of the major problems confronting public forestry organizations is that being part of the governmental system, there are inherent difficulties in bringing about major changes that deviate from the overall system. Forest departments, notwithstanding diversity of functions and required flexibility, are compelled to adhere to a common set of rules and regulations, including, for example, personnel management. In the absence of broader institutional changes encompassing the entire public sector, it is often extremely difficult to bring about institutional changes in the forest sector (Box 2).

> **Box 2. Limits to sector-focused reforms**
>
> *The reform of forest organizations is unlikely significantly to change outcomes, if these are not accompanied by wider institutional and governance reforms.*
>
> World Bank (2005)

- Most institutions tend to have one or more informal networks within the organization, outside its formal structure. These informal networks are sometimes much stronger and can have either a positive or negative influence. Especially in the case of income-generating public sector forestry organizations, these informal networks could be very powerful and strongly linked with other informal networks in the political system. Any change that could potentially undermine the influence of these informal networks is likely to be strongly resisted. Even in the case of public sector organizations that are purportedly "professional" what happens is largely determined by informal "less professional" networks.
- Institutions, once established, have a number of characteristics mirroring those of living entities. While they are able to respond to external changes, they are also able to influence the external environment, generally in order to ensure their own survival. In many cases they can manipulate information in such a way as to create a favourable image, contrary to the reality, enabling it to survive.

Quite often the inherent ability to respond to change is also linked to the age of institutions and on the whole the older the institution, the more difficult to bring about changes. In a number of countries, the public forest service is the oldest civil service, sometimes more than a century old. Customs, practices and informal networks that develop over a long period may masquerade as virtues of stability and continuity, becoming stumbling blocks to change (Box 3). Even after major political changes, such institutions may remain intact. Especially if the organization provides power and influence to those who are a part of it, changes will be very slow and the system could hijack the process of change to its advantage. Claims of professionalism often provide a convenient ploy to keep the institution intact.

> **Box 3. Established traditions: strength or constraint?**
>
> *In many countries forest authorities are the oldest, largest and most powerful land management agencies. This long tradition has facilitated a process of identity building (and) the development of an administrative sense of mission, which is very effective in perpetuating conformity to established norms and traditions and resisting external pressures.*
>
> Pettenella (1997)

Degree of re-invention linked to the extent of changes in the external environment

As pointed out earlier, an organization has three important elements, namely (a) core values and principles, (b) functions that reflect the values and (c) structure that enables it to undertake the various functions. The intensity of re-invention will primarily depend on the extent of changes in the external environment and the appropriateness of the institution in the changed circumstances. A complete overhaul of the institution encompassing all three elements would be warranted in the context of major political and economic changes. On the other hand some fine-tuning of the functions and structures would suffice in the context of less dramatic changes. For example, budgetary crises may compel a streamlining of the processes inevitably resulting in changes in the structure. Outsourcing or contracting out of some of the non-core activities to other agencies or even countries would be options that some have pursued. Such structural adaptation has particularly been catalysed by developments in information and communication technologies.

Approaches to bringing about changes

Change is a continuous process compelling institutions to iteratively adapt and innovate to make sure that their values, functions and structures are appropriate to the environment in which they function. Organizations that are able to continuously fine-tune themselves are "learning organizations" and have a well-developed mechanism to sense the changes and to adapt themselves. Those organizations that have to survive in the market place are more likely to be "learning organizations" as survival requires a high degree of ability to sense the changes in markets and timely adaptation. Public sector organizations, including government forestry departments, however, are less likely to be "learning organizations" for a number of reasons. Many have been established as "command and control" organizations with vertical channels for flow of information and action, extending the time lag for responses to change on the ground. Further, the larger and older the organization, the more the ability to adapt becomes curtailed. Especially in a situation where the pace of change in the external environment is rapid, the organization quickly falls out of line with societal needs and expectations.

When this happens, changes are necessarily externally driven. One question that needs to be addressed in such a situation is the pace of re-invention. In some cases a very rapid "big bang" approach is required, making changes within a very short period, rather than an incremental approach. Largely this depends on the degree of deviation from societal perceptions and the need to minimize the pains of transition. Also if the pace is slow, the opportunity for opponents to change to thwart any re-invention is strengthened (especially those likely to benefit from the status quo). Such "big bang" changes are more common in the context of major political and economic developments.

Balancing stability and change

Distinguishing between superfluous and fundamental changes in the external environment is of critical importance in deciding the nature of adaptation and in maintaining a balance between stability and change. If an organization is continuously making adjustments to superfluous changes, stability and continuity will be undermined significantly. Striking the right balance between stability and change is a major challenge facing most public sector organizations. While change is necessary and inevitable, some stability is also important, especially to establish consistency in the implementation of forest policies and, more importantly, to take advantage of institutional memory. The success of institutions largely depends on human resources and instability from overly frequent changes could seriously undermine such success. This is particularly important in the case of forestry, where accumulated knowledge and institutional memory are of critical importance.

Initiation and sustainability of change

Ideally an organization should have a built-in structure that is able to identify changes in its external environment and continuously adapt itself, appropriately modifying its values, functions and structures. However, most often this is not the case and institutions and people have a tendency to resist changes and to maintain the status quo. In the absence of a built-in internal mechanism to initiate and implement changes, this is often necessarily driven from outside. This is the typical situation when change is undertaken on account of political upheavals or often by external interventions such as donor initiatives.

There are also situations where charismatic leadership spearheads the change process. The impact of this largely depends on how the entire institution is prepared and involved in the transition. Very often they tend to be superfluous changes (often changing the name of the department or the organigram) to "leave a mark or stamp" by the leadership without really addressing the basic and often difficult issues. Such changes, whether driven from outside or by leaders internally, are unlikely to have a lasting impact, as they seldom influence the functioning of formal and informal structures and networks within the organization.

A major concern that many public forestry institutions face is the sustainability of change. In many cases, change is based on the perceptions of a few individuals and not always based on a thorough analysis of the environment in which the institution is functioning. Neither is the institution fully prepared to absorb changes, nor is the external environment conducive to such changes. While charismatic leaders are able to spearhead changes, often they are unsustainable on account of system rejection (either by forces internal to the institutional framework or by the external environment). This would imply that changes need to be relevant to the environment and substantial efforts are required to make them acceptable internally.

The human side of re-invention

Most often the difficulties relating to institutional re-invention are attributed to employee resistance. This is largely a misplaced criticism (Box 4). In most cases this is because the institution has failed to inculcate a culture of change by preparing the employees to continuously adapt to changes. In fact, in most situations, the paternalistic approach of management undermines professional development and promotes a false sense of security.

Box 4. Change: a natural process

It is common to hear that people in organizations resist change. In reality, people do not resist change; they resist having change imposed on them. Being alive, individuals and their communities are both stable and subject to change and development, but their natural change processes are very different from organizational changes designed by "re-engineering" experts and mandated from the top.

Capra (2002)

The need for programmed termination

As in the case of living organisms, organizations pass through different stages of growth, stability and decline. Often the strong survival instinct enables them to live beyond their useful lives. Ability to manipulate information enables organizations to secure public funding, which is often justified on the basis of tradition, history and so forth. Young organizations are better conditioned to adapt to

changes. However, beyond a certain point adaptation becomes extremely difficult, requiring total re-invention. However, transformation into a completely different organization is constrained by system rigidities. Creating completely new organizations will be more cost-effective in the long term than changing an existing, dysfunctional public sector organization. This raises the issue of programmed closure through appropriate sunset clauses in the constitution of the organization.

SUMMARY AND CONCLUSIONS

Certainly the institutional scene in the Asia–Pacific forest sector is undergoing profound change in response to a host of drivers, both fundamental and proximal. No longer is it the exclusive domain of government forest departments, as a host of new players are emerging and taking over many of the traditional functions that were fulfilled by government forestry agencies until recently. Such changes are particularly disconcerting to forestry departments that have long histories and whose built-in mechanisms for adaptation are weak. Re-invent and adapt, or fade into irrelevance is becoming the norm in a rapidly changing competitive environment. Certainly the chances for many forestry departments as they are now, to fade into irrelevance are high, as more agile institutions emerge to meet the new challenges. This however is not a bad thing and often a necessity to ensure that institutions' relevance is directly related to societal needs.

Avoiding decline requires that public sector forestry agencies become learning organizations, are fully able to understand ongoing changes and are able to make necessary adjustments on a continual basis. What is important is the ability to distinguish between superfluous and fundamental changes, and to fine-tune the different elements accordingly. Cosmetic changes — largely modifying the organigram — will be of little help and often may be damaging by delaying much needed fundamental reforms. Some of the broad conclusions that have been learnt during the last few decades on organizational change can be summarized as follows:

- There are no standard off-the-shelf prescriptions for institutional change and attempts to copy successes elsewhere without understanding the specific conditions could be perilous (Box 5).

Box 5. No silver bullets for reform process

To argue that any of these models are "better" than others is to ignore the frameworks of accountability and governance which underpin each of them, and which are derived from a range of political, economic and physical factors which are in many respects unique and which have historical, social and cultural elements to them.

World Bank (2005)

- There is a need to develop institutions that are learning organizations capable of sensing emerging changes and adapting themselves.
- Human values are fundamental to institutional performance and no institution can neglect this.
- Ideally what is required is the organic adaptation of institutions to the changes in the external environment so that the institution is always in tune with the larger society in which it exists.
- In many cases institutions are beyond repair and the costs of re-invention will be high and not commensurate with the benefits. In such a situation, it may be better to totally dismantle an outdated organization (rather than sustaining it on a respirator) and create a completely different institutional arrangement after clearly assessing the need for such an organization.

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RE-INVENTING FORESTRY AGENCIES: INSTITUTIONAL RESTRUCTURING OF FORESTRY AGENCIES IN VIET NAM SINCE 1994

Nguyen Quang Tan [1]

INTRODUCTION

This study aims to provide an understanding of the changing roles of the state forestry agencies in Viet Nam since 1994 and the process of re-aligning their organizational structures to meet new social demands. The study is based on review of existing literature and policy papers, as well as primary data collected through interviews with relevant agency staff at national and local levels. The analysis focuses on the implications of the establishment in 1995 of the Ministry of Agriculture and Rural Development (MARD) the Department of Agriculture and Rural Development (DARD) and forestry sub-departments and forest protection sub-departments at the provincial level. Decentralization trends in forest management since the early 1990s are also covered. Abbreviations and acronyms are included in Appendix 1.

OVERVIEW OF VIET NAM'S FOREST RESOURCES AND FORESTRY ADMINISTRATION

Viet Nam's forest resources

Viet Nam is divided into 59 provinces and five centrally-controlled municipalities, with a population of approximately 84 million and a population density of approximately 255 people per square kilometre. Of the total land area of 33.038 million hectares, 57.6 percent is classified as forest land. Forest cover, however, stands at 36.7 percent of land area — 30.5 percent natural forest and 6.1 percent plantation forest (Forest Protection Department 2005).

In Viet Nam, as in other countries in the region, there is a correlation between forest cover, population density and incidence of poverty (Table 1 and Figure 1).

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Table 1. Regional variations in population density, poverty and forest cover in 2004

	Population density (persons/km^2)	Poverty rate (%)	Forest cover (%)
Red River Delta	1 204.1	12.1	8.4
Northeast	145.3	29.4	45.4
Northwest	67.6	58.6	37.8
Northern Central Coast	203.9	31.9	46.7
Southern Central Coast	211.1	19.0	38.1
Central Highlands	85.8	33.1	54.8
Southeast	379.7	54.0	26.0
Mekong River Delta	429.7	15.9	7.9
Whole country	**248.3**	**19.5**	**36.66**

Sources: www.kiemlam.org.vn; www.gso.gov.vn; World Bank (2005b).
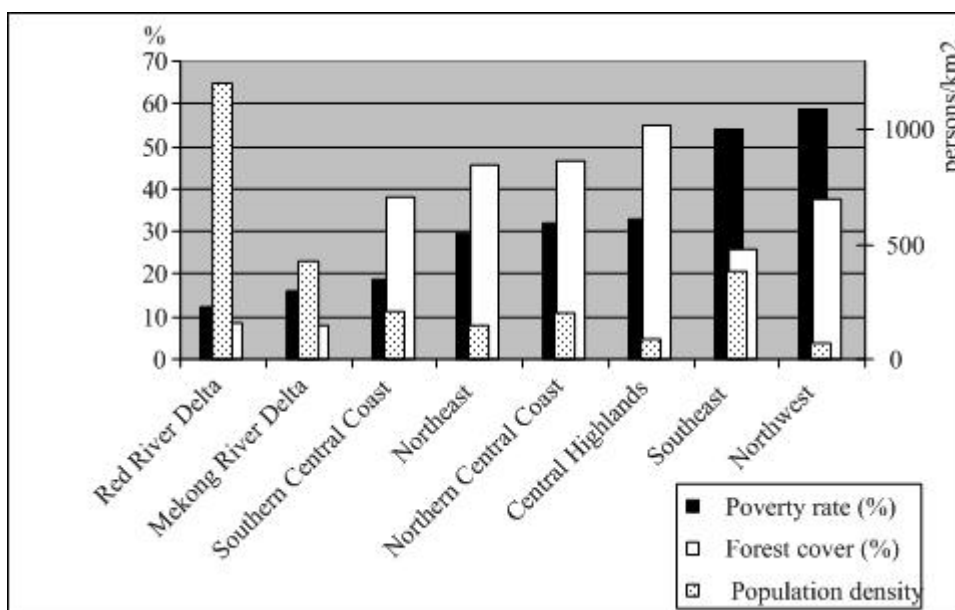
Figure 1. Correlation between population density, poverty and forest cover

In Viet Nam, forests are classified into three categories:
- Protection forests (48.1 percent of the forested area) for protection of watersheds and land, prevention of soil erosion, desertification and natural calamities and mitigation and adaptation to climate change.
- Special-use forests (15.6 percent) for biodiversity conservation and reservation of genetic resources, scientific research, protection of historical and cultural heritages and recreational value.
- Production forests (36.3 percent) for production of commercial timber and non-wood forest products.

Table 2. Forest land in Viet Nam

Forest types	Total area (ha)	Production forest (ha)	Protection forest (ha)	Special-use forest (ha)
I. Forested area	12 306 858	4 465 717	5 920 688	1 920 453
A. Natural forest	10 088 288	3 145 251	5 105 961	1 837 076
B. Plantation forest	2 218 570	1 320 466	814 726	83 378
II. Non-forested forest area	6 718 576	2 529 807	3 709 440	479 328
Total	**19 025 434**	**6 995 525**	**9 630 128**	**2 399 782**

Source: Forest Protection Department (2004).

Forest area in Viet Nam has changed significantly in recent decades (Figure 2). Total forest cover dropped from 43.3 percent in 1943 to 33.8 percent in 1976 and 27.8 percent by 1990. In absolute terms, almost 2 million hectares of forest were lost between 1976 and 1990; a net deforestation rate of over 142 000 hectares per year. A turning point came in 1995 when forest area increase exceeded forest loss (mostly due to new plantations), and overall forest cover increased from 28.2 percent in 1995 to 36.7 percent in 2004.
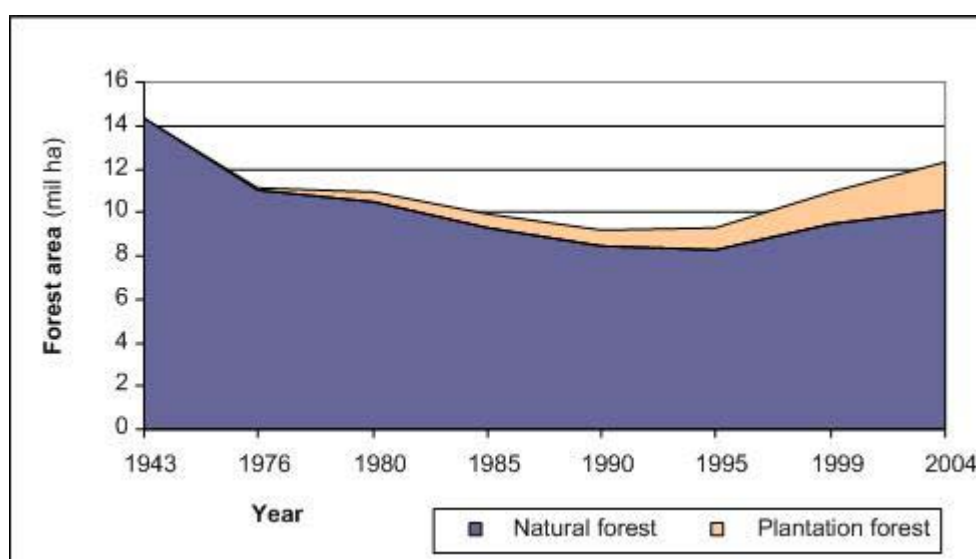
Figure 2. Changes in forest area in Viet Nam over time
Sources: Forest Protection Department (2004); Nguyen *et al.* (2001).

Viet Nam's current estimated total standing volume is around 813 million m^3 of timber and 8.5 billion m^3 bamboo and rattan. Most of the timber stock comes from natural forests (approximately 94 percent) with only 6 percent plantation forests. Most of the timber forests are found in three regions: the Central Highlands (33.8 percent of total stock), the North Central region (23 percent) and the South Central region (17.4 percent).

State administration structure

State administration in Viet Nam is composed of administrative units operating at the central, provincial, district and communal levels. The National Assembly is at the highest level and is the

only body with legislative power. The government is the executive body of the National Assembly and the highest organ of state administration. There are 20 ministries and six organizations with ministry equivalent authority.

At the provincial level, the Provincial People's Council is elected by local people, while the Provincial People's Committee (PPC) — the executive organ — is composed of members elected from among the Provincial People's Council.

There are similar structures both at the district and communal levels comprising the District People's Council and Committee (DPC), and the Commune People's Council and Committee (CPC), respectively.

THE VIETNAMESE FORESTRY SECTOR BETWEEN 1945 AND 1990[2]

1945–1954

In November 1945, two months after the establishment of the Democratic Republic of Viet Nam, the Ministry of Agriculture and Farming (MAFa) was established. In December 1945, the Forest Bureau (FB) was officially placed under MAFa, with the task of "carrying out administrative and technical activities related to forest and hunting". In 1946, MAFa issued a decree regulating the FB's functions focused on seven areas: forest protection, forest use, fee collection, reforestation, hunting, scientific research and training of forestry staff. The decree also outlined the leadership and organizational structure of the forestry sector with five administrative levels from the national to commune levels.

In 1946, through Decree No. 508/BCN, the FB was restructured to streamline state forest management into four levels: national, provincial, district and communes. Existing functions were re-organized into management of forests and enforcement of hunting regulations.

In 1952, a major change took place with the issuance of two decrees (Decrees No. 01 CV/QT/ND and No. 02 CN/QT/CD of MAFa). The FB was restructured into the Water and Forest Department (WFD). The tasks of the WFD focused on: (1) developing and monitoring implementation of forest policies and production plans; (2) management of state forest enterprises; and (3) exploring forest technologies and implementing forestry development activities.

1954–1975

This period was marked by the division of the country into North and South Viet Nam. In the forestry sector, three disparate forestry models were developed: "centrally planned" forestry in the North, "capitalist" forestry in the South and "interim" forestry in the Central Region. In the years following the American War (or Vietnamese War), the northern model was applied widely throughout the country.

In the North, the sociopolitical context of the time mandated the forestry sector to fuel the nationalist movement through timber production. In 1955 (one year after the division of the nation), through the issuance of Circular No.6NL/TT, MAFa was expanded into the Ministry of Agriculture and Forestry (MAFo) in recognition of the need for stronger management of the forestry sector. The

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[2] This period was marked by several milestones in national history: the foundation of the Democratic Republic of Viet Nam in September 1945; the division of Viet Nam into the North and South in October 1954; the unification of Viet Nam in April 1975; and the launch of the economic renovation policy (*Doi Moi)* in December 1985.

WFD of the former MAFa was restructured into the Forest Department (FD) with two subsidiary units; one unit following the mandates of the WFD and a new unit responsible for state control of forest use — managing extraction of timber and fuelwood for state needs, by state trading companies or by communities — through improved logging methods that corresponded to principles of forest management.

In early 1956, through the issuance of Decree No. 772 TTg, the Forest Exploitation Bureau (FEB) was established under the FD of MAFo.

In 1959, distribution and transportation of forest products shifted from the Ministry of Domestic Trade to MAFo. The FD was then assigned by MAFo to take on these responsibilities through three directly operated General Stores for forest products in Hanoi, Hai Phong and Ben Thuy.

In April 1960, a major change took place establishing four separate organizations, directly accountable to the Council of Government (CG): the Ministry of Agriculture (MoA), Ministry of State Farms (MSF), General Department of Aquaculture (GDA) and General Department of Forests (GDF). This structural change implied a major change in the forestry sector, reflected in the increased status from a bureau accountable to MAFo to a general department accountable to the CG. GDF's mandates were to advise the CG on forestry issues including, development of forest legislation, strategies and plans; forest management and commercialization; forest inventories; forest protection and reforestation; forest use, transportation and distribution of forest products; scientific research and training on forestry practices; and ratification and implementation of international treaties in forestry-related fields. To fulfill its mandate, the GDF was equipped with five technical departments that addressed forest plantation, forest inventories and planning, forest resource use, transport and distribution and forest product processing. In 1963, for the first time, a department for forestry protection was established and called the Forest Protection Department (FDP).

In 1972, an ordinance was issued that underscored forest protection and the enforcement of concomitant laws. The FPD engaged in forest patrolling, monitoring the implementation of forest protection laws, controlling forest fires and promoting forest protection practices among local populations. To facilitate local implementation, a two-tier forestry administration system was established at the provincial and district levels comprised of the FD, which was responsible for forest management and forest production and the Forest Protection Sub-department (Sub-FPD), which dealt with law enforcement for forest management and protection.[3] At the district level, two separate bodies remained responsible for forestry issues: a district Forest Protection Unit (FPU), under the Sub-FPD, and an Agriculture Board, which also addressed forestry issues. In heavily forested districts, the forestry component of the Agriculture Board was combined with the FPU into a Forestry and Forest Protection Unit.

1975–1985

During this period which was marked by the unification of Viet Nam in April 1975, the focus of the forestry sector was anchored around timber production for national reconstruction and the development of new economic zones (NEZ), and promoting sedentary farming and fixed upland settlements.

A year after the end of the war, three organizations were responsible for forestry across the country: The Hanoi GDF in the North, the Forestry Committee in the Central Region and the Sai Gon GDF in the South. In July 1976, the Ministry of Forestry (MoF) was established to consolidate the directions set out by the three organizations. The establishment of the MoF increased recognition

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[3] See also GoV Decree No. 101/CP dated 21 May 1973.

on the role of the forestry sector and its importance, moving from its subordinate role to full inclusion within the CG. At the provincial level, FD offices were established in all provinces to oversee forestry activities.

In 1977 through Decision No. 207/CP, the MoF was assigned the implementation of fixed cultivation and sedenterization (FCS), and by Decision 272/CP, the development of NEZs in uplands. These new responsibilities, as well as renewed interest in forest use and development contributed to the development of the State Forest Enterprise (SFE) system, with particular impact in upland provinces. The SFE system soon became a potent production force generating employment for more than 40 000 labourers, and production of timber by SFEs amounting to over 8.1 million m^3 between 1976 and 1980 (or more than 1.6 million m^3 per year), as compared to 1.1 to 1.3 million m^3 per year previously.

1986–1990

With the decision of the Sixth National Congress of the Vietnamese Communist Party in December 1985 to shift from a centrally-planned to a market-oriented economy, Viet Nam entered a period of economic reform (*Doi Moi*). By 1990, the reform policy had had a significant effect on the economy and inflation rates had dropped drastically. Annual GDP growth reached 5.1 percent in 1990 (up from 0.3 percent in 1986). In the agriculture sector, reform was initiated in 1981 and fully consolidated in 1989, by which time, Viet Nam transformed from a rice-importing country to a rice-exporting country; it became the third largest rice exporter in the world by 1990.

The period was also a transitional time for the Vietnamese forestry sector. While timber production remained an important feature, it was generally acknowledged within the sector that internal reform was required to keep pace with national development. One of the most important changes in forest management was the MoF's promulgation of Decision 1171/QD of December 1986 on management regimes of forests according to type: production forests, protection forests and special-use forests.

The development of the forestry sector generally lagged behind the rest of the national economic expansion as the sector's competitiveness was low compared to that of others under the new market economy. For the forestry sector, the rate of return of investment was only 2 percent compared to the national average of 4.8 percent. This was partially attributed to commercial forestry permitted only to SFEs and forestry cooperatives; the private sector was essentially excluded. Moreover, forest production systems faced multiple challenges. Overexploitation of the forest in the previous decade had resulted in serious degradation of forest resources nationwide. Even forests in remote areas were threatened with depletion. Consequently, timber production volumes were significantly reduced. By 1986, around 200 SFEs (more than 40 percent of all the SFEs) in 20 provinces (out of 39 provinces) had no access to productive forests and were further constrained by budget cuts. In addition, there was confusion on permission for commercial activities in forests for many local-level state forest organizations.

By 1990, once *Doi Moi* had put the economy on a new track, the forestry sector was under great pressure to undergo major reforms. Not only were the country's forests in a perilous state, but forest agencies were also perceived as being too weak to effectively implement state management under the new market economy (Nguyen *et al.* 2001).

Table 3. Major administrative changes in the forestry sector 1945–1990

Date	Functional changes	Organizational changes
Dec 1945	Reform of administrative and technical activities related to forest and hunting	Establishment of the MAFa and the FB
Mar 1946	Refocus on forest protection, forest use, fee collection, reforestation, hunting, scientific research and training of staff	No major corresponding structural change
Oct 1946	Re-organization of tasks. Implementation of forest laws and policies emphasized	No major corresponding structural change
May 1950	Focus on advising MAFa on forestry-related issues	FB renamed the Water and Forest Department (WFD)
Feb 1955	Introduction of new management role for control over forest use	WFD renamed the Forest Department (FD) with a new section responsible for forest use management
Apr 1956	Emphasis on the management of forest use	FEB established
Nov 1958	No major functional change	The FD and FEB were merged to reduce staff
1959	Distribution and transport of forest products included under the FD	Three General Stores established under the FD
Apr 1960	Role change to advisor to the Council of the Government (CG) on forestry issues	GDF established under the CG
1963	Emphasis on forest protection	FPD established under the GDF
1972	Increased emphasis on forest protection and law enforcement	FPD began operating at national to district levels
Jul 1976	Advisory role to the CG on forestry issues	MoF established
1977	Development of NEZ and implementation of FCS included as the FD's mandates. Forest use and development focus increased	Expansion of the SFE system
Oct 1979	No major functional change. Efforts made at harmonizing the roles at provincial levels	Provincial Sub-FPD placed under the FD

ADMINISTRATIVE REFORM IN THE FORESTRY SECTOR AND THE ESTABLISHMENT OF MARD

1991–1995: The years preceding the establishment of MARD

Between 1989 and 1991, at the request of the MoF, a review of forest development in Viet Nam was undertaken through the Tropical Forestry Action Plan Project.[4] Based on the results, the MoF initiated reform in the forestry sector, focusing on four key areas of change which reflected the overall shift from state- to people-centred forestry (Nguyen *et al.* 2001).

[4] Project No.VIE/88/037, co-financed by UNDP, FAO and SIDA.

1. A shift from forest use to forest development and generation of forest products.
2. A shift from centralized state management to multistakeholder management, employing social forestry practices.
3. Redirection from timber production to value-added processing.
4. A shift from low-tech forest management and use to high-tech forest intensification.

In 1991, the Forest Protection and Development Law (FPDL) was passed to promote a multistakeholder approach to forest management (though the role of the state remained central). According to this new law, forest resources could be allocated to different land users (including organizations and individuals) for protection and commercial production. The law laid out a framework for forest protection and development as well as decentralized forestry functions to people's committees at different levels. Decentralization of land management was also reflected in the new land law passed in July 1993. The land law entitles land users to long-term renewable land-use titles, or Red Book Certificates (RBC) officially recognizing five rights of the title holder: rights to exchange, to transfer, to inherit, to mortgage and to lease the land-use title. Together, the FPDL and the land law set out the two important future directions for Viet Nam's forestry sector: state management for forest protection and development, and the involvement of the private sector in commercial production of forest-based products.

From 1991 to 1993, in an effort to streamline the SFE system, a requirement was set for all SFEs to be self-financed, thereby liquidating or restructuring all economically unviable SFEs. Nevertheless, the SFE reform was reviewed as incomplete and further restructuring efforts were required.

The "327 Programme" which started in 1992 made significant contributions to the participation of local populations in forest management towards a social forestry orientation. The programme started initially with the aim of protecting existing forests in critical areas and rehabilitating degraded lands, later adopting approaches to attempt permanent resettling of ethnic minorities living in and around critical forest areas.

1994 marked a year of restructuring of the forestry sector in Viet Nam. Through Decree No. 8/CP in February 1994, officially the MoF was put in charge of developing and implementing national reforestation programmes and projects.

By September 1995 — just before the establishment of the Ministry of Agriculture and Rural Development (MARD) — the MoF had ten departments dealing with: silviculture, forest industries, science and technology, international cooperation, planning and statistics, finance and accounting, organization and labour, forest protection, the Inspectorate and the Ministry's Office. Two institutes were established directly under MoF: the Forest Science Institute of Vietnam (FSIV) and the Forest Inventory and Planning Institute (FIPI). Other entities under the MoF included national parks and a number of forestry schools.

Other restructuring took place at local administration levels to facilitate local implementation. At the provincial level, two state agencies were responsible for forestry issues: the Forest Department and the Forest Protection Sub-Department, the latter being directly accountable to the PPC.[5] At the district level, the district FPU was merged with the district Agricultural Board, which provided advisory support to the DPCs. At the commune level, there were three different types of forest management bodies. In some communes, the Commune Forestry Board (CFB) assumed responsibility

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[5] In some provinces, the FD was combined with the Department of Agriculture into the Agriculture and Forest Department (AFD).

for commune-level forestry issues, whereas other communes had professional forestry staff, and still others were neither managed by the CFB nor professional forestry staff.

The restructuring of the forestry sector in 1994 marked an important change in national forest management. In general, the restructuring process reflected the commitment of the state to engage local populations, while shifting from forest use to sustainable development of forest resources.

1995: The establishment of MARD

In 1995, the Ninth National Assembly passed a resolution to set up MARD to streamline and merge the functions and mandates of the MoF, the Ministry of Agriculture and Food Industry and the Ministry of Water Resources. The government issued Decree No. 73/CP specifying the mandate of MARD as the state agency responsible for management of agriculture, forestry, water resources and rural development and MARD thus became the primary authority for forestry in Viet Nam. With the establishment of the new ministry, most of the mandates under the former MoF were placed under the Forest Protection Department (FPD) and the newly established Forest Development Department (FDD), both under MARD. The FDD was established along with a Silviculture Division and a Forest Utilization Division to advise on the establishment, rehabilitation, utilization and development of all three forest types, as well as the development of social forestry.

Other departments were also established within MARD to address forestry issues (Figure 3). The Agricultural and Forestry Extension Department (AFED) was assigned to carry out extension activities for both agriculture and forestry. Within the AFED, forestry extension was carried out by the Forestry Extension Division (formerly under the Silvicultural Department). The Department of Agro-forestry Product Processing and Rural Industries (DAFPPRI) prepared plans, development projects, issued permits, legal documents, policies, guidelines and standards related to forest product processing and conservation. The Policy Department formulated forestry policies and legal documents for endorsement.

In addition, the following institutes were made directly responsible to MARD: the Forest Science Institute of Vietnam (FSIV); the Agro-forestry Science and Technology Institute of the Central Highlands; the Forest Inventory and Planning Institute (FIPI); the Management Board for Forestry Supported Projects (MBFAP); Vietnam Forest Product Corporation (Vinafor); Vietnam Forestry University (VFU); and the Central Forestry Seed Company. Apart from these institutes, research in forest sciences is also carried out by national parks under MARD, such as Tam Dao National Park and Cuc Phuong National Park.

Similarly, at the provincial level, through issuance of Decision No. 852/TTg, the Department of Agriculture and Rural Development (DARD) was set up consolidating relevant sectoral provincial offices to become the primary provincial authority in charge of state forest management. The DARD director was made accountable to the PPC and MARD for activities within his/her terms of reference. DARD comprised of 11 sections and subdepartments to deal with forestry development, FCS, NEZ development as well as the management of a subsidiary Extension Center.
The Forestry Section (FS) of DARD was established to oversee forest management, silviculture and implementation of forest plantation projects, with a staff of six to ten officials. In provinces with large forest area, forestry development sub-departments (Sub-FDD) were established in place of the FS.

At the district level, the Agriculture and Rural Development Unit (ARDU) incorporated district level authorities for the related sectors. ARDU was directly accountable to the DPC. An Agriculture and Forestry Extension Station was established under ARDU, assuming responsibility for agricultural and forestry extension work.

At the commune level, all tasks of the sector were assigned to a single CPC member. In general, the substantial changes in the sector had taken place prior to the establishment of MARD in 1995, and the emergence of the new ministry did not radically change operations for the forestry sector.
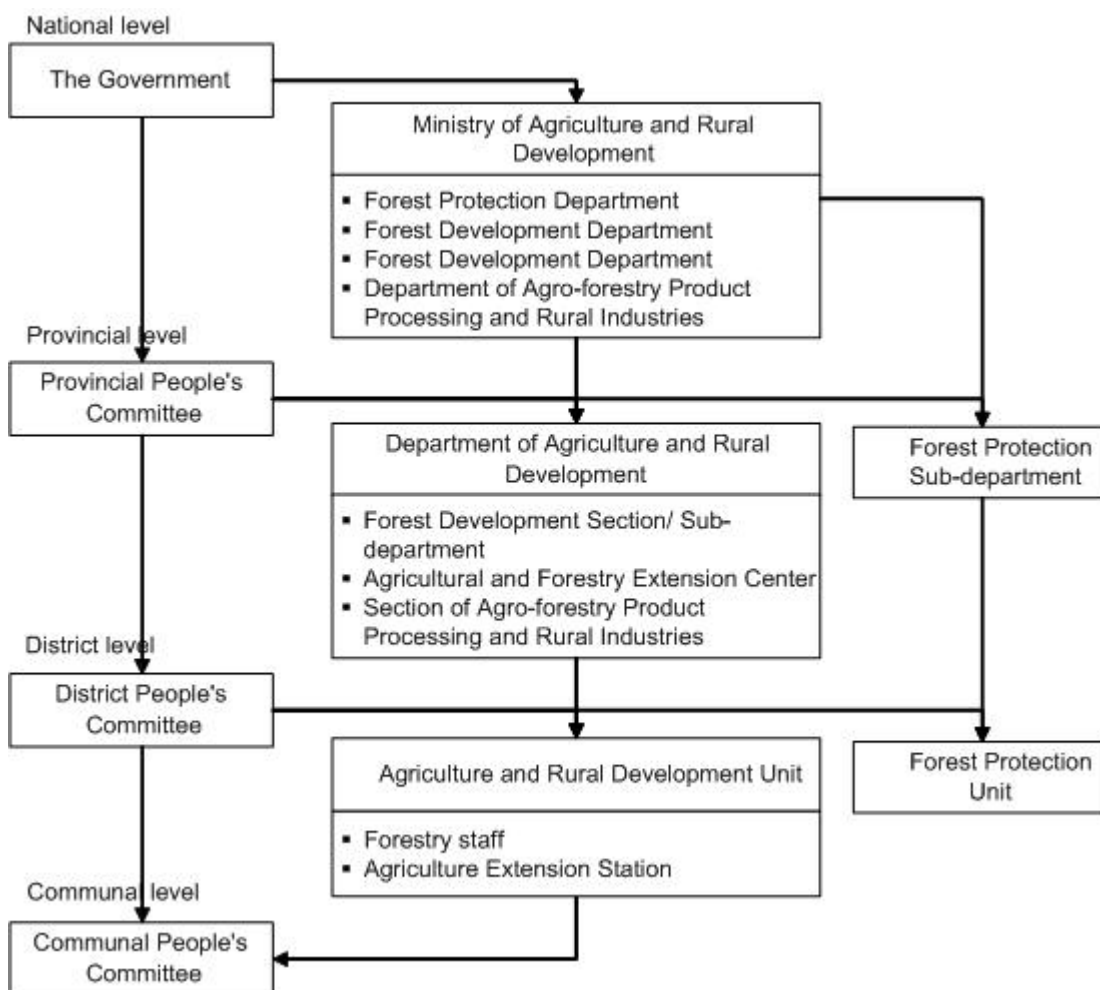
Figure 3. Administrative structure of state management in forestry by 1995/1996
Source: Based on relevant legal documents.

Present forest administration system

The organizational structure of MARD today remains largely unchanged since its establishment in 1995, including six functional departments and ten professional departments.

At the provincial level, DARD (1) advises and assists the PPC on matters pertaining to state management of agriculture, forestry, the salt industry, water resources and rural development; (2) provides public services in the agricultural and rural development sectors; and (3) carries out other tasks as mandated by the PPC.
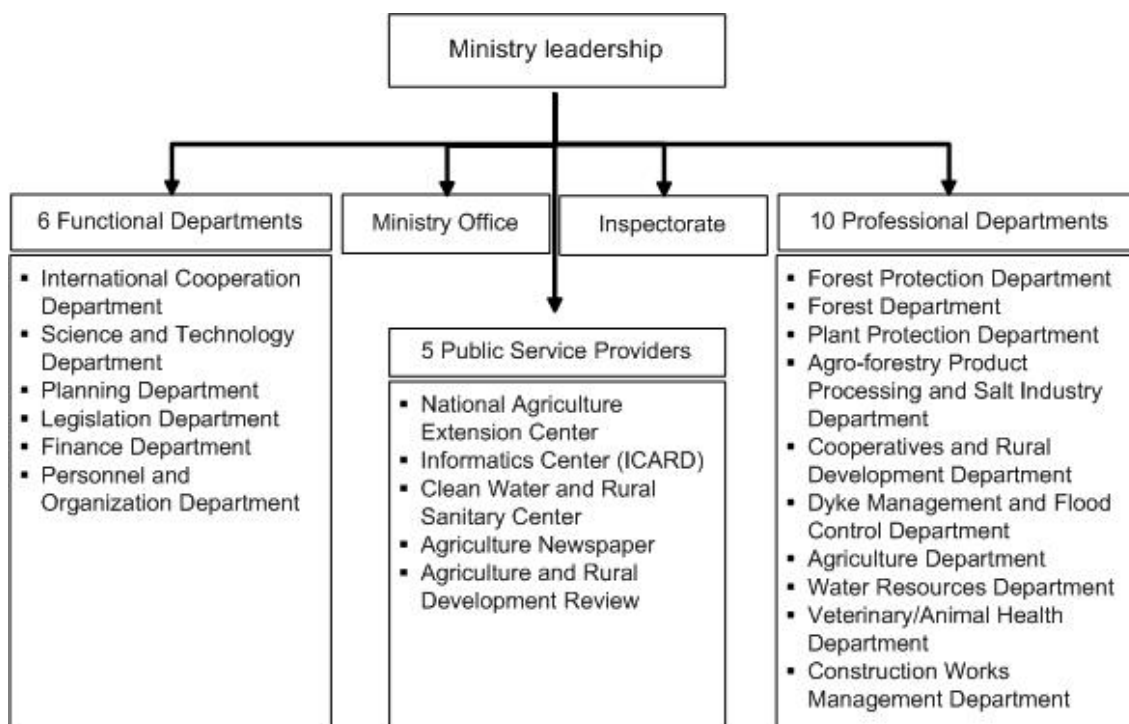
Figure 4. Organizational structure of MARD as of 2006

The Sub-FD under DARD assists in matters pertaining to different forest uses, the development of social forestry and upland rural development. As of 2006, 34 out of 42 forest provinces (i.e. provinces with high forest cover) have Sub-FDs. The Sub-FD has no specific line agency at the district level and such tasks are dealt with by forestry officials of ARDU.[6]

The Sub-FPD supports the PPC in forest protection and management and related law enforcement at the local level. At present, the Sub-FPD operates in 59 provinces, 43 of which are under PPCs and 16 are under DARDs.

At the district level, there are 424 district FPUs, 47 Forest Product Control Units (FPCUs) and 67 mobile forest protection teams. In addition to the regular FPUs, there are 45 FPUs under special-use forests (REFAS 2005).

At the commune level, forestry tasks are addressed by the CPC, with the assistance of forest rangers from the FPU at the district level.

KEY ISSUES IN THE FORESTRY SECTOR UNDER MARD

From 1995 to date, the development of Viet Nam has been characterized by strong economic growth and increased global and regional integration, which have translated into changes for the forestry sector as well.

The sector has been under pressure to not only improve its productivity and competitiveness in international markets, but also to meet international commitments to sustainable forestry. Furthermore,

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[6] In many districts, ARDU has joined with other production units into an Economic Unit under the DPC.

while there have been notable changes from state forestry to socially integrated forestry, major social challenges remain. Despite a drastic reduction over the last decade in the number of people living below the poverty line, poverty still remains endemic in many upland areas. In recent years, poverty alleviation and sustainable forest management have become central challenges for the forestry sector.

New directions for the sector; National Forest Strategy (NFS)

In 2001, MARD approved the National Forest Strategy (NFS) for the period 2001 to 2010. The NFS 2001–2010 identifies sustainable forest resource management and forest development as key development directions, reflected also in the commitment towards people-centred forestry. Soon after the approval of the NFS 2001–2010, a memorandum of agreement was signed between the government and international partners for the Forest Sector Support Programme and Partnership (FSSP&P).

The NFS proposes strategies in forest administration, technology, human resources and policies to be carried out through six development programme areas: the Five Million Hectare Reforestation Programme (5MHRP); sustainable forest management and development; wood and forest product processing development; forest resource inventory, monitoring and assessment; forest seed development; and human resource development.

But the development of the NFS had some major weaknesses. The strategy was not based on a comprehensive analysis of the sector and calculations of both tangible and intangible forest values. The preparation of the strategy did not integrate experiences from outside Viet Nam and future development trends. Moreover, it did not clearly identify financial resources necessary from sources including the government, international donors and the private sector (MARD 2005a).

In response, a review of the sector was carried out more recently, and in early 2007, the NFS 2006–2020 was promulgated, which stipulates the direction of national forest development.

Sector challenges; Poverty alleviation and contributions to the national economy

According to official statistics, the contribution of the forestry sector to the national GDP has been rather low over the last decade (Table 4). Growth in the sector has also been modest at 0.88 percent *per annum* between 1995 and 2004, as compared to 4.09 percent for the agriculture sector and 8.51 percent for the whole country over the same period.

Nevertheless, the figures do not capture the contribution of the sector to the national economy in terms of industrial production or fuelwood production (which contributes 7 percent of national energy demand). The count also fails to value environmental goods and services provided by forests (including carbon sequestration, ecotourism, or biodiversity conservation). Furthermore, arguably, if timber harvested and traded through illegal forest activities (said to be over 50 percent of national roundwood supply) were factored in, the full potential of the sectors' contribution to the economy would prove far greater (MARD 2005b, p.6). There have been efforts to address the issue of forest valuation in the recently approved Law on Forest Protection and Development. Currently, work is being carried out to prepare methodologies for valuing forest goods and services.

Table 4. GDP of the forestry sector for the last decade (Billion VND, current)

	1995	1997	1999	2001	2003	2004
GDP forestry sector	2 842 (1.24%)	4 813 (1.53%)	5 737 (1.43%)	6 093 (1.27%)	7 775 (1.27%)	9 412 (1.32%)
GDP agriculture sector	52 713 (23.03%)	65 883 (21.01%)	83 335 (20.84%)	87 861 (18.26%)	106 385 (17.34%)	118 258 (16.58%)
Total GDP of Viet Nam	**228 892**	**313 623**	**399 942**	**481 295**	**613 443**	**713 071**

Source: www.gso.gov.vn.
(Note: The numbers in parentheses are percentages over total GDP of the corresponding years.)

In terms of poverty alleviation, Viet Nam has made major progress. Between 1993 and 2004, the national poverty rate dropped from 58.2 to 24.1 percent, implying a reduction of the population living in poverty by more than half in 11 years. Such progress has been generally attributed to strong national economic growth. In the forestry sector, attention to poverty reduction was raised through the 5MHRP and the NFS 2001–2010. Nevertheless, systematic approaches to the challenge have yet to be adopted, as the sector's direct contribution to poverty reduction is unclear and the impacts of forestry on the poor remain vague (Dinh and Research Group of VFU 2005; Nguyen 2005a).

With the government's approval of the Comprehensive Poverty Reduction and Growth Strategy (CPRGS) in 2002, the forestry sector was challenged to identify specific strategies for meeting the national poverty reduction goal. In the NFS 2006–2020, an attempt was made to include poverty reduction in the forestry sector's developmental orientation. Preliminary findings from research show that there are various challenges, including provision of legal rights to local people, promotion of different forms of forest management with local community participation, identification and implementation of appropriate reward mechanisms for environmental services, and establishment of an effective forestry extension network (Dinh and Research Group of VFU 2005). These findings suggest that an adjustment in approach will be required by the sector to meaningfully contribute to the poverty alleviation objective.

Human resources development and forestry training

The shift towards people's forestry has created major challenges for the sector, especially in terms of human resources development. Compared to other disciplines, forestry training institutions in Viet Nam have experienced difficulty in recruiting top students, due the public perception of forestry being a less attractive profession (ETSP 2005). Nevertheless, in reality, the sector provides important career opportunities for students from rural upland areas, and thus diversification of forestry courses is being explored in forestry training institutions. Also, in response to needs for greater investment in training opportunities, especially for students from remote rural areas, the Vietnam Forestry University (VFU) has started offering a special preparatory programme for ethnic minority students.

The retraining of existing forestry officials (including field staff) has also proved to be a challenge. Measures taken in response include the provision of short training courses at centralized training centres (in Hanoi and Ho Chi Minh City) as well as in other localities, formulation of task forces assigned to develop new training modules and the establishment of training centres for forest protection staff in forestry high schools.

Nevertheless, refresher training opportunities for forestry staff, particularly those at lower levels are seen as inadequate. For example, only 10 percent of forestry managers have received updated

managerial training, and in some remote areas, forestry officials have not received updated training at all (MARD 2004a).

Training institutes under MARD currently include: (1) five forestry technical training schools for forestry workers; (2) four central forestry high schools and colleges, which offer training in technical forestry; (3) two management schools, which focus on (refresher) training for in-service forestry staff; (4) the Vietnam Forest University for higher forestry education; and (5) The Forest Science Institute of Vietnam offering forestry education to the Ph.D. level.

There are more than 20 agriculture and forestry schools and colleges directly under provincial authorities and four agriculture and forestry universities with annual enrolment in forestry programmes of around 800 students (MARD 2004a).

Forestry education also includes ongoing part-time education programmes that serve to upgrade the qualifications of forestry officials (ETSP 2005). Non-formal training courses are provided by development projects and other agencies for a wider audience, including project managers, technicians, extension workers and farmers.

Opportunities for training in social forestry have also been opened up to include forestry professionals, potential recruits as well as interested people at large. Social forestry training first started in 1994 when a Social Forestry Training Center was set up at the VFU, and by 1997, social forestry officially became an undergraduate major at the VFU and a network of training opportunities was established, including five universities that offered training in forestry.

The weaknesses in human resource development in the sector have been acknowledged and taken into consideration in the recent NFS. The new forest strategy proposes enhancement of managerial and technical skills of forestry officials at all levels by overhauling the forestry education and training system, and developing prioritized short training programmes, among other initiatives.

Decentralization of decision-making in the forestry sector

Over the last decade, substantial achievements have been made with regard to devolution of forestry decision-making. In December 2004, a new Forest Protection and Development Law was passed, outlining decentralized responsibilities and the transfer of forest protection and development to local levels with emphasis on coordination among the different national bodies.

Table 5. Major decentralized forestry responsibilities

RESPONSIBILITIES	NATIONAL LEVEL	LOCAL LEVELS
Forest protection and development planning		
Approval of master plan	MARD submits to the prime minister (PM) for approval	• The PPC approves the provincial level master plan based on appraisal by MARD • The PPC approves the district level master plan • The DPC approves the commune level master plan
Approval of plans	MARD submits to the PM for approval	The PC submits to the People's Council at respective levels for approval
Implementation of (master) plans	MARD is responsible for implementation at the national level and for monitoring and evaluation of implementation at provincial levels	The PC is responsible for implementation at the same level and for monitoring and evaluation of implementation at lower levels
Forest land allocation/lease/ reclamation		• The PPC decides on forest allocation/lease to and reclamation from expatriate Vietnamese, foreigners and organizations • The DPC decides on forest allocation/lease to and reclamation from individuals and households
Setting up production, protection and special-use forest	MARD submits to the PM for approval of important forest sites	The PPC approves the establishment of forest sites within the province
Change of forest type and use	The PM decides on changes of important forest sites	The PPC decides on changes of forest sites within the province
Forest survey and inventory	MARD in collaboration with MONRE	The PC at respective levels
Forest protection and law enforcement	• MARD is responsible for issuance of policies and organization of the forest protection system • Other ministries coordinate	• The PPC is responsible for issuance of policies and implementation guidance • The PCs are responsible for implementation, monitoring and evaluation of forest law enforcement at their respective levels
Extraction of forest products		
From natural forests		• The PPC decides on extraction by organizations[7] • The DPC decides on extraction by individuals and households
From plantation forests		• Plantations funded by forest owners are decided by the owners • Plantations funded by the state are decided by a competent state body

[7] According to Decision 02/1999/QD-BNN-PTLN (1999) by MARD the decision on extraction of timber from natural forests by organizations is to be made by the MARD minister. The logging permit is granted by the PPC based on the MARD decision.

The 1991 Law on Forest Protection and Development and the 1993 Land Law initiated the devolution of forest management to local people. By the end of 2004, almost 3.2 million hectares of forests (accounting for 25.5 percent of the total forest) were being managed by local people, either individually or collectively (Forest Protection Department 2004).

Nevertheless, major challenges remain. There are no clear mechanisms for benefit sharing between households and communities managing forests, and the state (Nguyen 2005a). Though various benefit-sharing arrangements are being explored, there is still a gap between stipulations and the capacity for local level implementation.

Forestry extension

Since the establishment of MARD, forestry and agricultural extension activities have been integrated into one system, recognizing the many cross-sectoral issues in upland rural development. In 2002, by Decree 30/2002/QD/BNN-TCCB, the National Agricultural Extension Center (NAEC) under the Agricultural and Forestry Extension Department (AFED) was established as an extension service provider at the national level and in July 2003 the NAEC became directly responsible to MARD; the AEFD was replaced by the Department of Agriculture.

At the provincial level, Province Agricultural Extension Centers (PAECs) have been established under the DARD in all 64 provinces and municipalities. In addition to PAECs, the Provincial Agricultural Extension Advisory Council facilitates coordination among different agencies involved in extension-related activities and support services. At the district level, District Agricultural Extension Stations (DAES) have been established in approximately 80 percent of all districts. There are various organizational models for extension at this level. In some provinces, DAES are directly under PAECs; in other provinces, DAES are directly under the DPC; elsewhere, DAES belong to ARDU. At commune and village levels, the situation varies. Conventional extension programmes at these levels feature extension workers, extension clubs and extension volunteers (ETSP 2005; Hoang and Nguyen 2003). In 2005, with the issuance of Decree 56/2005/ND-CP, extension workers at the commune and village level were made mandatory. Concomitant to the national extension network is the provision of training for extension workers. While curricula on extension training for work with farmers have existed along with university course options, provision of training in specific extension services remains weak. So far most extension efforts have focused on the agriculture sector particularly on the provision of agricultural inputs and training on agricultural production. Between 1993 and 2000 approximately 90 percent of the budget from the central government for extension work was allocated to the agriculture sector.

In general, forestry extension activities in the field have been attributable to international donors and NGOs. Over the last decade, various international projects have been engaged in forestry extension approaches in different areas of Viet Nam. Some of the most important lessons come from the Swiss Development Cooperation (SDC) through the SFSP (1994–2002) and the ongoing Extension Training and Support Project (ETSP), implemented by Helvetas Vietnam in collaboration with its local partners. Other projects include the Swedish-funded Mountain Rural Development Programme, the FAO-funded Participatory Watershed Management Project in Quang Ninh Province and the German-funded Social Forestry Development Project. Various international NGOs also carry out projects not only in forestry extension activities, but more importantly provide human resource training for local extension systems.

Future plans in forestry extension under MARD look toward the involvement of different stakeholders in the development of the forestry extension networks. Emphasis will be on forest and forest land allocation policies, marketing and technology transfer for sustainable upland cultivation. The main targets will be marginalized groups at the grassroots level (MARD 2003).

National forest programmes

From the early 1990s to date, the 327 Programme and the 5MHRP have been the two major national programmes implemented by MARD. These programmes have contributed to a number of important areas in the sector, including environmental protection, poverty alleviation, restructuring of the SFE system, decentralization of forest management and rural livelihoods. Programme implementation has also resulted in the reform of some state forest agencies.

The 327 Programme (1992–1998) was launched in September 1992, against a backdrop of rapid forest degradation and deforestation. The programme objectives were to rehabilitate existing barren lands within 15 years, and to promote a sedentary life for ethnic minorities living in and around forest areas. The central components of the programme were forest and land allocation. Individual households were entitled to a contracted forest area for protection, restoration and regeneration (on an annual basis) with remuneration of VND50 000 per hectare per year. In 1995, the programme was reviewed to focus attention on protection and special-use forests through plantation, regeneration and agroforestry.

Substantial resources were spent on the 327 Programme; in the six years of implementation, total investment capital amounted to VND2 980 billion. Around 1.6 million hectares of protection forest were safeguarded through contractual arrangements, 409 000 hectares of forest were rehabilitated and 543 000 hectares were reforested.

The programme had several major implications for state forest agencies, particularly those at the field level. SFEs or FPUs became designated project managers tasked to subcontract forests to local people for protection or plantation, monitoring the implementation of these activities and providing necessary technical support.

The 5MHRP (1999–2010) also known as the 661 Programme, was launched in 1997 to increase forest cover from around nine million to 14.3 million hectares (from 28 percent to 43 percent) by 2010. Of the five million hectares to be reforested, two million hectares were targeted as protection forests and three million hectares as production forest. In addition the programme was designed also to contribute to poverty alleviation and increase income for the inhabitants of mountainous areas.

Under the 5MHRP, existing production forests and certain protection forests were allocated to individuals and local households on long-term contracts. Furthermore, people who invested in the establishment of production forests were entitled to benefits from this forest.
The 5MHRP had greater impact in improving forest cover and forest quality in comparison with the 327 Programme. Between 1999 and mid-2005, approximately two million hectares were reforested and 2.26 million hectares of forest protected under contract. Total investment capital has accumulated to VND5 916 billion or around US$374 million.

Coordination of international assistance

Recently, most assistance from international donors to the forestry sector has been channeled through the FSSP&P, which was established in 2001 to streamline international assistance for sectoral needs. The partnership framework has been widely supported, which is reflected in the increase of international partners from 19 in 2001 to 24 in 2006.

FSSP&P activities are organized through five programmes: (1) the Programme for Sustainable Forest Management; (2) the Programme for Forest Protection, Conservation and Environmental Services; (3) the Programme for Wood and Forest Product Processing and Trade; (4) the Programme

for Forest Research, Extension, Training, and Education; and (5) the Programme for Strengthening Forest Sector Policy, Organizational, Planning, Financial, and Monitoring Frameworks.

There is also an International Support Group (ISG) under MARD, serving as a forum for discussion by the government and international donors on priorities, policies, strategies and experiences in agricultural and rural development. Currently, there are 15 projects with an estimated total budget for 2006 to 2010 of approximately US$150 million.

Logging bans and responses; from extraction to value added processing

With the decrease in forested area and the imposition of a partial logging ban in 1992, roundwood extraction has declined (at least officially). In 1996, annual logging by state forest organizations was around 0.98 million m^3, compared to around 1.1 million m^3 in 1991 and 1.4 million m^3 in the mid-1980s. Annual logging by state forest organizations continued to fall, with the consolidation of the logging ban in 1997, to around 300 000 m^3 in 2000 and 200 000 m^3 in 2004. In response to the declining timber harvest, the government is working to implement policy directives aimed at promoting domestic wood processing and export of finished products; shifting of timber production from natural to plantation forests; and importing raw wood materials for domestic use.

In addition, MARD strengthened control on logging procedures on both natural and plantation forests. In January 1999 MARD issued a Decision on procedures for harvesting timber and forest products.[8] According to this Decision, DARD is mandated to appraise and issue logging permits. In collaboration with the Sub-FPD, DARD is also responsible for monitoring logging activities.

However, in part as a response to these tightening measures, there has been corresponding increase in illegal logging. According to FPD statistics, the volume of illegal timber harvested declined slightly from 61 012 m^3 in 1998 to 56 747 m^3 in 2003. However, the trend has since reversed with much larger volumes of illegal harvesting taking place, though largely unrecorded. Estimates suggest that this illegal timber volume could be over 50 percent of the national roundwood supply (MARD 2005b); this poses a serious threat to sustainable forest management.

Biodiversity conservation and establishment of protected areas

The government's commitment towards biodiversity conservation is reflected in the following policy directives and programmes: the National Nature Conservation Strategy of Vietnam (1984), the Tropical Forestry Action Plan (1991), the National Plan for Sustainable Environment Development (1991), the Law on Forest Protection and Development (1991, 2004) and the Law on Environment Protection (1993, 2005) (MARD 2005b).

Forests designated for conservation in Viet Nam fall into the category of special-use forests. Over the last decade, the forestry sector has made substantial efforts to identify and expand special-use forest areas and strengthen its management capacity. By the time of MARD's establishment in 1995, there were 90 special-use forests covering an area of 953 000 hectares. At present, there are 26 national parks, 66 natural reserves and 37 historical, environmental and cultural forests nationwide, covering approximately two million hectares. Of these special-use forests, there are eight national parks under direct MARD management, with the remainder under management by PPCs.

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[8] Decision No. 02/1999/QD-BNN-PTLN.

Forest industries and commercial production

In the forest industry, there are various units; around 319 SFEs (including the largest, Vinafor), the Central Forest Seed Company and its local affiliations and more than 250 wood and forest product processing enterprises under provincial authorities. In addition, there are approximately 40 enterprises with foreign investment and 786 enterprises in other economic sectors that also are involved in the forest industry (MARD 2003).

State-owned enterprises manage expansive forest areas. For example, SFEs manage approximately five million hectares of natural forest or 50.7 percent of the total natural forest area (Nguyen 2005a).

To increase the independence of state enterprises in business operations, the government has transferred the control of most state enterprises from MARD to local authorities, and is promoting reduced government control on these enterprises (MARD 2003).

EFFECTIVENESS OF THE SECTOR REFORM: AN ASSESSMENT

Government commitment to the forestry sector challenges

Over the last decade, the forestry sector has gained increased recognition as a sector of national importance, reflected through government funding, policy-making and legislation. Under the current legal framework, the most important document guiding forestry development is the Law on Forest Protection and Development (2004). The government has also issued various by-laws including three legal documents issued between 1999 and 2004 for the implementation of SFE reforms.

Forestry sector funding has also undergone significant review. Between 1993 and 1998 accumulated state funds invested in the 327 Programme amounted to VND2 980 billion (equivalent to 1.1 percent of the national GDP of 1995), and in the 5MHRP, between 1998 and 2005, VND5 916 billion had been invested (exceeding the GDP of the forestry sector and accounting for 1.6 percent of national GDP for 1998).[9] For the total lifetime of the programme (1998–2010), planned investment capital is VND33 000 billion (approximately US$2.4 billion in 1998 terms), which is around six times the contribution of the forestry sector to the national GDP or almost 10 percent of the total GDP in 1998. In 2006, approximately VND2 110 billion (US$132.7 million) was disbursed for forestry development.[10]

As demonstrated through the government's shift to adopt poverty alleviation goals in its key sector strategies, as well as its recognition of multistakeholders and devolution of authority, the sector has been relatively quick to adjust to emerging issues. These factors have contributed significantly to the effectiveness of sector reforms.

International assistance and investments

Early support to the sector came from the Swedish International Development Agency (SIDA), the German Agency for Technical Cooperation (GTZ), the German Bank for Reconstruction (KfW), the Japanese International Cooperation Agency (JICA), the World Bank, FAO, the World Food Programme (WFP) and other international donors.

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[9] Not reflective of inflation rates.
[10] This amount includes foreign loans.

International investment is continuing to grow and in recent years, investment from the private sector has become substantial. Since 2001, most international assistance has been channeled through the FSSP&P for better targeting of forestry objectives. Between 2001 and 2005, Overseas Development Assistance (ODA) and Foreign Direct Investment (FDI) in the forestry sector accumulated to over VND6.5 billion (over US$400 million), accounting for around 40 percent of the total investment in the forestry sector (Figure 2).
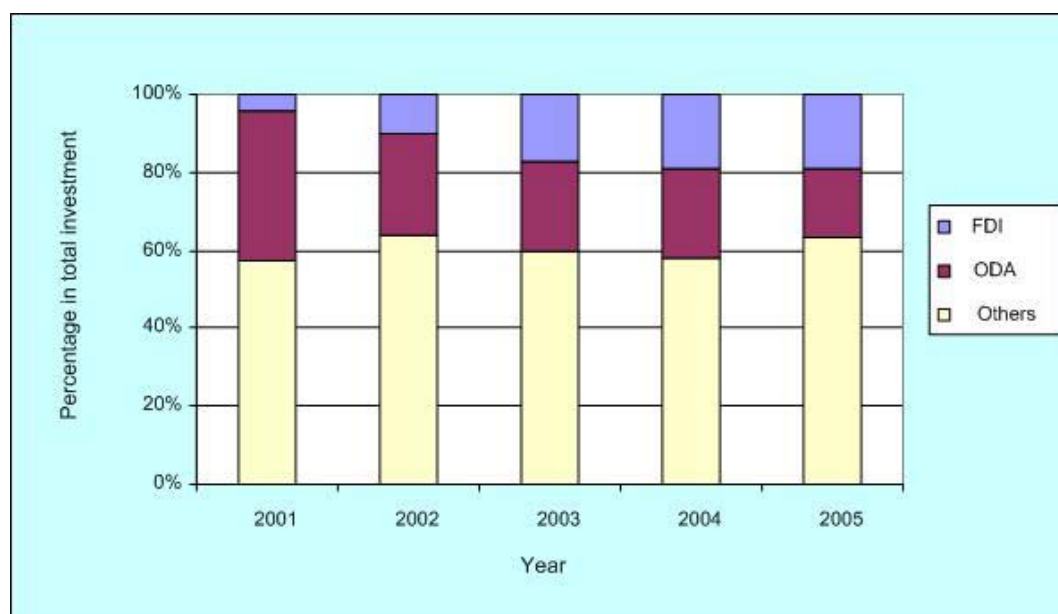

Figure 5. International investment by source of funds, 2001–2005
Source: MARD (2005a).

In 2004, a Trust Fund for Forest (TFF) was established with funding from four international donors — the embassies of the Netherlands, Sweden, Switzerland and Finland — with an initial contribution of over €15 million. For the period 2004–2007, the four donors pledged contributions of approximately €9.53 million. This funding will be managed by FSSP-CO. The TFF concept is to provide support for pro-poor and sustainable approaches to forest management. By pooling funds from the four donors, the TFF expects to provide more effective support to key priorities in the forestry sector as stipulated in the FSSP&P agreement (FSSP-CO 2005).

The international community has also provided technical support. Internationally funded projects have helped in the transfer of state-of-the-art technology and experiences from other countries as well as human resource training for the sector.

Viet Nam is currently signatory to around 28 multilateral environmental agreements (MARD 2005b): i.e. the Convention on Biological Diversity (CBD), Convention on International Trade in Endangered Species (CITES), United Nations Convention to Combat Desertification (UNCCD) and the UN Framework Convention on Climate Change (UNFCCC). In addition, Viet Nam is a member of a number of international organizations that promote sustainable forest management, such as the Asia Forest Partnership (AFP), Asia-Pacific Forestry Commission (APFC), International Network on Bamboo and Rattan (INBAR), Center for International Forestry Research (CIFOR) and the Regional Community Forestry Training Centre (RECOFTC) (MARD 2005b). It is also expected to become a member of the International Tropical Timber Organization (ITTO) in the future.

Substantial financial assistance from the international community to the forestry sector is not, however, expected to continue for long. Viet Nam is moving towards joining the medium-income

group of countries, and grant assistance and credits are expected to shift to loans at less concessional rates. Alternative financing resources will therefore need to be found.

Weak legal framework and institutional capacity issues

Though the government has been quick in identifying emerging issues and adopting overall strategies to address them, there remain gaps in the sector's legal framework which hinder sound implementation.

First, many legal documents lack clarity and practicality. For example, Decision 178/2001/QD-TTg, which stipulates entitlements and obligations of forest owners, comes with benefit calculation methods which are too complicated to be applied in practice. This has resulted in its slow implementation, even four years after its promulgation.

Second, there are legal inconsistencies. For example, local communities are legally recognized as forest owners under the 2004 Law on Forest Protection and Development. However they are not recognized as legal entities under the Civil Code and are consequently not able to enjoy full ownership rights. Another example is related to the role of the PPC. According to Resolution 08, the PPC is stipulated as being responsible for provincial plan development while in Article 18 of the Law on Forest Protection and Development, PPCs are accountable for only developing plans while MARD is stipulated as the authority for appraisal (REFAS 2005).

Third, legal documents are often issued without taking into account the practicality of implementation; often financial and human resources are not available to fulfill tasks as stipulated. There are many cases where legal documents are issued by the central government leaving local authorities responsible for identifying and securing the resources needed for implementation.

The lack of clear indicators and a proper system for monitoring implementation also contributes to slow policy implementation and poor feedback of results.

Another weakness lies in government's capacity to implement and monitor legal frameworks. At the central level, the number of staff in the FD and FPD has remained at approximately 44 to 48 people in each agency over the last ten years. At the provincial level, there are currently around 530 staff working in the Sub-FD or FS under DARD, ranging from five to 20 people per province, and around 1 300 FPD officials in the Sub-FPD. At the district and commune levels, there are no more than two forestry staff working in each ARDU and around 8 000 rangers.

Poor implementing capacity is also reflected in forestry extension services at the field level. Current extension focuses mostly on agriculture. As the number of people involved in forest management is increasing along with the area of forests, there is an increasing need for extension services supporting forest production and development.

Weak institutional arrangements and a lack of policy research capacity

Unclear institutional arrangements also negatively affect the overall performance of the sector. For example, Decision No. 1/CP/1996 stipulates that forest planning is the task of the FIPI. In addition, the FIPI is also in charge of carrying out an inventory of forest resources in the country every five years. Conversely, under Directive No. 32/2000/CT/BNN-KL and Decision No. 78/2002/QD-BNN, annual monitoring of changes in forest resources is the responsibility of the FPD. The FPD is also in charge of developing a relational database management system for forest monitoring. Despite the thematically close mandates of the two agencies, there is little, if any, systematic exchange of data or knowledge amongst the two. This leads to duplications of similar activities, with high associated costs.

As for forestry policy research and analysis, despite the various institutes and universities involved in research work, there is no single unit responsible for policy research and strategic planning. Existing research institutions mainly focus on research in technical matters, e.g. silviculture, genetic development, product processing and forest species. The FSIV, which is currently the leading research institute in the forestry sector, conducts most of its research work on forest sciences with very little attention to forest policies. Similar to the FSIV, other institutes in the forestry sector also focus on scientific forestry research.

In general, there is inadequate policy research and analysis conducted on a regular basis to provide continuous feedback on the impacts of forest policies and to predict future trends. Without such information, the quality of resulting forestry policies, legislation and development strategies for the sector will be hindered.

SUMMARY AND CONCLUSIONS

Since the establishment of MARD in 1995, the forestry sector of Viet Nam has undergone a number of important changes. Some of the lessons to be learned from Viet Nam's experience as identified through this study include:

- *Participation of local people in forest management:* Decentralizing forest rights from state organizations to multiple stakeholders, particularly local people who live in and around the forest has been an important part of the fight against forest degradation. Viet Nam is currently allowing different forms of forest management by local people to increase forest cover and improve the livelihoods of local inhabitants.
- *Poverty alleviation as part of the sustainable forestry agenda:* With almost one-third of the country's population living in forest areas, many of whom are considered poor, measures for poverty reduction are important for sustainable forest management.
- *Sound and feasible legal framework:* Rapid changes in the sector's policies have often resulted in confusion in implementation, undermining the overall relevance of the policies. Confusion is heightened when policies are issued without taking into account implementation feasibility and well-defined procedures.
- *Policy research and feedback in strategic decision-making:* Weak institutions for policy monitoring and lack of institutionalized policy research and analysis has resulted in weak monitoring of forest policy implementation. Without such information, the feasibility of developing appropriate policies, particularly for long-term development, is limited.
- *Coordination in international assistance:* Strong support from international donors has contributed significantly to the sector's development. With the establishment of the FSSP&P and the ISG, the sector has taken an important step towards more effective coordination of international assistance.
- *Shifting focus from timber extraction to value-added processing:* In response to the drastic decrease in coverage and degradation of natural forests, the sector has made a conscious shift from extraction-focused industries to processing for value addition. This shift has not only reduced the pressure on forests but has served to increase the unit value of traded forest products.

In order to cope with current challenges and to enhance existing strengths, the following recommendations are made in relation to the ongoing institutional changes of the sector:

1. *Preparation for the phasing out of international assistance:* Necessary preparations include the development of priority programmes and actions to be undertaken and harnessing existing international assistance to achieve them. Recommended priority areas include capacity building of government staff at all levels through on-the-job training, institutionalizing and operationalizing a policy assessment and monitoring system and strengthening policy-making procedures.

2. *Establishment of an agency responsible for policy research, analysis and strategic planning:* An agency directly accountable to MARD should be tasked to provide policy-makers with information on policy implementation at the local level as well as broad-based analysis for future development of the sector. Specific tasks of this agency would include conducting regular studies on the effects of various policies, reviewing relevant forestry experiences from other relevant countries, synthesizing lessons from Viet Nam, assisting the FD and the legal department in MARD to develop forest policies and legislation and preparing and revising forest development strategies.

3. *Accelerate the process of devolution in forest management:* This includes accelerating and extending SFE reforms to the local level as well as enhancing the participation of local people in forest management to improve forest cover and livelihood opportunities. To facilitate this, it is recommended to develop and institutionalize clear and simple procedures to guide the implementation of forest devolution in the field and more importantly to monitor forest management after devolution.

4. *Improved institutional arrangement and coordination among different forest agencies:* A recommended approach, also suggested by REFAS (2005), is to combine the FD and FPD systems into one unit. The advantage of combining the two systems is the benefit of a unified body at the local level, thus relieving problems of coordination and also reducing administrative staff. Another option to improve coordination is to place the Sub-FPD at the provincial level under DARD, and the FPU at the district level under ARDU or the Economic Unit. Some forest protection staff could then be mobilized in the extension network.

5. *Strengthening and institutionalizing the policy monitoring system:* This includes developing a set of monitoring indicators with legal adjuncts, consolidating indicators and reporting to relevant authorities regularly.

6. *Improve capacity in forestry extension services:* With around three million hectares of forests currently under the management of local people and another one million hectares forthcoming (as result of SFE reform), the demand for forest extension services will increase significantly. It is recommended that some FPD staff, particularly those at the local level, should be mobilized to work in the extension network, given their silvicultural expertise and experiences in forest management. As an organizational measure, forest users and managers could be organized into groups at the village or commune level to better access extension services.

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Appendix 1. Abbreviations and acronyms

5MHRP	Five Million Hectare Reforestation Programme
AFD	Agriculture and Forest Department
ARDU	Agriculture and Rural Development Unit
CM	Council of Ministers
CPC	Communal People's Committee
CPRGS	Comprehensive Poverty Reduction and Growth Strategy
DARD	Department of Agriculture and Rural Development
DPC	District People's Committee
DRV	Democratic Republic of Viet Nam
ETSP	Extension Training and Support Project
FAO	Food and Agriculture Organization of the United Nations
FCS	Fixed Cultivation and Sedenterization
FB	Forest Bureau
FD	Forest Department
FDD	Forest Development Department
FEB	Forest Exploitation Bureau
FIPI	Forest Inventory and Planning Institute
FPD	Forest Protection Department
FPDL	Forest Protection and Development Law
FPU	Forest Protection Unit
FS	Forestry Section
FSIV	Forest Science Institute of Vietnam
FSSP&P	Forest Sector Support Programme and Partnership
FSSP-CO	Forest Sector Support Programme Coordination Office
GDA	General Department of Agriculture
GDF	General Department of Forest
GDP	Gross Domestic Products
GoV	Government of Viet Nam
ISG	International Support Group
MAFa	Ministry of Agriculture and Farming
MAFo	Ministry of Agriculture and Forestry
MARD	Ministry of Agriculture and Rural Development
MoA	Ministry of Agriculture
MOA	Memorandum of Agreement
MoF	Ministry of Forestry
MSF	Ministry of State Farms
NEZ	New Economic Zones
NFS	National Forest Strategy
PAR	Public Administration Reform
PC	People's Committee
PPC	Provincial People's Committee

REFAS	Reform of Forestry Sector Administration System
SDC	Swiss Development Cooperation
SFE	State Forest Enterprise
SFSP	Social Forestry Support Programme
SIDA	Swedish International Development Agency
Sub-FD	Forest Sub-department
Sub-FDD	Forest Development Sub-department
Sub-FPD	Forest Protection Sub-department
TAG	Thematic Ad-hoc Group
UNDP	United Nations Development Programme
VFU	Vietnam Forestry University
VND	Vietnamese dong (local currency)
WFB	Water and Forest Bureau