



Food and Agriculture Organization  
of the United Nations

**Viet Nam Case Study**  
**Prepared for FAO as part of the**  
**State of the World's Forests 2016 (SOFO)**

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RECOFTC – The Center for People and Forests

Ha Noi, November 2015

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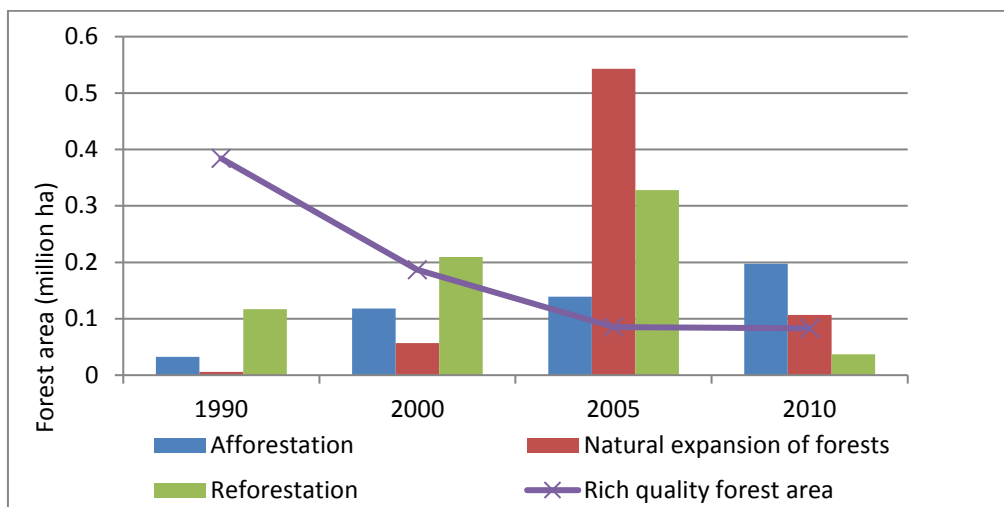
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## 1 Country trend observation: forest condition, agriculture and food security

Over the last 25 years (1990-2015), Viet Nam has experienced drastic changes in forest conditions. By early 1990s, Vietnam's forest area reached lowest in history. Yet, the two decades later experienced significant increase of forest area in both plantation and natural forests, from 9.14 million ha (28% forest cover) in 1990 to 13.95 million ha (40.96% forest cover) in 2013, representing an increase of 4.8 million ha in 23 years or 210 thousand ha per year (FAO 2014). Along with this line is the expansion of forest area through afforestation, natural expansion of forest and reforestation (see Figure 1). At the same time, deforestation continued to happen, though no time series data are available, a snap shot of 2010, for example, indicates that almost four thousand ha of forest was lost. Most importantly, forest degradation continued, particularly between 1990 and 2005, with the area of rich quality forest going down from 384 thousand ha in 1990 to 187 thousand ha in 2000 and down to only 85 thousand ha in 2005, and staying relatively stable since then. Plantation of tree crops, such as rubber, has also been on the rise. Area under rubber has quadrupled from 221 thousand ha in 1990 to 911 thousand ha in 2012, at around 31 thousand ha per year for 22 years (FAO 2014).

Figure 1: Changes in forest conditions, 1990-2010

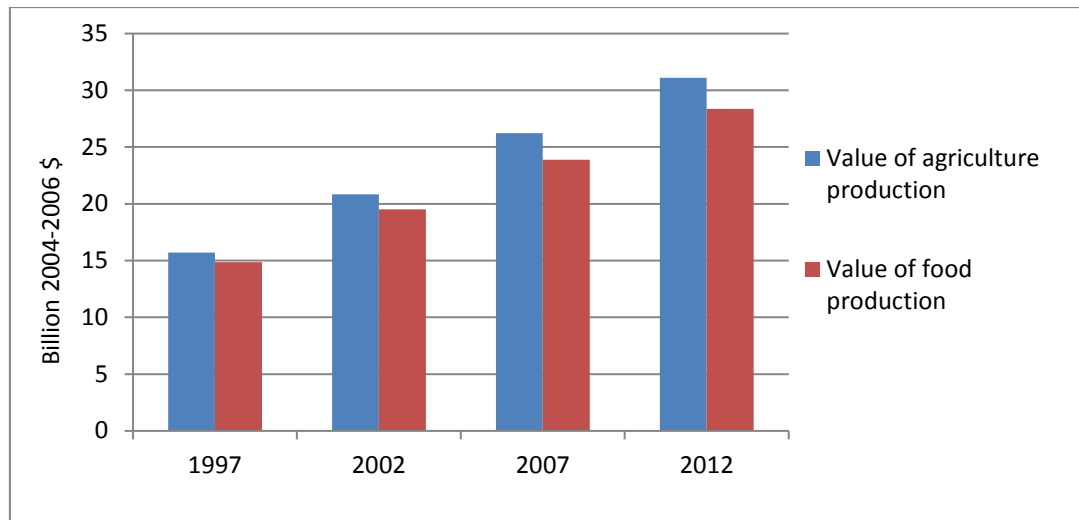


Source: FAO 2014

In agriculture sector, the country has experienced a drastic shift from production for domestic consumption to more cash oriented production over the last 25 years. Rapid growth in production of cash/ tree crops has also been observed. The major ones include pepper (growing area expanded 6.4 times between 1990-2013), coffee (growing area expanded 4.3 times between 1990-2013), and rubber (growing area expanded 3.3 times between 1990-2013) (FAO 2015). The value of agriculture production has doubled between 1997 and 2012 (see Figure 2). Yet, the share of agriculture production in the country's gross domestic product (GDP) has gone down from 38% in 1990 to 22.7% in 2000 and only 18% in 2014 (World Bank 2015).

In food production, Viet Nam has achieved significant results. While Viet Nam was a net importer of staple food during 80s, it has been among the top rice exporters in the world since the end of 1990s, with the quantity of rice export going up from three million ton in 1996 to over eight million tons in 2012. This is due to the growth of rice production from 26 million ton to 43.7 million ton during the same period. Overall, the value of food production has doubled between 1997 and 2012; and the food supply per capita has increased from 2,018 to 2,703 kcal per day in the same period. At the same time, malnutrition has gone down from 22% to 9% (FAO 2015).

Figure 2: Evolution in value of agriculture and food production, 1997-2012



Source: FAO 2015

## 2 In-depth country assessment

### A. Context Assessment

#### 2.1 Economic development

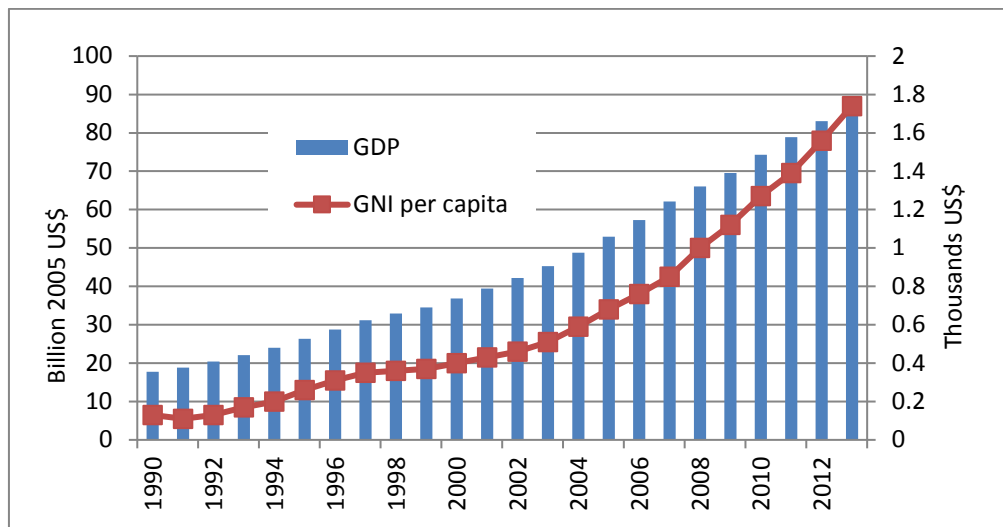
Viet Nam has experienced radical changes in its economy since 1990s (Figure 3). Gross Domestic Products (GDP) increased remarkably at the rate of 8.2% / year on average between 1990 and 1995 (notably at 9.5% in 1995). Between 1996 and 2000, a slower growth rate of 7.0%/ year on average. The pace gained again at the rate of 7.5%/ year on average between 2001 and 2005, but then slowed down again at 7.0%/ year between 2006 and 2010, and 5.6% between 2011 and 2013. Overall, GDP grows at the rate of 7.2%/ year on average for the whole period from 1990 to 2013; and GDP in 2013 is almost fourfold of that in 1990 (World Bank 2015).

Along with the economic development is the growth in per-capita income (Figure 3). As of 1990, Viet Nam was among the poorest countries in world, with the per-capita income at 130US\$ per person (versus 285US\$ of the least developed countries). The situation changed rapidly. In 1995 and 2000, per-capita income of Viet Nam is 260US\$ and 400US\$ respectively. In 2008, Viet Nam became a middle income country when its per-



capita income reached 1,000US\$. As of 2014, average income of a Vietnamese reached 1,890US\$ and Viet Nam remains a lower middle income country (World Bank 2015).

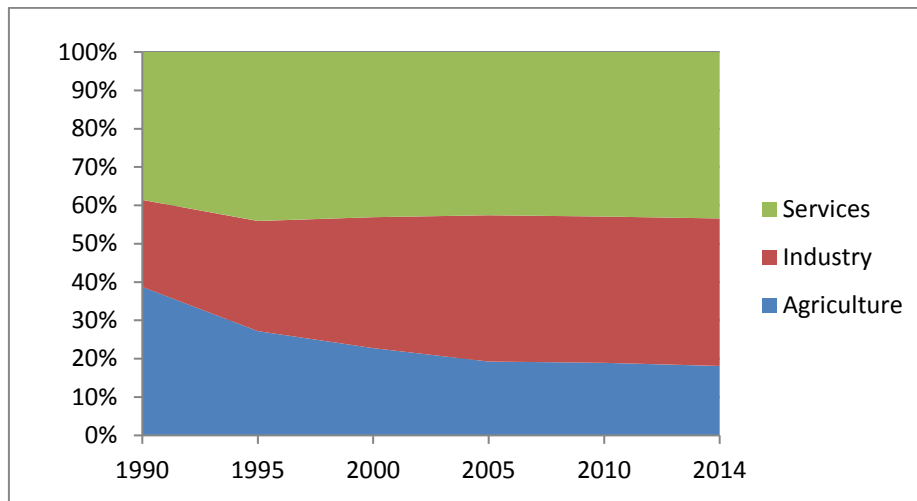
Figure 3: Growth of gross domestic product and per-capita income, 1990-2013



Source: World Bank 2015

Along with the overall economic growth in the last 25 years is the development of various sectors, particularly the development of processing/ manufacturing industries (Figure 4). In 1990, share of agriculture production in national GDP and service sectors were almost 40% each. The structure of the economy has changed, with industry sector taking over the role that agriculture used to play. For the past 10 years, despite of the growth in agriculture production, the share of agriculture sector has shrunk down to around 18% of the GDP, at the growth of industry sector (38.5%) and services (43.5%). Within agriculture sector, the share of forestry has shrunk down even more drastically. While forestry contributed to 8.57% of GDP in 1990, it made up only 5.5% of GDP in 1995. Since 2000, it has been around 1.7-1.4% of the national GDP (World Bank 2015). It is however important to note here that unlike other countries, wood and forest products processing and manufacturing are not counted as forestry in Viet Nam. Instead, they are part of industrial/ service sector. This necessarily means a significant loss of GDP from forestry sector to industrial and services sector.

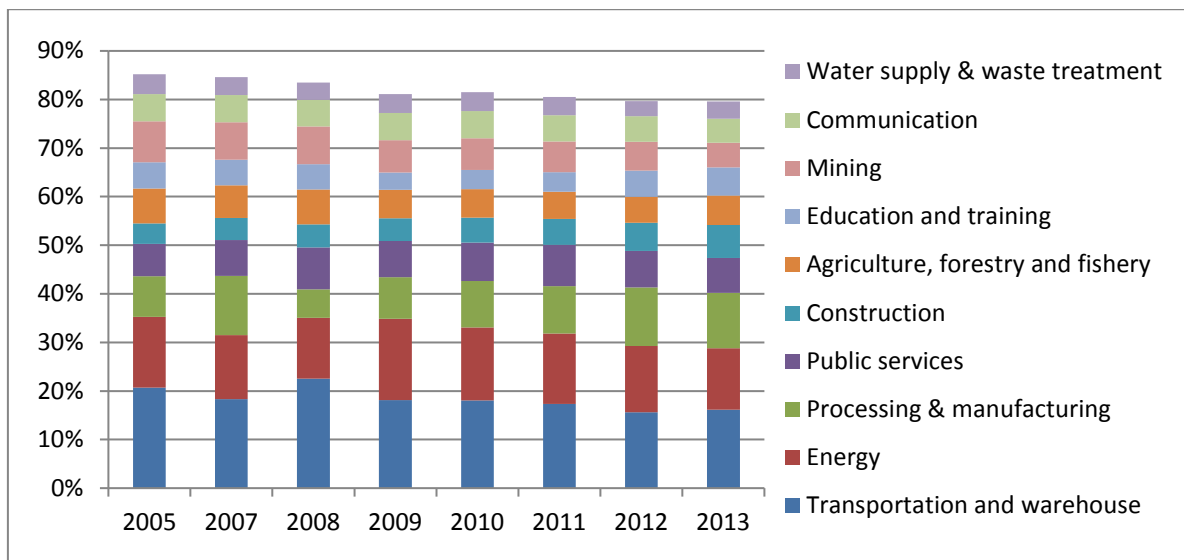
Figure 4: Changes in economic structure, 1990-2014



Source: World Bank 2015

In terms of public investment, around 50% often goes to top four sectors: transportation and warehouse, processing and manufacturing industry, and public services (including state administration, public security, social insurances and others) (see Figure 5). The other 30% of the public investment is directed to six other sectors, namely construction, agriculture (including forestry and fishery), education and training, mining, communication, and water supply and waste treatment. In general, around 80% of the public investment goes to top ten sectors, and the rest to other sectors, including but not limited to health care, recreation, restaurants, support services (GSO 2015).

Figure 5: Top ten public investments, 2005-2013



Source: GSO 2015

Foreign remittances have been growing fast, from 1.34 billion US\$ in 2000 (no data available before this date) to 3.15 billion in 2005 and 8.6 billion in 2011. Yet, its share in GDP has grown only from 3.98% to 5.47% and 6.35% in the respective years (World Bank 2015).

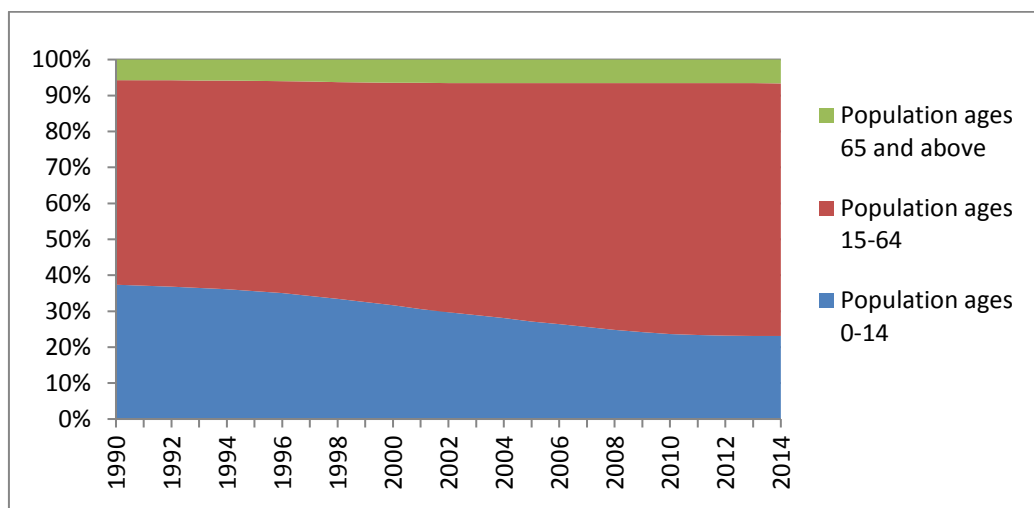
## 2.2 Demography

The population of Viet Nam has increased by 37% for the last 25 years, from 66 million in 1990 to 90.7 million in 2014. Most people still live in the rural area, though at declining trend. That is, the rural population has been going down from 79.9% in 1990 to 67% in 2014, but still remains high. Urban population has expanded from 20.1% in 1990 to 33% in 2014. The net aggregated rate of migration from rural to urban area was 7.9% for the period of 2005-2009, and 8.2% between 2010-2013 (World Bank 2015).

In terms of growth, annual population growth is around 1.33% over the whole period 1990-2014, with urban population of 3.36% per annual and rural population of 0.64% per annual on average (World Bank 2015).

In term of age structure, the percentage of population in working ages (15-65 years) is growing, from 57% of the total population in early 1990s to 70% in recent years, while the percentage of population in the ages of 0-14 is shrinking, from 37% to 23% in the same period (Figure 6). By contrasts, population over 65 remains relatively stable, at around 5.8-6.5%. In terms of sex, the male-female ratio has been maintained at around 49.5:50.5 over the last 25 years, with slight decrease in the gap between the two sexes (World Bank 2015).

Figure 6: Changes in population age structure, 1990-2014



Source: World Bank 2015

There is no official statistic data available on the number of people living near or in the forest area in Viet Nam. Researchers estimated around 25 million people living near or in the forest.

## 2.3 Agricultural tenure, investment, production, productivity and trade

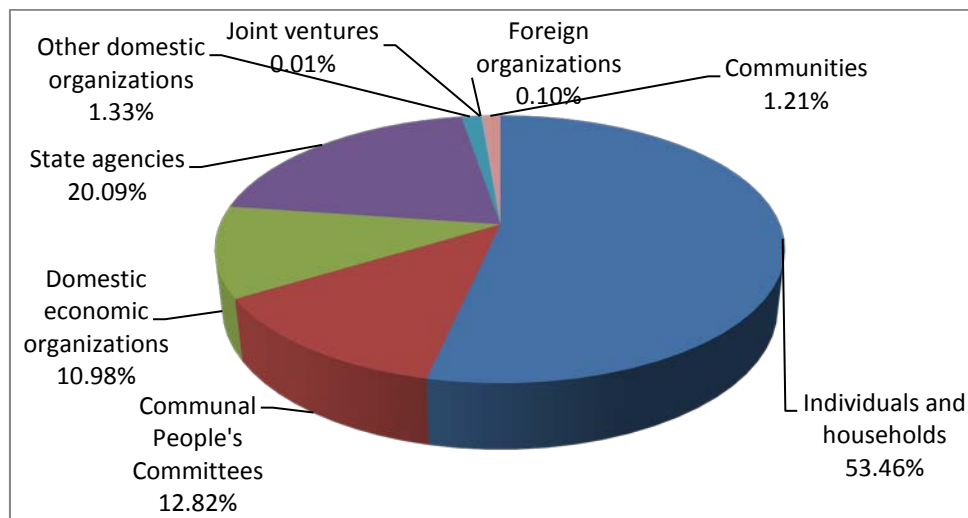
### 2.3.1 Tenure

The major shift in agricultural land tenure in Viet Nam started in mid-1980s, known as the agricultural land tenure reform (*giao đất nông nghiệp*). The reform provided opportunity to allocate legal rights to the land to individual farmers along with land use certificate (known as the Red book). By 2009, almost all of the agriculture land has been allocated to land users

(World Bank 2010). This is a significant change in landholding, compared to the situation before the agriculture land reform where agricultural land was mostly under collectives.

In terms of land users, there are different tenure groups as defined by law, including (1) domestic organizations (*e.g.*, political organizations and units of the People’s Armed Forces), (2) economic organizations, (3) communities, (4) households and individuals, (5) religious establishments, (6) foreign organizations with diplomatic functions, (7) Vietnamese residing overseas, and (8) foreign organizations and individuals investing in Viet Nam (MONRE 2014). Figure 7 presents the agricultural land holdings by tenure groups as of 2014. No time series data is available to describe changes over time.

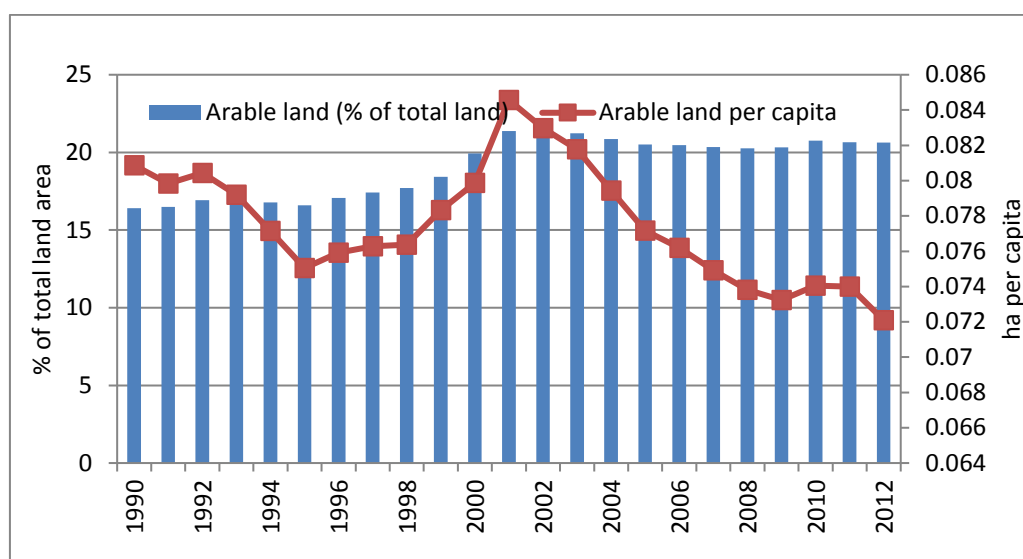
Figure 7: Agricultural land holdings by tenure groups, 2014



Source: MONRE 2014

Although land was allocated at a relatively equitable share during the agricultural land reform, landlessness and near-landlessness has been observed and on the rise during the past 25 years. Using Viet Nam living standard survey data of 2002 and 2004, Nguyen et al 2006 indicates that around 21% of the population reported reduction of their perennial cropping land (while other land remain relatively the same), mainly due to conversion to non-agricultural uses (expansion of industrial zones, urbanization, and public works), and to certain extent the sale of land to pay off debt. Similarly, Ravallion and Walle (2006) confirm that there was a rise in the landlessness rate in the decade following the reform, which undermined the gains from the relatively equitable distribution of land achieved at the time of de-collectivization. In terms of overall land area, the statistics on arable land indicates that although arable land has been expanding, the arable land size per capita is now lower than that in 1990. Yet, the trend has been unstable (see Figure 8) (World Bank 2015).

Figure 8: Changes in total arable land area and size per capita, 1990- 2012



Source: World Bank 2015

Statistic data also indicate loss of forest due to land conversion since 2002 till date (no statistics available before 2002), with the aggregated area of around 346 thousand ha over the period of 11 years (between 2002 and 2013), or 31.4 thousand ha per year (FPD 2015).

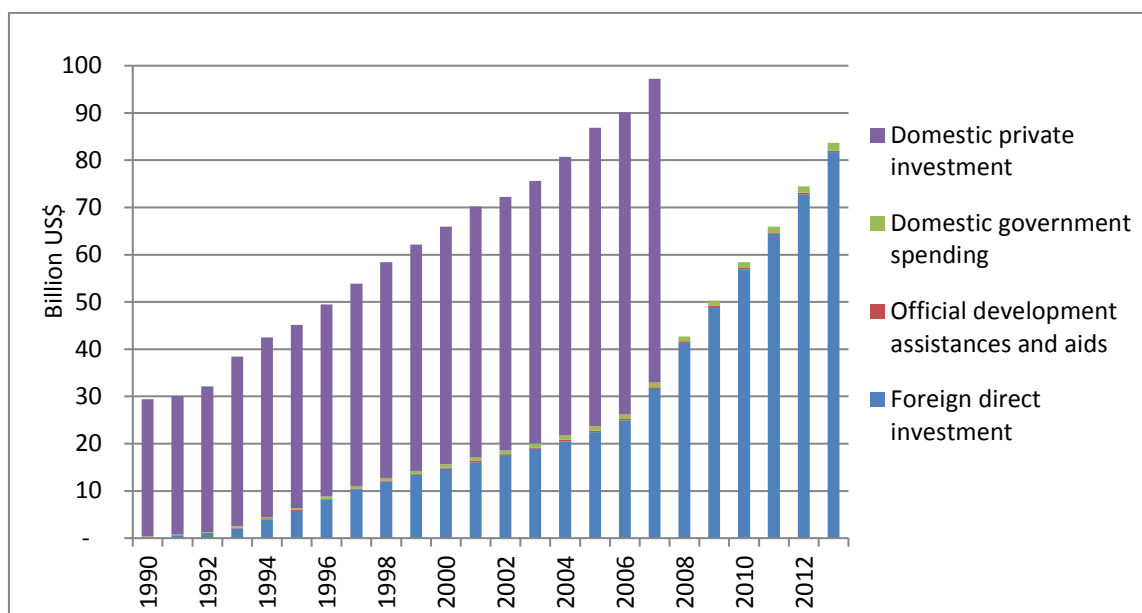
### 2.3.2 Investment

In general, there have been growing trends in all aspects of investment in agriculture sector in the past 25 years (see Figure 9). Domestic private investment made up the largest share of the total investment in agricultural sector (around 73% in 2005, for example), its growth rate was relatively modest, at around 5% per year on average for the period of 1990-2007 (where data are available): at 6.09% per year between 1990-1995, 5.34% between 1996-2000, and down to 4.7% in 2001-2005. Domestic government spending in agriculture increased from around 160 million US\$ in 1990 to 440 million in 1995, 770 million in 2000, 960 million in 2005, 1.78 billion in 2010 and 1.68 billion in 2013, at the growth rate of 11% per year on average between 1990-2013 (GSO 2015, IFPRI 2015).

Foreign direct investment also has an impressive increase from 243 million US\$ in 1990 to 5.7 billion in 1995, 14.7 billion in 2000, 22.5 billion in 2005, 56.9 billion in 2010 and 81.7 billion in 2013, at the growth rate of 33% per year on average between 1990-2013.

Data for overseas development assistance and aids (ODA) are not available per year. Instead, Annual ODA figures presented in Figure 9 are averages of data available for the respective periods. Therefore it is not possible to calculate annual growth rate of ODA. Overall, ODA are at around 261 million US\$ per year for the period of 1993-2013 (FAO 2015, GSO 2015, IFPRI 2015, MARD 2014, UNTACD 2015).

Figure 9: Trends in investments in agriculture sector, 1990- 2013



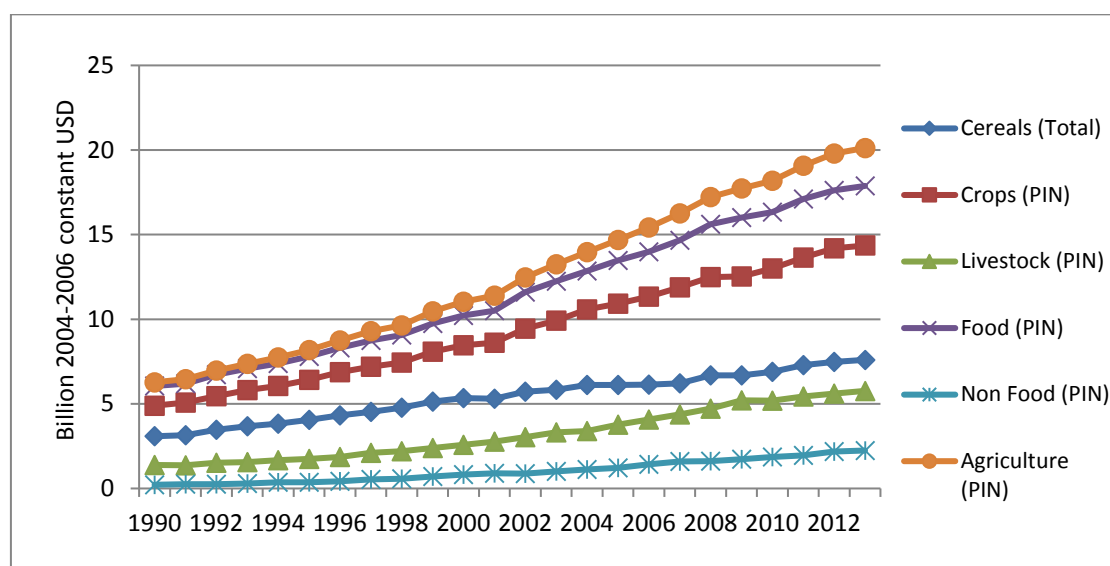
Note: data are not available for domestic private investment between 2008 till date, and for ODA between 1990-1992.

Source: FAO 2015, GSO 2015, IFPRI 2015, MARD 2014, UNTACD 2015

### 2.3.3 Land productivity

Overall there is an increasing trend in agricultural production over the last 25 years in all aspects. As presented in Figure 10, agricultural production has increased more than twofold or 5% per year on average between 1990 and 2013. The fastest growing trend is found in non-food production, with a growth of nine folds in total value or 11% per year in the same period. Food and crop production values increase at the same rate, of 5% per annual whereas livestock production increases at 6% per annual and cereals at 4% (FAO 2015).

Figure 10: Trends in gross agricultural production value, 1990- 2013



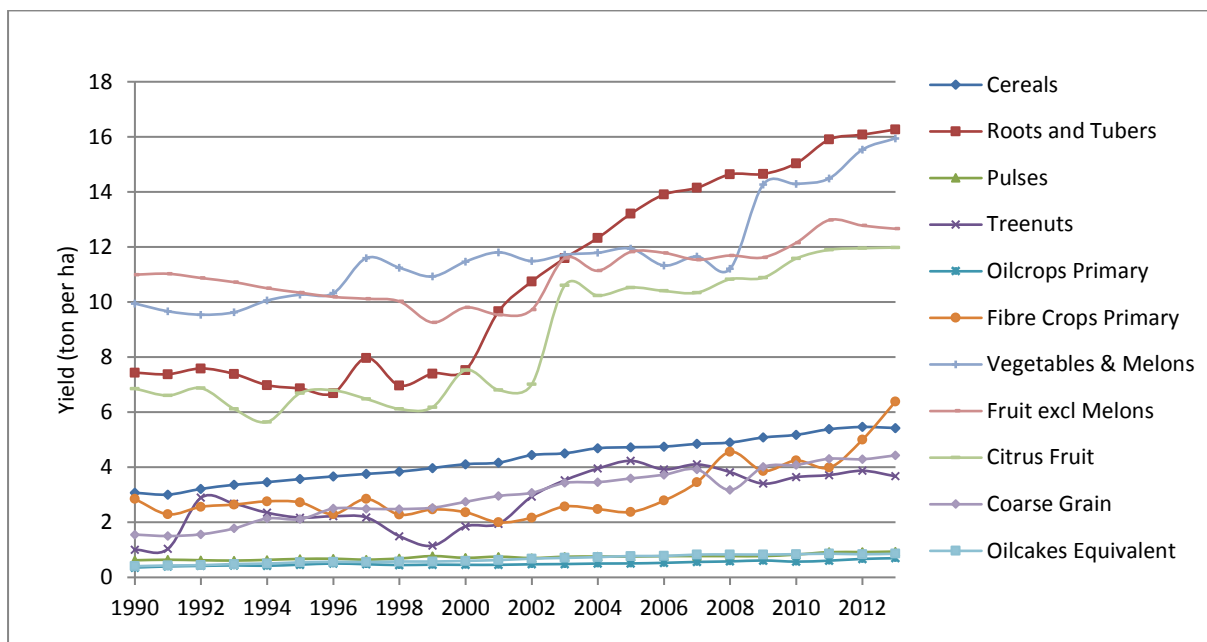
Source: FAO 2015

Agricultural productivity generally increases for the last 25 years, yet with different rates and varies across different crops. Tree nuts increase at the highest rate, at an average of 11% per annual or 265% overall between 1990 and 2013. Cereal ranks the second in growth rate, with an increase of 6% per annual in the same period. Fibre crops and coarse grains rank third, with an increase rate of 5% per year. Yields of other crops grow at the rate of 4% or less per year, with fruit yield increasing the lowest, at only 1% per year (Figure 11).

For each crop, the growth in yield also varies across years. Cereal yield appears to be the most stable among all, with only two in 23 years (1990-2013) that the yield was lower than that of the preceding year. Fruits again have the most unstable yield growth, with 15 times in 23 years the yield dropped compared to the preceding year. For other crops, the number of years with yield fall is between 4 and 10 (FAO 2015).

The most plausible explanation for the variation of yields in crop production is from the market/ demand side. Cereals are main staple food in Viet Nam whose demand is stable. By contrast, fruits (and various other crops) are dependent on Chinese market where the demand is highly unstable over the last decades. In addition to market/ demand, other factors also influence the crop yields, including weather conditions/ climate change, and investment (induced by market failure/ fluctuation).

Figure 11: Changes in agricultural production yields, 1990- 2013



Source: FAO 2015

### 2.3.4 Trade

Overall, there is a significant growth over the last 25 years in terms of volume (both quantity and value in US\$) of import products (see Annex A). Import of wheat, for example, has increased from 27.5 thousand tonnes in 1990 to 540.8 thousand tonnes in 2000 and 2,406.6 thousand tonnes in 2012 – an incredible growth of over 86 folds in 23 years and more than 3

folds between 2000-2012. Significant increase also observed in maize and cake (soybeans) between 2000-2012 (FAO 2015).

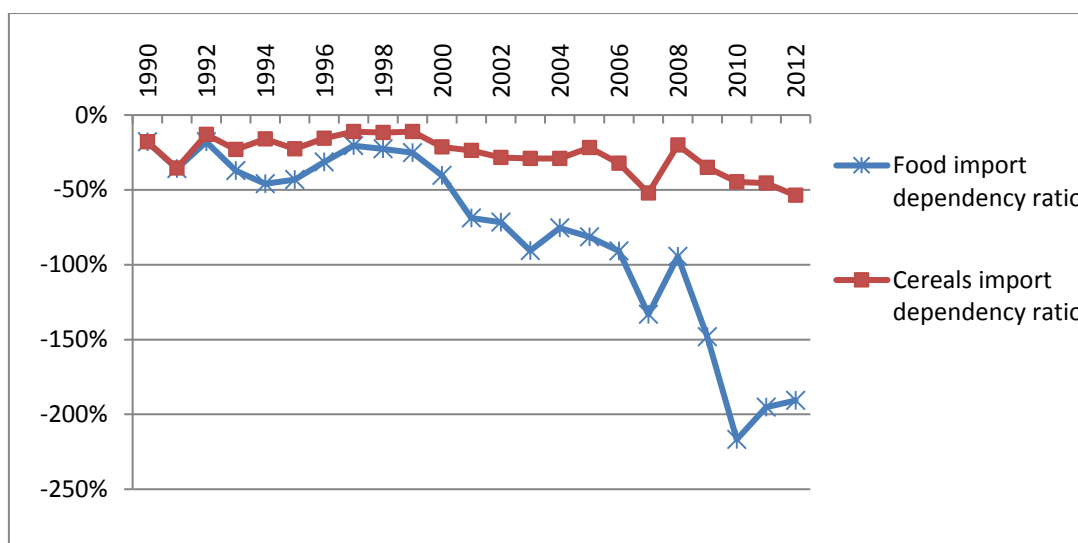
The type of products in the top five import changed significantly between 1990-2000 but more stable between 2000-2012. In quantity table, only wheat stayed from 1990 to 2000 (and for all three years quoted), whereas four new items appeared on the top five import in 2000. By contrast, there was only one change from malt to soybeans between 2000-2012. Similarly, only cotton lint stayed in top five in value table from 1990 to 2000 (and 2012), whereas only oil palm was replaced by beverages between 2000-2012 (FAO 2015).

In terms of export, there is a general trend of growth in both quantity and value (Annex B). The quantity of most export products went up more than two folds every ten years. Most prominently were cassava between 2000 and 2012 (more than 16 folds) and coffee between 1990 and 2000 (more than 7 folds). The growth in value was also very impressive, more than two folds every ten years. Rubber export value made significant growth between 2000-2012, at over 11 folds. Cashew and coffee export values also grew very fast between 2000-2012, at over 6 folds (FAO 2015).

Export products remained rather stable over the three years quoted, with only one new product appeared on top five list, except for export value between 1990-2000 where two new products appeared. In general, the top three products were stable over the years, with changes only in order within the three (FAO 2015).

Viet Nam has been a net food exporting country over the last 25 years, with a negative food import dependency ratio growing in absolute term (Figure 12). On average, the ratio was at -78% over the period of 1990-2012 (where the data are available), with the lowest at -18% in 1990 and 1992, and highest at -217% in 2010. Similarly, Viet Nam has experienced a negative cereal import dependency ratio during the same period (Figure 12). The average ratio was at -27%, lowest at -11% in 1997 and 1999, and highest in 2012 at -54% (FAO 2015).

Figure 12: Changes in food and cereal import dependency ratios, 1990- 2012

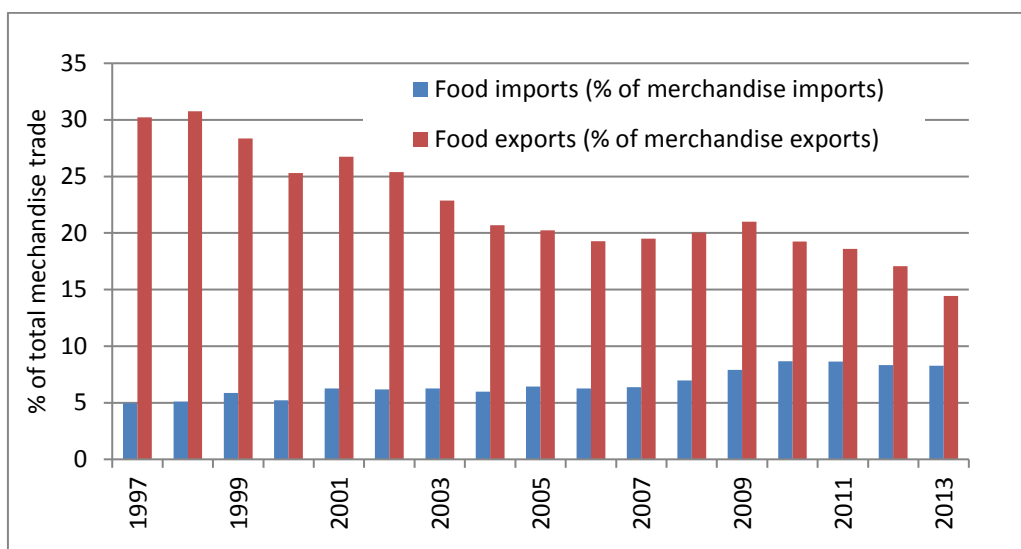


Source: FAO 2015



Comparing to total trade, there has been a growing trend in food import. Between 1997 and 2013 (where data are available), the share of food import in total import merchandise was 6.69% on average, growing from 4.95% in 1997 to 6.43% in 2005 and to 8.26% in 2013. By contrast, there has been a declining trend in share of food export in total export merchandise. Between 1997 and 2013, the average share of food export was 22.34%, declining from 30.23% in 1997 to 22.23% in 2005 and down to only 14.45% in 2013 (FAO 2015).

Figure 13: Changes in share of food import and export in total trade, 1997- 2013

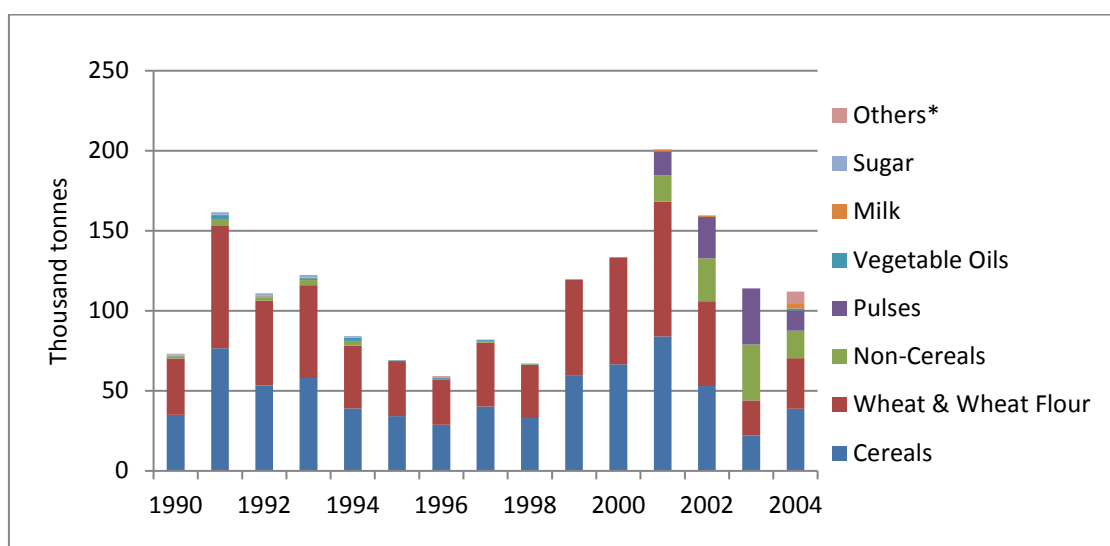


Source: FAO 2015

### 2.3.5 Food Assistance

Despite of being a net food exporting country, Viet Nam received food aid during the past 25 years, though the trend was not stable (see Figure 14). The main products were cereals, wheat & wheat flour, non-cereals, pulses, vegetable oils, milk, sugar, others (including edible fat, rice, meat products, dairy products, blended and mix). The top two products (received annually between 1990 and 2004 where data are available) were cereals and wheat /wheat flour, with the average receipt of 48.2 and 47.6 thousand tonnes per annual, respectively (FAO 2015).

Figure 14: Food aid to Viet Nam, 1990- 2004



Source: FAO 2015

## 2.4 Forest tenure, productivity and trends

### 2.4.1 Forest tenure

For the last 25 years, there has been a major shift in forest tenure in the whole of Viet Nam. The reforms in forest policies during the 1990s prompted a shift from state forestry to more people-centered forestry. In early 90s, State forest enterprises (SFEs) were the major actors in forest management. By early 1990s, Viet Nam started with a forest tenure reform process, known as Forest Land Allocation (FLA) with the aim to involve different stakeholders in forest tenure. By now, there are eight forest tenure groups, namely 1) households and individuals, 2) communities, 3) Protection forest and special use forest management boards (state bodies responsible for conservation of protection forests and special use forests, respectively), 4) state-owned forest companies (SFC), 5) other economic entities, 6) the armed forces, 7) communal people's committees, 8) others (e.g. organizations involved in forestry-related scientific research and technological development, and training). Communal People's Committees (CPCs) are only temporarily taking care of the forests which have been given back from SFEs/SFCs and are waiting to be allocated to other stakeholders.

The area of forest under SFEs (currently reformed into SFCs) has quickly gone down (to around 1.9 million ha in 2013), at the expansion of forest area under Management Boards (MB) and particularly local people (including individuals, households and village communities) - see Figure 15 for the structure of forest tenure in recent years (2007-2013), unfortunately, data of earlier years are not available. By the end of 2013, over 28% of the forest area in Viet Nam was under management of local people (FPD 2015). This is a significant shift in forest tenure compared to the pre-1990 situation where SFEs / SFCs were the key players and no forest was under management of local people. Yet, the situation is not the same across the country as some provinces are more advanced than others in allocating forests to local people. For example, while local people are managing most of the forest in Son La province, the area of forest

allocated to local people accounts for less than 1% of the total forest area in Lam Dong province (Nguyen et al 2014). Unfortunately, no data at the provincial level are available.

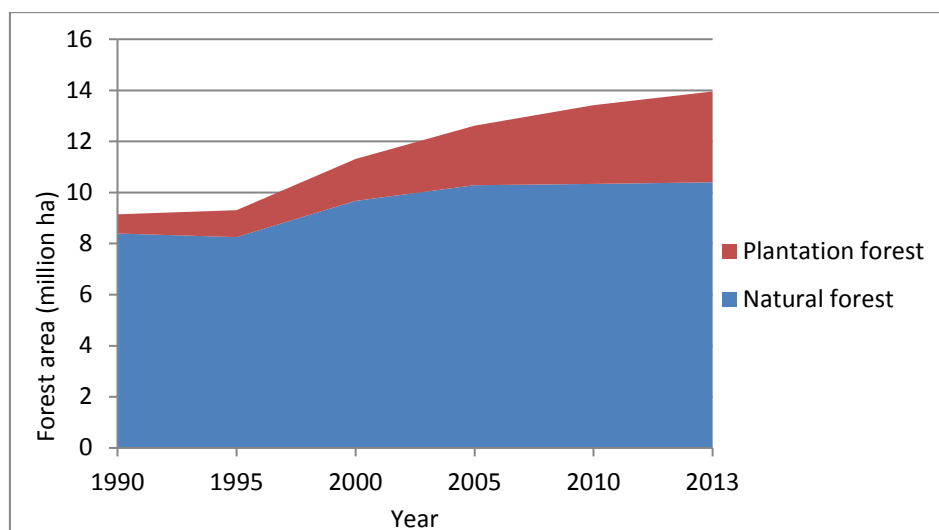
Figure 15: Forest tenure groups 2007- 2013



Source: FPD 2015

One success of forest tenure reform is its contribution to the increase of forest cover in the past 25 years (see Figure 16). Vietnam’s forest cover has experienced a dramatic turn-around from decline until early 1990s to growth afterwards: from 9.14 million ha (28% forest cover) in 1990 to 13.95 million ha (40.96% forest cover) in 2013, representing an increase of 4.8 million ha or 43.44% of the forest area in 23 years (FAO 2014, FPD 2015).

Figure 16: Changes in forest area 1990 - 2013



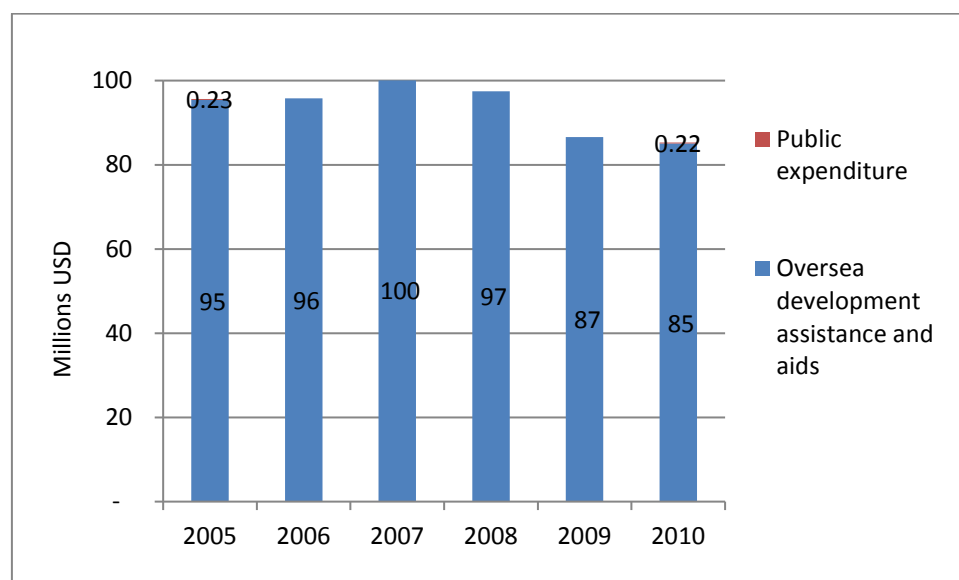
Source: FAO 2014, FPD 2015

#### 2.4.2 Investment in the forest sector

There is a general lack of data on investment in forest sector in Viet Nam (disaggregated from agricultural investment), particularly on private investment (both from domestic and

foreign sources). From what is available in terms of public investment and overseas development assistance and aids, there is a general increase in public investment, though the amount expressed in USD reflects a decline due to the devaluation of Vietnamese Dong against the USD. ODA commitment in on the increased (MARD 2013) yet the actual disbursement as illustrated in Figure 17 indicates a relatively unstable trend over the period of 2005-2010. Most importantly, ODA appears to play a very important role in forestry investment as it surpasses the Government of Viet Nam's spending on forestry by far, for example, 95 million US\$ in ODA versus 225 thousand US\$ in government spending in 2005, and 85 million US\$ versus 216 thousand US\$, respectively, in 2010 (FAO 2014, MARD 2013). This mostly due to 1) Viet Nam's progressive reform in forestry sector since early 1990s, 2) pro-activeness of the forestry sector in approaching new initiatives on development cooperation and climate change, and 3) Viet Nam's early engagement in regional and international commitments, conventions, and treaties (MARD 2013).

Figure 17: ODA and public investment in forestry sector 2005 - 2010



Note: Public expenditure data were available only for 2005 and 2010.

Source: FAO 2014, MARD 2013

Key external support programs to forest sector recently include:

- The Trust Fund for Forests (TFF): established in 2004 as a financing mechanism for pooling donor contributions and ensuring these are used effectively to address sector priorities, with four bilateral donors (Finland, the Netherlands, Sweden and Switzerland) committing to pool their ODA contributions in support of Vietnam's forest sector. In addition, Germany contributes technical assistance for development and operation of the TFF. The TFF provides support in the form grants either as a sole donor or co-financier to programs, projects and non-project activities. Between 2006-2013, 34 projects and activities had been endorsed for support from the TFF with a total value of 33.89 million EUR. In 2012, MARD decided to merge TFF into the Viet Nam Forest Protection and Development Fund from 2013.

- The Vietnamese-German Forestry Program: established in September 2005 for the duration of nine years (till September 2014) with the aim to increase the efficiency and sustainability of forest management and the forest industry in Viet Nam through 3 components: (i) sustainable natural forest management; (ii) processing, trade and marketing of important forest products and (iii) forest policy advice.
- The Vietnamese-German Biodiversity Program: the program was launched in 2014, after the completion of the Vietnamese-German Forestry Program, and will run until 2017 with the goal to create important prerequisites for conservation and sustainable use of biodiversity and ecosystem services of forests in Viet Nam at the central level. The program focuses on three components: 1) Legal framework (advisory support for the drafting of legal documents), 2) Development of institutional capacity (implementing the National Capacity Development Plan for Protected Area Management), and Timber legality (VPA FLEGT and TLAS). Total budget for the program between 2014 and 2017 from German side is 4.5 million EUR.
- The UN-REDD Program: Phase I of the program took place between Aug 2009 and June 2012, with the objective to "assist the Government of Viet Nam in developing an effective REDD+ regime in Viet Nam and to contribute to the reduction of regional displacement of emissions". Phase II of the program (2013-2017) aims to enhance Viet Nam's ability to benefit from future results-based payments for REDD+ and undertake transformational changes in the forestry sector. It focuses in six provinces (Lao Cai, Bac Kan, Ha Tinh, Binh Thuan, Lam Dong and Ca Mau) but also works in other forested provinces. Key outcomes include 1) Capacities for an operational National REDD+ Action Programme (NRAP) are in place. 2) The six pilot provinces enabled to plan and implement REDD+ actions. 3) National Forest Monitoring System (NFMS) for Monitoring and Measurement, Reporting and Verification and National REDD+ Information System (NRIS) on Safeguards are operational. 4) Stakeholders at different levels are able to receive positive incentives. 5) Mechanisms to address the social and environmental safeguards under the Cancun Agreement are established. 6) Regional cooperation enhances progress on REDD+ implementation in the Lower Mekong Sub-Region.

In addition to the above mentioned program, there are projects from various multilateral and bilateral donors, including JICA, World Bank, ADB, FAO, and various national and international NGOs.

Key results/ impacts of forestry support program/ projects (MARD 2013):

- International cooperation between Viet Nam forestry sector and international partners strengthened and further developed:
  - *ODA and international assistance commitments for the forest sector continued to increase in the period 2005-2010*
  - *Viet Nam forestry deeply and widely integrated in regional and international commitments, conventions and treaties*
  - *Viet Nam forestry proactively approached new initiatives on development cooperation and climate change*

- ODA providing additional funds for the forest sector to successful completion of the 5 Million Hectares Reforestation Project
- ODA playing an important role in formulating and finalizing the system of sectoral laws, policies and institutions, improving sectoral management and professional capacity, resulting in provision of favorable conditions to enabling internal resource enhancement and international integration
- ODA contributing to capacity building for forestry officers at all levels
- ODA supporting the development of forestry and mountainous rural infrastructure

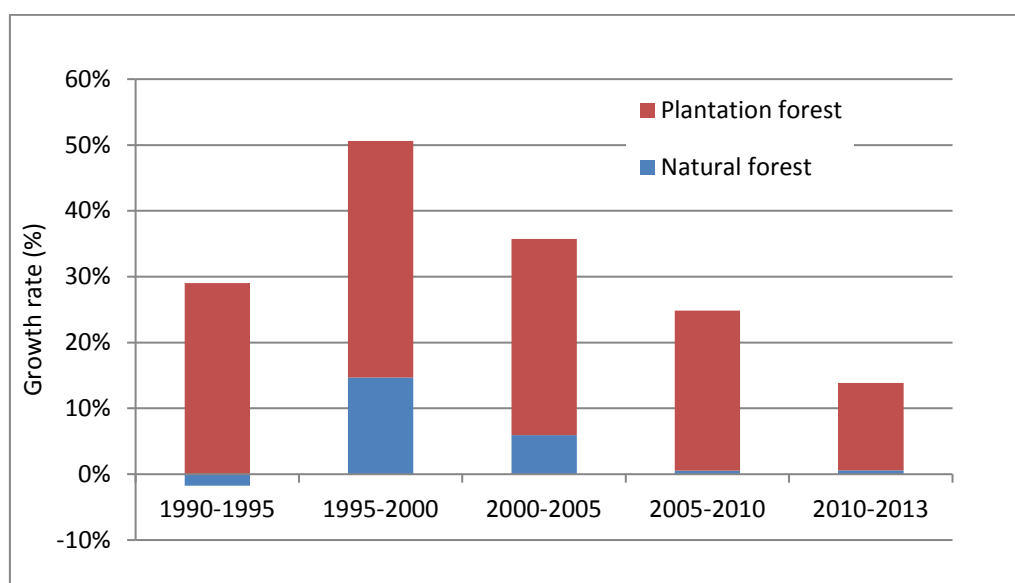
### ***2.4.3 Forest production and management***

Over the last 25 years, Viet Nam has produced over 30 different forest products, of which 19 (groups of products) have been produced annually. The production of most products was rather fluctuating, with 10 products (groups) having negative (less than 0%) average annual growth rate over 24 years (1990-2014) or during the time of production, and 23 products/groups having positive average annual growth rate. The three most growing products are MDF (303% average annual growth rate), wood pellet (170%), paper + paperboard (72%), unbleached sulphate pulp (66%), and particle board (40%). At the other extreme, the five least growing products are sawn wood (-22% average annual growth rate), insulating board (-13%) (FAO 2015).

The top three products in quantity of production are wood fuel (average production of 24 million tonnes per year between 1990-2014), sawn wood (average production of 3 million tonnes per year), and saw logs + veneer logs (average production of 2.33 million tonnes per year). Of the 14 (groups of) products that have not been produced annually, sawn wood and wrapping papers have not been produced recently. By contrast, 12 new products have been emerged, particularly 7 new since 2000, namely papers packaging, semi-chemical wood pulp, dissolving wood pulp, wood pellets, wood residues, veneer sheets, and insulating board (FAO 2015).

In terms of forest management types, as discussed in Sub-section 2.4.1, there has been the expansion of both natural and plantation forests in Viet Nam. Natural forest area has expanded from 8.396 million ha in 1990 to 10.398 million ha in 2013 (with a decline between 1990-1995) – see Figure 18. Plantation forest has made much more impressive growth, with the expansion from 0.745 million ha in 1990 to 3.556 million ha in 2013, almost fourfold in 23 years (FAO 2014).

Figure 18: Growth rates of natural and plantation forests, 1990 - 2013



Source: FAO 2014

#### 2.4.4 Forest products import and export

Overall, the type of products in the top five import changed significantly throughout the period (see Annex C). Almost a new set of products was observed in each quoted year, only sawn wood (non-coniferous) stays in the top five for all the quoted years in import quality table. Other products were present only for maximum two of the three quoted years (FAO 2015).

There is a significant growth in import products in both quantity and value in US\$ over the last 25 years. Import of sawn wood, for example, has increased from 9.8 thousand tonnes in 1990 (from non-coniferous wood) to 70.2 thousand tonnes in 2000 and 938.3 thousand tonnes in 2014 –over 95 times in 24 years. The corresponding increase in the value of sawn wood import is from 1.3 million US\$ in 1990 to 697.4 million in 2014 (FAO 2015).

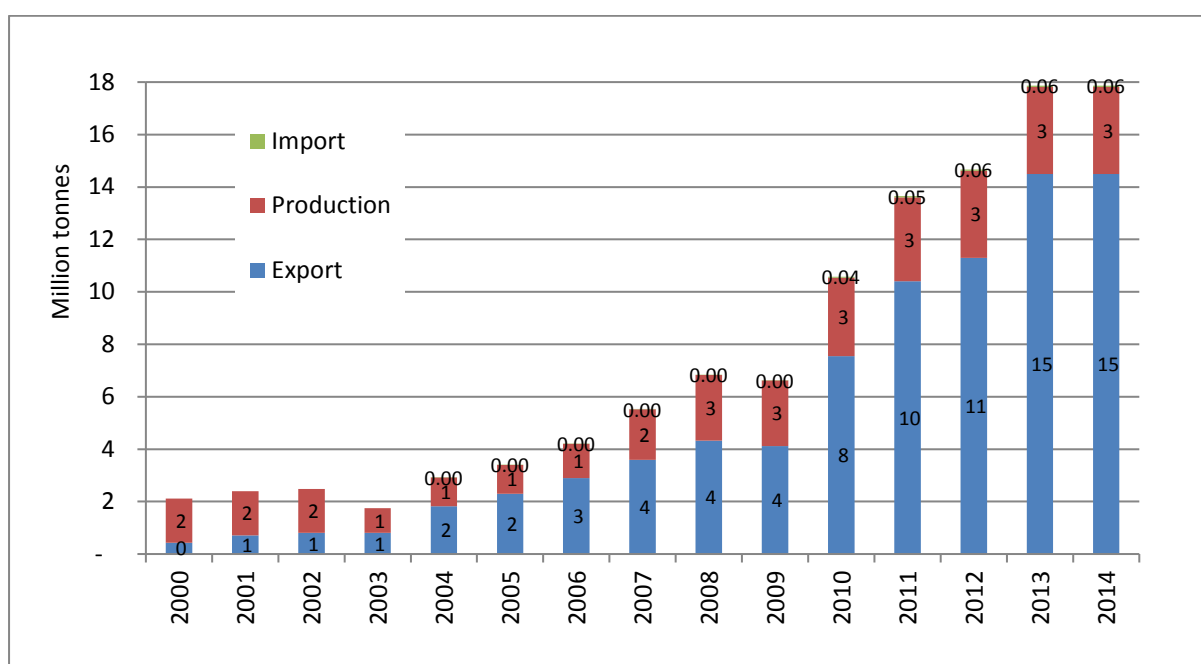
The changes in forest products and quantity and value of import reflect the changing demand of the domestic market. As Viet Nam has become one of the top wood furniture manufacturing and processing countries, with the export turn-over of 4.5 billion US\$ in 2012 and average growth of around 25-30% per annual over the last decade. The demands for log and sawn woods have been increasing over the last decades, around 75-80% of which are imported (FAO 2015).

In terms of export, there is a general change in products for export (Annex D). Viet Nam has moved from net exporter of sawn wood and round logs in 1990s to net importer of these products in 2000 and 2014. Vice versa, Viet Nam has moved from net importer to exporter of plywood in the same period. Export products have shifted to plywood, chips and particles, which have increased at an impressive rate in both quantity and value since 2000 (FAO 2015).

The changes in export market have reflected the domestic production of forest products as discussed in sub-section 2.4.3. Of the five products in top five export of 2014, veneer,

plywood and wood pellets have a high ratio of export versus production, at 99% for veneer, 93% for wood pellets and 72% for plywood. By contrast, sawn wood export accounts only for 6% of its domestic production, which can be explained by the development of wood furniture manufacturing industry in Viet Nam as discussed earlier. Most interesting is with chips and particles. Export volume in 2014 was 438% of the national production of 2014. In fact, this trend has been observed since 2004, with the growing ratio of export over production (FAO 2015). The import of chips and particles does not offer an explanation as the volume of import of these products has been nominal during the same period (see Figure 19). A question is where the gap between export and production (and import) of chips and particles for the last 10 years is from<sup>1</sup>.

Figure 19: Production, import and export of chips and particles, 2000 - 2014



Source: FAO 2015

## 2.5 Other factors

Viet Nam is considered one of the extremely climate change vulnerable countries in the world. It ranked 13<sup>th</sup> in the 2011 Climate Change Vulnerability Index and 6<sup>th</sup> in the 2014 Global Climate Change Risk Index. The country has already experienced increases in temperature, sea level rise, intensifying storms, and more frequent floods and droughts. Between 1989-2010, for example, Viet Nam experience 1,469 natural disasters, including 8 cold wave, 61 cyclones, 106 flashfloods, 715 floods, 307 hailstorms, 60 landslides, 18 (heavy) rains, 185 storms, 6 surges, and 3 typhoons, affecting 8.24 million people, including 9.9 thousand death, 10 thousand injured, and 64.79 houses destroyed<sup>2</sup>.

<sup>1</sup> Participants of the validation workshop held in Hanoi 6 November 2015 indicated that this could be due to the wrong export data from FAOstat. The export volume could be counted three or more times. Similarly, workshop participants also questioned on the data from FAOstat on production, import and export of other forest products.  
<sup>2</sup> <http://www.desinventar.net/DesInventar/profiletab.jsp?countrycode=vnm>, accessed 2 October 2015.



Like any other tropical countries, forests in Viet Nam play an important role in mitigating climate change. Viet Nam was among the first countries that recognized the importance of and supported the REDD+ (Reducing Emission from Deforestation and Forest Degradation) mechanism as early as 2007 and soon became part of important international REDD+ Initiatives, such as Forest Carbon partnership Facility (FCPF) since July 2008 and UN-REDD since March 2009.

Since then, significant attention has been given to forestry sector to enhance its forest resilience, both from the Government as well as international community. REDD+ has been one of the key important components in the National Target Program to Respond to Climate Change and National Forest Development Strategy. National REDD+ Action Plan until 2020 was approved as of June 2012. From the international community, Viet Nam has received over 73 million US\$ in ODA for REDD+ related activities till end of 2013, including UN-REDD Program for the period of 2009-2012 (phase 1), at 4 million US\$, and 2013-2017 (phase 2) at 30 million US\$, FCPF (2013-2015) at 3.8 million US\$, Viet nam Forest and Delta program (26.5 million US\$), Dien Bien REDD+ Pilot project (2.25 million US\$) (MARD 2013).

## **B. Policies and institutions**

### **2.6 Policies and legal aspects**

List of main policy documents that define forest and agricultural land use (e.g. national development/poverty reduction, strategies, forest and agriculture policy documents/statements, national programmes, multi-year programme of work, action plans, strategies aimed at the development of forest plantations, regeneration, conservation; and strategies aimed at the increase/intensification of land use for agricultural purposes, like crop production, pastures development, etc.) is provided in Annex E.

List (and a set of /links to the texts of the relevant documents) of main legal documents (primary and secondary levels: laws, decrees, acts etc) that regulate forest and agricultural land use and land use change, including tenure aspects is provided in Annex F.

While the role of forest and agricultural development was not clearly stated in Socio-economic development plans so far, agriculture (including forestry) has been identified as one of the key areas for poverty reduction, as stated in the 'Comprehensive Strategy for Growth and Poverty Reduction to 2005 and toward 2010" (Annex G). The Forestry Development Strategies (2001-2010, and 2006-2020) of Viet Nam set clear targets for increasing forest area, as indicated in Annex H. Similarly, agricultural policies also have clear targets of increasing areas for crop production/pastures/hay-making, other agricultural uses (Annex I).

Land policy generally reflect agricultural and forestry priorities. Land Law 1993, for example, stated that allocation of land must be based on approved land use planning (Article 19). In Land Law 2013, it is stated that land uses must follow land use planning, master plan and approved uses (Article 6).

In the current Forest Protection and Development Law (FPDL), which has been effect since 2004, there is no reference made to the objectives (specific targets) of the National Forestry

Development Strategy (2001-2010). Yet, the 2004 FPDL provides provision for development and conservation of country's forest resources, which support the general achievement of the strategy's objectives in terms of forest coverage and quality growth.

The 2004 FPDL has altogether 15 articles, from Article 13 to Article 28 in two sections of chapter two – on forest use/ development and planning – see Annex J. To monitor the enforcement of these provisions (and of the FPDL in general), there is a forest ranger, known as Forest Protection Department, with head office in Ha Noi and line agencies down to the district level (and staff stationed at the commune level).

The main challenges in the enforcement of these provisions include (Sikor and Nguyen 2011):

- (Some) regulations are hard to implement in the field: It is widely recognized that the existing regulations on management planning and benefit-sharing have been virtually impossible to implement in practice. For example, experience from community logging pilots demonstrates the difficulties encountered by local communities when they want to harvest and sell timber from forests allocated to them. More importantly, reliance on uniform quotas ignores spatial and temporal variations in the significance of forests to local communities and wider society. Forests are an important source of timber only in some regions and at certain times. In others, they assume much more important functions as sources of food.
- Lack of power and opportunities to exercise tenure rights: Local people can receive tenure rights to forests individually, in groups, and in village collectives. Yet they have not been granted any governance powers to make their own rules and organizational arrangements in forest management. The existing laws and regulations on tenure rights, village forest protection and development regulations, forest management plans, etc. provide very few opportunities for local communities to develop governance arrangements which match local conditions, rules, and practices. Local forest governance consequently is often ineffective or rife with conflicts between local communities and authorities, between one village and another, or within villages.
- Preference of forest contracting over the allocation of forest to local people: Although around 28% of the total forest area has been allocated to local communities, including households, household groups and village collectives (Figure 15), there is significant scope for the expansion of forestland allocation. An obvious place to start is the forest temporarily under the custody of Communal People's Committees, which accounted for around 18% of the forest area at the end of 2013. It remains unclear, however, how these forest areas will be allocated to local communities. More importantly, forest contracting is often preferred to the allocation of forest rights to local people as the rights to forests are thereby still retained by the state actors and local people are just paid to protect the forest. As local communities have no tenure rights to such forests under forest contracting, they feel that they only perform their patrolling jobs "for the state".
- Weak participation: although achievements have been made in the involvement of non-state actors (particularly local communities) in forest management, community members are often insufficiently consulted, their participation remains nominal and their interests

and needs are not addressed as the decision making is often done by the state actors involved in the allocation of forest. Furthermore, the participation of civil society organizations (CSOs) in (supporting local communities in) forest management is very poor. No forests are under CSO management and the participation of CSOs in planning, decision making, and implementation is limited.

- Capacity to support local forest management and facilitate participation: This is also related to the poor participation of local communities mentioned above. Concerned officials have weak capacity to facilitate effective local participation. Although they are mandated to implement grassroots democracy in forest management, the lack of facilitation skills makes it impossible for them to plan and execute participatory processes. Officials at local levels (district and commune) in upland areas also lack the capacity to support local people in forest management. In addition, there is a general lack of capacity to deliver awareness-raising and capacity development that meet the conditions of ethnic people living in the forest upland areas, who may not be able to read and write in Vietnamese.

Similar to the FPD, the Land Law does not make any reference to the specific priorities of forest or agricultural policies. Nevertheless, Land Law generally supports general sectoral development. Article 38, for example, states that "The national master plan on land use must be formulated based on [...] strategies and master plans for development of sectors, fields". Similarly, Article 39 states that "A provincial-level master plan on land use must be formulated based on [...] the strategies and master plans on development of sectors and fields".

A note is made however with regard to allocation of natural forest land to local communities/people. While community forest management (CFM) is one of the priorities of the Forestry Development Strategy 2006-2020, no provision is made in the whole 2013 Land Law with regard to allocation of natural forest to local people/communities. This lack of provision will certainly hinder the achievement of this priority as allocation of forest tenure rights is believed to be the pre-condition for successful implementation of CFM.

The 2013 Land Law has 25 articles in two chapters dealing with land use, planning and allocation – see Annex K. The Law also stipulates that the Ministry of Natural Resources and Environment (MONRE) is in charge of state administration of land, including monitoring of the enforcement of the Land Law (and related regulations). MONRE has line agencies down to the district level, and (a) cadastral officer(s) stationed in each commune/ward. In addition, other ministries/sectors are also in charge of supporting administration land within their scope of responsibilities. The Land Law also regulates the conversion of other land into agricultural and forest land and vice versa - Annex L.

Main challenges in the enforcement of provisions on land use include (based on Foerster et al. 2004, Nguyen et al. 2006, Nguyen et al. 2013):

- Conflicts of land uses: as Viet Nam economy continues to grow along with increased land use productivity, there is an increasing interest in land for different uses. In various cases, farmers face a challenge to claim their land for agricultural purposes at the pressure of conversion of land into national park, industrial zones, recreation areas. Coersion in land recovery has resulted in a number of land use conflicts in reality.

- High corruption and flaws in land administration system: Viet Nam scores relatively low (31) in Corruption Perception Index (CPI) and ranks 119<sup>th</sup> over 175 countries. Within Viet Nam, land administration has been evaluated as one of the highest corrupted sector. In addition, Land-related State administration agency does not operate proactively; land dossiers are incomplete, resulting in lack of legal and practical foundations to identify land use rights and a failure to reflect the real state of affairs of land use. The issuance of land use right certificates is slow, cumbersome and complicated.
- Lack of attention and low effectiveness in educating and disseminating the land law: Overall there is a limited understanding of local people on provisions of the Land Law (and related under law documents). This is due to the lack of legal education and dissemination. In the area where there is legal education for people, it is often done with limited effectiveness as the trainer mainly reads out the provisions in the law and there is limited time for interaction between the trainers and local people on the law.
- Historical legacy of shifting land policies and land use rights regimes: As Viet Nam is in the transition from a centrally-planned and subsidized economy to a market oriented economy, the legal framework in general and that of land is under development. Various changes have happened in the past decades (three land laws were promulgated between 1990-2015), which overwhelm various people.
- Lack of recognition of customary tenure: good (land) governance requires interaction between statutory and customary laws. In most rural communities, particularly upland area, there are still strong traditions on natural resource management, which govern various parts of land and other resource use. Yet, there is a lack of space for incorporating such traditions in statutory law on land (and other natural resources), which has hampered the effectiveness of the land allocation process, in particular in mountainous areas with a high percentage of ethnic minority groups where customary tenure systems continue to function.

## **2.7 Institutional frameworks for land use change governance**

### ***2.7.1 National level land use planning documents for the past 5-10 years***

Key national level land use planning documents collected are listed in Annex M. In Viet Nam, land use planning is regulated by Land Law (three versions have been promulgated since 1990: 1993, 2003 and 2013). The 1993 Land Law includes three articles (articles 16 to 18) on land use planning. The 2003 Land Law has ten articles (articles 21-30) on land use planning (see Annex K). In the 2013 Land Law, 16 articles (articles 35-51) are dealing with land use planning. In forestry sector, the FPDL also has provisions on forest planning. The 2004 FPDL has nine articles (articles 13-21) on forest planning (see Annex J). The current land law and FPDL indicate that land use (and forest protection and development) planning must:

- conform with overall socio-economic development and national security strategies, master plans and plans.
- be formulated from the master level to detailed level. The master land use plan of the lower level must conform with higher level, and the higher level plan must take into account specific characteristics and linkages of the lower level.

- promote sustainable management of natural resource and climate change adaptation.
- be done in a democratic (participatory) and transparent manner.
- ensure national priorities of national security, food security and environmental protection.

Under law, there are also Government decrees detailing land (forests) use planning. For example, Decree 43/2014/ND-CP, dated May 15, 2014, detailing a number of articles of the 2013 Land Law, covering also the issue of land use planning in article 7 through article 12. Decree 23/2006/ND-CP, dated 03/03/2006, on the implementation of the 2004 FPDL, covers forest planning in article 10 through article 18.

The laws and regulations make explicit reference to the need to engage stakeholder in land use planning processes. In the 2013 Land law for example, this reference is made in Article 43 "Consultations on master plans, plans on land use". Similar reference is made in Decree 43/2014/ND-CP: Article 8 "Consultation on land use master plans and plans".

### ***2.7.2 Collect information on formal legal procedures and administrative practices of deciding on or authorizing land use change from forestry to agriculture (and vice-versa)***

The currently enforced formal procedures to change land use purpose from agriculture to forestry and vice versa are detailed in Decree 43/2014/ND-CP, articles 68 and 69 (Annex N).

Authority to decide on land use change is specified in Article 59 of 2013 Land Law. Accordingly:

- Provincial-level People's Committees shall decide on change of land use purpose for organizations
- District-level People's Committees shall decide on permission of change of land use purpose for households and individuals. Written approval from the provincial-level People's Committee is required before the district-level People's Committee makes decision if the case involves change of agricultural land with an area of 0.5 ha or more for trading and service purposes;

Conditions for change of land use purpose are specified in Article 58 of the 2013 Land Law (see Annex O).

### ***2.7.3 Assess existence and type of land tenure information/ cadastre information / registry system (agriculture and forests) that exists in country.***

Cadastral records in Viet Nam include paper or digital documents which show detailed information on each land parcel, people allocated to manage the land, the land user, the owner of any land-attached asset, land use rights and changes of land use rights, and the ownership of land-attached assets. These records cover land information system such as master plan on land use, land use plan, cadastral map, land use status quo map, land use-planning map.

Provincial land registration offices have the mandates to register land and other land-attached assets; compile, manage, update and uniformly revise cadastral dossiers and land databases; conduct land statistics and inventory; provide land information to organizations and individuals

at their request under regulations. In principle, cadastral dossiers should be updated whenever they are changed. However, the quality of cadastral records is questionable. The update, the adjustment of changes in cadastral records and cadastral database has not been made and synchronized regularly and timely at all levels. Cadastral database system are not connected and synchronized between provincial land registration offices and district department of natural resource and environment.

Ministry of Natural Resources and Environment and its line agencies at local level, People's Committees at all levels are freely provided cadastral records without fees for serving their state land management mandates. Other organizations and individuals want to access cadastral records on the internet, the land information portal must register and be granted account to access, explore land information system by submitting request form or a written request to the authorities providing land data.

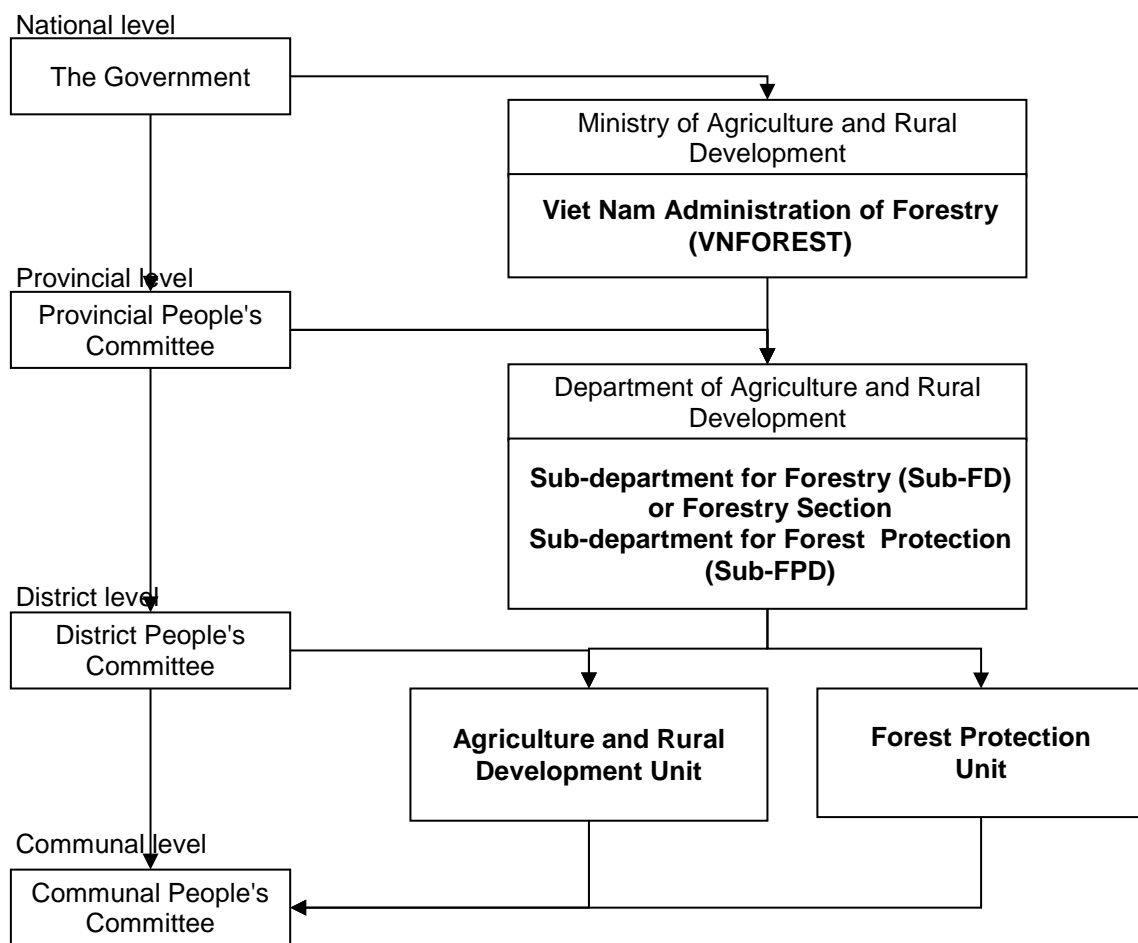
#### ***2.7.4 Assess institutions in charge of forests.***

Viet Nam Administration of Forestry (VNFOREST) is currently the highest public agency in charge of forestry (see Figure 20). VNFOREST is an agency under the Ministry of Agriculture and Rural Development (MARD), with the function of advising and assisting MARD in State management and implementing State management tasks on forestry in the country, and managing and instructing public service activities under its scope of responsibility. The structure of VNFOREST at national level includes Department of Nature Conservation, Department of Forest Development, Department of Forest Production Management, and Forest Protection Department.

At the provincial level, Sub-Forest Protection Department under the Department of Agriculture and Rural Development (DARD) performs state administration tasks on forest protection and biodiversity conservation. Sub-Department of Forestry (Sub-FD) is present in provinces with large forest area (36 out of 63 provinces), also under DARD, to undertake state administration in forestry development. In the provinces with small forest, there is Forestry Section (FS) under DARD. At the district level, there is Forest Protection Unit but no Forestry Unit. There is however a forestry official under district Agricultural and Rural Development Unit (ARDU). In the area where forest management board (for special use or protection forests) exists, there is also special use/ protection forest rangers station as well. At the commune level, there is on member of Communal People's Committee in charge of forestry in addition to a district forest ranger on duty at the commune or commune cluster.

In terms of staffing, it is estimated that around 20,000 staff are working in forestry administration at different levels, of which around 180 at national level and the rest at provincial and lower levels.

Figure 20: Current structure of state administration of forestry



Over the last 25 years, there have been a few changes in structure of forestry sector, along with the changes of functions, as followed (Nguyen 2008):

- **January 1994:** Ministry of Forestry (MoF) was reformed into a government agency in charge of state management in forest management, protection, establishment, development and utilization. Implementation of fixed cultivation and sedenterization program and development of new economic zones were shifted to Committee for Ethnic Minorities and Mountainous Areas (CEMMA) and no longer the major functions of MoF.
- **May 1994:** change in Forest Protection system. Sub-FPD at the provincial level was separated from the Forest Department and was directly responsible to the Provincial People's Committee (PPC). At the district level, the Forest Protection Unit (FPU) was a line agency of provincial Sub-FPD and placed under the leadership of the District People's Committee (DPC).
- **December 1995:** A major structural change happened when Ministry of Agriculture and Rural Development (MARD) was set up on the basis of Ministry of Forestry, Ministry of Agriculture and Food Industry, and Ministry of Water Resources. Most of the functions of the previous MoF were now with Forest Development Department (FDD) and Forest Protection Department (FPD). At the provincial level, Department of Agriculture and Rural Development (DARD) was set up on the basis of relevant agencies responsible for agriculture, forestry and water resources. Forestry Section (FS) of DARD were to take care

of forest management, silviculture, and implementation of forest (plantation) projects. In provinces with large area of forest, Forestry Development Sub-department (Sub-FDD) could be established in the place of Forestry Section. Similar to FS, Sub-FDD was also under DARD and responsible to DARD director. Nevertheless, the line agency of FPD at the provincial level remained independent of DARD. Sub-FPD remained the same roles and functions as before. A similar setup was found at the district level. Agriculture and Rural Development Unit (ARDU) was set up on the basis of district bodies responsible for agriculture, forestry and water resources. Within ARDU was district staff in charge of forestry issues. Parallel to ARDU was district Forest Protection Unit (FPU), the line agency of FPD at the district level. At the commune level, all tasks were placed in the Communal People's Committee (CPC). The CPC had one member in charge of forestry.

- October 2006: Sub-FPD at provincial level was moved to DARD. At the national level, FPD remained under MARD.
- January 2010: Viet Nam Administration of Forestry (VNFOREST) was set up on the basis of Forest Protection Department, Forest Department and other forestry relating units under various departments in MARD.

In addition to state forestry administration agencies, there are also other state agencies working on forestry:

- Management Board for Protection Forests: there are around 91 management boards in the whole country (MARD 2014)
- Management Board for Special Use Forests: around 166, including national parks, nature reserves, and species conservation areas.
- Forest Companies: around 152 state forestry companies

In term of private sector and community based organization, it is estimated that around 4,500 private forest companies are active in Viet Nam. It is also estimated that village level forest management boards have been established in over 10,000 villages.

Over the period of 1990- present, the evolution of forest institutions in Viet Nam has reflected the change in forest tenure in the country (see Sub-section 2.4.1). That is, the number of state institutions has been going down and more emergence of private sectors and community based organizations.

## **2.8 Financial Strategies, Programmes and Instruments**

### ***2.8.1 A brief assessment of major agriculture subsidy policies and their specific features***

Major policies in Viet Nam during the past 25 years on agriculture subsidy include (see list of related key policies in Annex P):

Exemption of agricultural land use tax: Eligibility for land use tax exemption includes agricultural land for research and experiment, annual crop land areas with at least one rice crop each year, salt making land area, area of agricultural land allocated to the poor, agricultural land within allocation quotas possessed through inheritance, giving, receiving and transferring



land use right. A reduction of 50% land use tax applies for agricultural land areas exceeding allocation quota but not exceeding the quota of agricultural land use right transfer for households and individuals as regulated by laws.

Exemption of the irrigation fee: Exemption of irrigation fee applies for households and individuals having land and water in agriculture, forestry, aquaculture and salt production within quotas, public land areas (5%) administered by local government but (temporarily) managed by households and individuals from 01/01/2008.

Credit Policy: Credit policies have been developed for the implementation of social security, poverty alleviation, new rural development. The supports include soft loans (low interest rate) for housing, clean water and rural sanitation, reforestation under forestry sector development projects, for ethnic minority households with special difficulties, for deferred payment of mortgage in Mekong Delta region.

(Rice) price support: the policy helps boost the income of rice growers in Viet Nam to make sure that 30% of profit is captured. According to the policy, the Provincial People's Committee will announce the purchase price for rice, which must reflect the production cost plus 30% of profit for the rice farmers. When market rice prices fall below the announced price, Government establishes the rice price stabilization fund and allows enterprises to use this fund to purchase rice for temporary storage.

Support policies to purchase machinery and equipment: the supports covered include soft loans for purchase machinery, equipment and materials to serve agricultural production and materials for building houses in rural areas, support for households and individuals in rural areas in development of domestic production, encouraging enterprises to invest in agriculture and rural development.

Support policy to reduce post-harvest losses: Supports focus on soft loan to reduce post-harvest losses for agricultural and aquacultural products with goal to reduce at least 50% of post-harvest losses by 2020.

Agricultural Insurance Pilot 2011-2013: This policy has supported 100% of insurance premiums for the poor farmers, 80% of insurance premiums for the less poor farmers and 60% for non-poor farmers participating in pilot agricultural insurance.

In addition, subsidy to agricultural activities has also been part of various rural development and poverty alleviation programs undertaken in the country for the past 25 years, including:

- Program on the socio-economic development in ethnic minority, mountainous, extremely remote communes with special difficulties (also called as Program 135 after Decision 135/1998/QĐ-TTg that promulgated it). Implemented between 1998 and 2010
- Program on supporting production land, residential land, potable water for poor and disadvantaged ethnic minority households (known as Program 134 after Decision 134/2004/QĐ-TTg that promulgated it). Implemented since 2004.

- Agriculture, Farmers and Rural Affairs Program (Known as *Tam Nong Program*, following Resolution 26-NQ/TW). Implemented since 2008.

In general, there is no direct reference to criteria for environmental compliance from these policies. However, there is a separate legal document (Decision 01/2012/QD-TTg) on some support for the application of Vietnamese Good Agricultural Practices (known as VietGAP). Accordingly, producer and processor organizations, individuals, and households who receive supports from the State must comply with VietGAP existing standard. VietGAP standard is a set of criteria published by MARD, issued in respect of each product, group of products as aquaculture, cultivation, livestock. The 2008 VietGAP standard is based on four main criteria:

- Criteria of following production standard
- Criteria of food security, including measures to ensure no chemical contamination or physical contamination.
- Criteria for environmental work in accordance with the labor of the farmers
- Criteria for product traceability from production to consumption.

### ***2.8.2 A brief assessment of forestry subsidy policies that resulted in arresting deforestation and or increased forest area during the last 25 years along with their specific features***

The main subsidy policies in forestry sector that resulted in arresting deforestation and increased forest area during the last 25 years include (see list of related legal documents in Annex Q):

*The Program on Re-greening Bare land and Denuded Hills (1992-1998)*: The Program is also known as Program 327 after Decision No 327/CT. The program originally aimed to re-green the existing bare land and denuded hills and to promote a sedentary life for the ethnic people living in and around forest areas. The program consisted of different components, of which forest and land allocation was considered an important policy measure to realize the program objectives. Individual households were entitled to a contracted forest area for protection, restoration and regeneration (on annual basis) with a remuneration of 50,000 VND per ha per year (around USD 4.5). In 1995, the program was revised (Decision 556/TTg) and between 1996-1998 its main focus was on protection and special-use forests through plantation, regeneration and agro-forestry.

*The Five Million Hectare Reforestation Program (5MHRP) (1999-2010)*: The 5MHRP, also known as Program 661 after Decision 661/QD-TTg, aimed to increase forest cover from around 9 million hectares (28% forest cover) to 14.3 million hectares or 43% forest cover by the year 2010. Of the five million ha forest to be established, two million ha were protection forests and three million ha are production forests. In addition, the program also aimed to contribute to alleviate poverty and increase income for inhabitants of mountainous areas.

The project has mobilized 31.858 billion dong, including 7.281 billion dong or 22,9% from Central budget; 1,215.2 billion dong or 3,6% from provincial budget; 2,260.2 billion dong or 7%; in the form of credit; 2,000 billion dong or 6,2% from organizations; 15,788.7 billion dong or 50% self-invested by households (including labor and the joint ventures with other economic

sectors) and 3,312.4 billion from foreign investment, accounting for 10,3%. Together with the Program 327, the 5MHRP have contributed to not only expansion of plantation forest areas through massive plantation schemes, but more importantly to the regeneration of natural forests in the degraded areas through paid forest protection schemes where local communities have been involved through forest contracting (and forest land allocation program).

*Program for afforestation of production forests:* The program provides for the development of production forests through investment (financial) supports provided by the State in order to increase the income of foresters and contribute to environmental and ecological protection. Key investments focus on afforestation and forestry extension, planting and management of breeding forests and nurseries, building of high quality seedling centres, nurseries, forestry roads, transportation of processed products.

In general, forestry programs in the past 25 years have provided supports to various groups of stakeholders, particularly smallholders, local ethnic communities/ people living in remote upland areas. Support activities include land and forest allocation, forest protection, afforestation, plantation of industrial crops and fruit trees. A diversity of tools and mechanisms has been in used, including price support, soft loans (low interest), free technical advice, forest funds. Payment for environmental services was also initiated during the past 25 years, under the name of Payment for Forest Ecosystem Services (PFES), which was piloted in 2008-2010 (Decision 380 /QĐ-TTg) and up-scaled nationwide since 2010 (Decree 99 /2010/ND-CP). Various arrangements of community based forest management have also been introduced to get local people involved in forestry activities, including allocation of forests to households and communities (see Sub-section 2.4.1), community forestry pilot project in ten provinces (Phase 1 between 2006-2009, and Phase 2 between 2012-2013), forest protection contract with local households (under various national program, such as Program 327, Program 661).

In terms of budget, for the period of 2006-2010, the total investment capital for forest restoration was 18,196 billion VND (at 3,639.2 billion VND per annual on average or at 0.74% of GDP), of which State budget was 4,854 billion VND. State budget for the period 2006-2010 increased sharply, compared to that of 2001-2005, mainly due to the implementation of the Program 661 and Program for afforestation of production forests (MARD 2013).

### ***2.8.3 A brief assessment of any major change in financial incentives/disincentives for import/export or trade of major agricultural or forest commodity products***

Over the past 25 years, there have been various policies to boost export of agricultural/ forest products through Export Support Fund, Trade Promotion and Export Support Credit.

The Export Support Fund was established in 1999 following Decision 195/1999/QĐ-TTg in 1999. The Export Support Fund was used to 1) provide support for interests on banks loans for the purchase of export agricultural products in case of needs and for the reserve of agricultural products for export as directed by the Government, 2) provide support for a number of export goods category that suffer from losses due to their low competitiveness or objective risks, 3) reward the search for and expansion of export market. In 2008, after Viet Nam had successfully accessed World Trade Organization (WTO), the Export Support Fund was abolished, following

Decision 124/2008/QĐ-TTg, to comply with the terms and conditions of the WTO (remove subsidy/ support on interest rate). Support to agricultural and forest product export has since then been incorporated in the Trade Promotion Program, which was reinforced in 2010 after Decision 72/ 2010/QĐ-TTg. Earlier, Trade Promotion had been operated under Decision 279/ 2005 / QĐ-TTg and Decision 80/ 2009/ QĐ-TTg. The main objective of the Trade Promotion Program is aimed at strengthening national trade promotion activities, development of export and domestic markets. In forestry sector, Trade Promotion has helped Viet Nam Timber and Forest Product Association with branding, capacity building, international exhibition, international market survey.

The Export Support Credit has been regulated by various legal documents. As of 2001, Decision 133/2001/QĐ-TTg first regulated on export support credit. Accordingly, exporters were entitled to support in terms of loans, interest rate support (80% of the interest rate charged on development investment), and guarantee of loans (no mortgage needed). In 2006, the Government issued Decree 151/2006/ND-CP (replacing Decision 133/2001/QĐ-TTg) abolished the support in interest rate on loans for export. In 2011, a new regulation was promulgated, Decree 75/2011/ND-CP, replacing Decree 151/2006/ND-CP. The regulation set a limit of loan at no more than 85% of the value of the signed export/import contract, and the duration of loan at maximum of 24 months. In 2013, Decree 133/2013/ND-CP was issued, amending Decree 75/2011/ND-CP on the duration of loan to 36 months.

#### ***2.8.4 A brief assessment of the involvement of the country in international financial mechanisms***

Viet Nam considers financial assistance from international community an important contribution to the country's development and has made various efforts to attract and access international financial mechanisms. In terms of sources, Viet Nam has accessed various sources, including bilateral donors as well as multilateral sources:

- **Bilateral donors**: the governments of Ireland, UK, Austria, Poland, Belgium, Canada, Kuwait, Denmark, Germany, Holland, South Korea, Hungary, Italy, Luxemburg, the USA, Norway, Japan, New Zealand, Australia, France, Spain, Thailand, Sweden, Switzerland, China, Singapore, Russia, and various others.
- **Multilateral donors**: include international organizations, such as the World Bank Group (including IDA and IBRD), International Monetary Fund, Asia Development Bank, and international and multi-governmental organizations, such as European Community, ASEAN, UNHCR, OECD, UNDP, GEF, UNICEF, ILO, FAO, WHO, WFP, UNESCO.

Sub-sections 2.3.2 and 2.4.2 have discussed the amount of ODA in agriculture and forestry sectors, respectively. The following highlights Viet Nam's accession to a few international financial mechanisms:

- Global Environment Facility (GEF)<sup>3</sup>: Viet Nam joined GEF in December 1994. Since then, Vietnam has received GEF grants of around USD 119 million that leveraged USD 1,417 Million in co-financing resources for 43 national projects. Viet Nam has also participated in 33 regional and global projects financed by the GEF, totaling USD 265 million. Additionally, since 1996 the GEF Small Grants Program (GEF SGP) has received financial support of USD 5 million for 176 projects executed by civil society and community-based organizations. In the replenishment period of 2010 –2014), Viet Nam received an indicative allocation to formulate and execute projects for USD 12 Million in biodiversity, USD 13.8 Million in climate change, and USD 1.5 Million in land degradation.
- REDD+ Programs: As mentioned in 2.5, Viet Nam was among the first countries that recognized the importance of and supported the REDD+ and soon became part of important international REDD+ Initiatives, such as Forest Carbon partnership Facility (FCPF) since July 2008 and UN-REDD since March 2009. Till end of 2013, Viet Nam has received over 73 million US\$ in ODA for REDD+ related activities till end of 2013, of which 34 million from UN-REDD Program (4 million for Phase 1 of 2009-2012, and 30 million for Phase 2 of 2013-2017), and 3.8 million from FCPF (2013-2015).
- The National Forest Program (NFP) Facility: Viet Nam started accession to NFP Facility in 2004, with 300,000 US\$ from the Facility to support Viet Nam for the first three years to non-governmental stakeholders to carry out activities contributing to the implementation of the national forestry program. By the end of 2010, 12 projects have been funded by the Facility

In terms of fund management and coordination, Viet Nam has set up the Forest Sector Support Partnership (FSSP) to better target international support to the needs of the forestry sector. FSSP was established in November 2001 on the basis of the 5MHRP Partnership Program signed in 1999. In addition, in 2004, Viet Nam Trust Fund for Forests (TFF) was established (Letter 850/CP-NN) with four bilateral donors (Finland, the Netherlands, Sweden and Switzerland) pooling together their financial support to forest sector (see also 2.4.2).

### **3 Analysis of positive trends: key contributing factors**

The significant achievements of Viet Nam during the past 25 years can be attributed at a great deal to the economic reform, known as *Doi Moi*, and the reform in agricultural sector in the 1980s. As of early 1980s, Viet Nam economic situation was problematic. Production was stagnant in all sectors. Inflation went up from 30-50% per year in early 80s to 587.2% in 1985 and 774.7% in 1986.

*Doi Moi* or Economic Reform was officially launched in Viet Nam in 1986 at the 6th National Congress of the Communist Party of Viet Nam. The reform abolished the centrally

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[https://www.thegef.org/gef/sites/thegef.org/files/publication/Vietnam%20-%20Fact%20Sheet%20-%20Feb2013\\_EN.pdf](https://www.thegef.org/gef/sites/thegef.org/files/publication/Vietnam%20-%20Fact%20Sheet%20-%20Feb2013_EN.pdf)

management system dependent on state subsidies and shifted the focus to the creation of a market driven economy with different sectors where competitions between the private sector and the state in non-strategic sectors would exist. The *Doi Moi* led to a number of key (positive) changes/ reforms:

- Reform in agricultural sector: The agricultural reform in Viet Nam actually started before *Doi moi* with the introduction of Directive No 100 CT/TW in 1981 into the agricultural production. Yet, it was until after the introduction of *Doi Moi* that agricultural reform was consolidated and the real push was made by Resolution No 10 NQ/TW in 1988, which regarded farm households as independent production units and placed them in the center of the economic activities.
- Trade liberation/ reform: with the launch of *Doi Moi*, various trade barriers were removed. In 1987, significant reduction in the number of checkpoints set to prevent domestic trade was observed and markets for private agricultural products were rapidly growing. In 1988, the crucial step of abolishing the central government's monopoly on trade was taken, the customs tariff was introduced, and private enterprises were officially encouraged. In 1989, trade quotas were removed on most commodities, and producers were allowed to sell to any licensed foreign trade company. In 1990s, legal basis for independent firms was introduced. In 1990, Law on Private Enterprises was enacted. In 1992, the new constitution was approved, officially recognized the role of the private sector. In addition, tariff exemptions were introduced for inputs used in the production of exports, and considerable progress was made in foreign investment, and the development of financial and legal institutions. The 2000s witnessed the integration of Viet Nam into global economies, with the trade agreement between Viet Nam and the USA in 2000, and Viet Nam accession to WTO in 2006. In short, Viet Nam has opened up in not only domestic but also international trade<sup>4</sup>.
- Land tenure reform: The land reform started in 1987 with the approval of 1987 Land Law. Yet, the radical changes only started in 1993 with the newer version of the law - 1993 Land Law. The new law gave farmers the rights to transfer, inherit, mortgage, exchange and rent the land use title. It also gave farmers security for land tenure of 20 years for annual crops and 50 years for perennial trees/crops, which can be renewed. The 1993 Land Law was revised in 1998 and 2000 with the aim to provide better conditions for people to invest in the long run. In 2003, a new version of the Land Law was approved, recognizing the role of communities in land uses. The current Land Law, approved in 2013, extended the tenure rights to 30 years for annual crop land, and 70 years for perennial crop land.
- Forest tenure reform and 'socialization' of forestry: In general, the past 25 years have experienced a period of 'socialization' of forestry sector in Viet Nam, where the government has shifted from state forestry to multi-stakeholders forestry, with the focus on the active participation of local people. The forest tenure reform started with the promulgation of Forest Protection and Development Law in 1991, which recognized the

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<sup>4</sup> <https://www.stratfor.com/the-hub/vietnams-political-economy-transition-1986-2016>

role of individuals and households (along with other non-state actors) in forest management. During the 1990s, various efforts were made to allocate forest to local people (individual households and communities). The results of which contributed to the approval of community forest in the new Forest Protection and Development Law in 2004. All stakeholders are encouraged to participate in forest production (investment in commercialization of forests) as well as forest protection and conservation.

- Restructuring of State Forest Enterprises (SFE): SFE reform started in 1999 (Decision 187/1999/QĐ-TTg) with the idea to re-invent SFEs into business-like enterprises, which would operate on the self-financing basis, or into Management Board for Protection or Special-use Forests, or to be liquidated. As part of the SFE restructuring process, forest land under management of SFE would be transferred to local authorities (for allocating to other actors). In 2004, a new push was made on the SFE reform, with Decree 200/ 2004/ND-CP. By 2012, forest land area managed by SFE reduced from 4,091,000 ha to 2,222,330 ha. Of the 1,868,670 ha taken back from SFEs, 1,350,625 ha were transferred to new forests management boards and 415,125 ha transferred to local authorities.
- Last but not least, it is important to note that the period of 1990-2015 has experienced both growth in agricultural production, food security and forest area in Viet Nam. This is a very encouraging for the country. This has been due to a combination of various factors. The key important one is the policy direction on both forestry and agricultural sectors. Since early 1990s, Viet Nam has set clear targets for agricultural development, food production as well as forest protection (later on expanded to forest development). There has been 'political will' to maintain and develop forest coverage since early 1990s. Such policy directions got translated into various sectoral strategies, programs, and plans, such as the Program 327, and 5MHRP, which contributed a great deal to the increase in forest conditions in Viet Nam during the past 25 years.

In addition, it is important to mention the role of technical assistance from the international communities as well as the bindings from international commitments that Viet Nam has been engaged. As mentioned before, early support to the sector came from Swedish Government through Swedish International Development Agency (SIDA), German Government through German Agency for Technical Cooperation (GIZ) and the German Bank for Reconstruction (KfW), Japanese Government through Japanese International Cooperation Agency (JICA), the World Bank, FAO, World Food Program (WFP), and other international donors.

International funded projects have helped bringing in Viet Nam state-of-the-art knowledge and experiences from other countries in the world to improve the human resources. Various Vietnamese have been trained through such support, both on-the-job as well as at the universities. At the same time, there have also been significant bindings as requested by international conventions, agreements and treaties that Viet Nam is a signatory. Examples include Convention on Biological Diversity (CBD), Convention on International Trade in Endangered Species (CITES), United Nations Convention to Combat Desertification (UNCCD), the UN Framework Convention on Climate Change (UNFCCC), the Asia Forest Partnership (AFP), Asia-Pacific Forestry Commission (APFC), and World Trade Organization (WTO).

## 4 Summary/conclusion

The last 25 years has experienced drastic changes in Viet Nam in terms of forest conditions, agricultural production, and food security in specific and in overall economic situation in general. Positive changes have been observed in all aspects. Viet Nam has grown from a very low income country in 1990 to middle-income country in recent years, whereas forest coverage has expanded from 28% to over 40% during the same period. Rapid growth in production of cash/ tree crops has also been observed, including pepper, coffee, and rubber. The value of agriculture production has doubled between 1997 and 2012. In food production, Viet Nam has achieved significant results – moving from a net importer of staple food during 80s to top rice exporters in the world since the end of 1990s.

Such drastic changes have been thanks to various reasons, of which the most important one is the economic reform, known as *Doi Moi*, launched in 1986, which has liberated the trade of agricultural and forest products, initiated the reforms in various sectors, including land tenure, forest tenure, and agricultural reform. Significant achievements have been made in the legal and policy related to agricultural and forestry to support the development.

Yet, challenges still remain for the way forward in the future. The key ones include:

- Empowerment of local people to exercise tenure rights: Although local people have received forest and land tenure rights, there is a general lack of governance powers to make their own rules and organizational arrangements in forest management. However, tenure rights are not enough. The transfer of tenure leads to desirable environmental, economic, political and cultural outcomes only if local communities can realize the rights given to them in legislation. In addition, the rising significance of new policy frameworks, such as PFES and REDD+, requires innovative approaches to linking communities with new forms of forest governance. Similarly, the need for community participation in the management of protected areas and discretionary decision-making over norms of forest governance are important considerations.
- Development of capacity to support local forest management and facilitate participation: Currently government (local) officials have weak capacity to facilitate effective local participation. Although they are mandated to implement grassroots democracy in forest management, the lack of facilitation skills makes it impossible for them to plan and execute participatory processes. Officials at local levels (district and commune) in upland areas also lack the capacity to support local people in forest management. In addition, there is a general lack of capacity to deliver awareness-raising and capacity development that meet the conditions of ethnic people living in the forest upland areas, who may not be able to read and write in Vietnamese. For effective participation of local communities, it is important that such capacities must be built.
- Expansion of allocation of forest rights to local people: Although around 28% of the total forest area has been allocated to local people, there is significant scope for the expansion of forestland allocation. Action needs to be undertaken to speed up the allocation of the forest temporarily under the custody of Communal People's Committees (around 18% of the forest area at the end of 2013) to local people. Most importantly, allocation of forest



should also take place in the area where forest contracting has been done to provide tenure rights to forest to local people.

- Encouraging participation of civil society organizations: although there is an increasing involvement of CSO in various aspects in Vietnam, the participation of civil society organizations (CSOs) in (supporting local communities in) forest management is very poor. By contrast, CSO can be an important actor in supporting development at the grassroots level. Measures therefore need to be undertaken to promote participation of CSO in agricultural and forest development activities.
- Addressing land use conflicts in a more collaborative way: as land use conflicts are growing, particularly at the conversion of land into national park, industrial zones, and recreation areas, it is important that land use conflicts be properly addressed. The current practice in handling land use conflicts is not very sustainable as it often leads to a win-lose situation where conflicts are likely to come back. A collaborative approach in conflict negotiation, taking into account the rights and interests of all actors involved may be an option to address the current land use conflicts.
- Anti-corruption and reform in state (land) administration system: Viet Nam scores relatively low (31) in Corruption Perception Index (CPI) and ranks 119<sup>th</sup> over 175 countries. Within Viet Nam, land administration has been evaluated as one of the highest corrupted sector. In addition, Land-related State administration agency is not effective. A challenge ahead is to address the corruption problem and to reform the state (land) administration system.
- Recognition of customary tenure: good (land) governance requires interaction between statutory and customary laws. In most rural communities, particularly upland area, there are still strong traditions on natural resource management, which govern various parts of land and other resource use. Yet, there is a lack of space for incorporating such traditions in statutory law on land (and other natural resources), which has hampered the effectiveness of the land allocation process, in particular in mountainous areas with a high percentage of ethnic minority groups where customary tenure systems continue to function. For effective land governance and thus sustainable development in the future, it is important that statutory laws interact with customary laws.

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## Annexes

### Annex A. Changes in quantity and value of five top agriculture import products, 1990-2012

| 1990                           |                   | 2000           |                   | 2012                           |                   |
|--------------------------------|-------------------|----------------|-------------------|--------------------------------|-------------------|
| Top five in quantity of import |                   |                |                   |                                |                   |
| Item                           | Quantity (tonnes) | Item           | Quantity (tonnes) | Item                           | Quantity (tonnes) |
| Flour, wheat                   | 141,100           | Wheat          | 540,846           | Cake, soybeans                 | 2,495,100         |
| Cotton lint                    | 28,800            | Cake, soybeans | 293,900           | Wheat                          | 2,406,616         |
| Wheat                          | 27,500            | Maize          | 197,430           | Maize                          | 1,537,555         |
| Sugar refined                  | 23,800            | Oil, palm      | 170,200           | Soybeans                       | 580,000           |
| Sugar Raw Centrifugal          | 20,000            | Malt           | 116,800           | Oil, palm                      | 569,723           |
| Top five in value of import    |                   |                |                   |                                |                   |
| Item                           | Value (1000US\$)  | Item           | Value (1000US\$)  | Item                           | Value (1000US\$)  |
| Cotton lint                    | 135,000           | Cigarettes     | 455,300           | Cake, soybeans                 | 1,200,000         |
| Flour, wheat                   | 41,425            | Oil, palm      | 136,800           | Cotton lint                    | 877,244           |
| Food prep                      | 14,000            | Cotton lint    | 101,000           | Wheat                          | 763,846           |
| Sugar refined                  | 8,906             | Wheat          | 77,846            | Beverages, distilled alcoholic | 707,582           |
| Beer of barley                 | 8,700             | Cake, soybeans | 75,000            | Cigarettes                     | 628,846           |

Source: FAOSTAT <http://faostat3.fao.org/download/T/TP/E>

### Annex B. Changes in quantity and value of five top agriculture export products, 1990-2012

| 1990                                  |                   | 2000                                  |                   | 2012                                  |                   |
|---------------------------------------|-------------------|---------------------------------------|-------------------|---------------------------------------|-------------------|
| Top five in quantity of export        |                   |                                       |                   |                                       |                   |
| Item                                  | quantity (tonnes) | Item                                  | quantity (tonnes) | Item                                  | quantity (tonnes) |
| Rice – total (Rice milled equivalent) | 1,624,000         | Rice – total (Rice milled equivalent) | 3,476,983         | Rice – total (Rice milled equivalent) | 8,015,000         |
| Coffee, green                         | 89,583            | Coffee, green                         | 733,900           | Cassava dried                         | 2,386,339         |
| Rubber natural dry                    | 75,875            | Rubber natural dry                    | 273,400           | Coffee, green                         | 1,732,156         |
| Groundnuts, shelled                   | 70,705            | Cassava dried                         | 135,057           | Rubber natural dry                    | 1,023,231         |
| Fruit, prepared                       | 41,513            | Groundnuts, shelled                   | 76,200            | Fruit, fresh                          | 711,252           |
| Top five in value of export           |                   |                                       |                   |                                       |                   |

| <i>Item</i>                           | <i>Value<br/>(1000\$US)</i> | <i>Item</i>                           | <i>Value<br/>(1000\$US)</i> | <i>Item</i>                           | <i>Value<br/>(1000\$US)</i> |
|---------------------------------------|-----------------------------|---------------------------------------|-----------------------------|---------------------------------------|-----------------------------|
| Rice – total (Rice milled equivalent) | 304,637                     | Rice – total (Rice milled equivalent) | 666,667                     | Coffee, green                         | 3,673,102                   |
| Coffee, green                         | 92,493                      | Coffee, green                         | 499,651                     | Rice – total (Rice milled equivalent) | 3,672,753                   |
| Rubber natural dry                    | 66,370                      | Rubber natural dry                    | 230,943                     | Rubber natural dry                    | 2,859,876                   |
| Groundnuts, shelled                   | 40,723                      | Cashew nuts, shelled                  | 191,355                     | Cashew nuts, shelled                  | 1,470,343                   |
| Meat, pig                             | 27,832                      | Pepper (piper spp.)                   | 145,700                     | Pepper (piper spp.)                   | 793,596                     |

Source: FAOSTAT <http://faostat3.fao.org/download/T/TP/E>

### Annex C. Changes in quantity and value of five top forest import products, 1990-2014

| 1990                          |                              | 2000                     |                              | 2014                     |                              |
|-------------------------------|------------------------------|--------------------------|------------------------------|--------------------------|------------------------------|
| Import quantity (top 5 items) |                              |                          |                              |                          |                              |
| <i>Item</i>                   | <i>Quantity<br/>(tonnes)</i> | <i>Item</i>              | <i>Quantity<br/>(tonnes)</i> | <i>Item</i>              | <i>Quantity<br/>(tonnes)</i> |
| Sawn wood (C)                 | 10,000                       | Printing + Writing Paper | 122,600                      | Ind Rwd Wir (NC) Tropica | 1,432,882                    |
| Sawn wood (NC)                | 9,800                        | Coated Papers            | 99,979                       | Sawn wood (NC)           | 938,288                      |
| Plywood                       | 1,000                        | Sawn wood (NC)           | 70,200                       | Other Paper + Paperboard | 732,836                      |
| /                             | /                            | Particle Board           | 49,000                       | Recovered Paper          | 729,024                      |
| /                             | /                            | Chemical Wood Pulp       | 38,100                       | Wrapg+Packg Paper+Board  | 673,579                      |
| Import value (top 5 items)    |                              |                          |                              |                          |                              |
| <i>Item</i>                   | <i>Value<br/>(1000US\$)</i>  | <i>Item</i>              | <i>Value<br/>(1000US\$)</i>  | <i>Item</i>              | <i>Value<br/>(1000US\$)</i>  |
| Sawn wood (C)                 | 5,000                        | Printing + Writing Paper | 67,716                       | Sawn wood (NC)           | 697,350                      |
| Sawn wood (NC)                | 1,317                        | Coated Papers            | 54,758                       | Other Paper + Paperboard | 498,730                      |
| Plywood                       | 320                          | Chemical Wood Pulp       | 15,783                       | Wrapg+Packg Paper+Board  | 439,189                      |
| /                             | /                            | Bleached Sulphate Pulp   | 15,170                       | Ind Rwd Wir (NC) Tropica | 341,286                      |
| /                             | /                            | Uncoated Woodfree        | 12,632                       | Printing + Writing Paper | 329,004                      |

Source: <http://faostat3.fao.org/download/F/FO/E>

### Annex D. Changes in quantity and value of five top forest export products, 1990-2014

| 1990                          |                   | 2000                     |                   | 2014                     |                   |
|-------------------------------|-------------------|--------------------------|-------------------|--------------------------|-------------------|
| Export Quantity (top 5 items) |                   |                          |                   |                          |                   |
| Item                          | Quantity (tonnes) | Item                     | Quantity (tonnes) | Item                     | Quantity (tonnes) |
| Ind Rwd Wir (NC) Tropica      | 406,442           | Chips and Particles      | 434,000           | Chips and Particles      | 14,500,000        |
| Sawnwood (C)                  | 188,100           | Ind Rwd Wir (NC) Other   | 26,400            | Veneer Sheets            | 985,139           |
| Ind Rwd Wir (C)               | 31,469            | Sawnwood (NC)            | 10,600            | Wood Pellets             | 746,000           |
| Printing+Writing Paper        | 9,300             | Ind Rwd Wir (NC) Tropica | 7,100             | Sawnwood (NC)            | 361,000           |
| /                             | /                 | Plywood                  | 6,600             | Plywood                  | 331,000           |
| Export Value (top 5 items)    |                   |                          |                   |                          |                   |
| Item                          | Value (1000\$US)  | Item                     | Value (1000\$US)  | Item                     | Value (1000\$US)  |
| Ind Rwd Wir (NC) Tropica      | 61,418            | Chips and Particles      | 28,649            | Chips and Particles      | 1,245,277         |
| Sawnwood (C)                  | 30,571            | Ind Rwd Wir (NC) Other   | 6,099             | Ind Rwd Wir (NC) Tropica | 285,648           |
| Printing+Writing Paper        | 5,879             | Sawnwood (NC)            | 3,111             | Plywood                  | 198,695           |
| Ind Rwd Wir (C)               | 5,068             | Plywood                  | 2,904             | Sawnwood (NC)            | 179,417           |
| /                             | /                 | Sawnwood (C)             | 2,065             | Wood Pellets             | 123,852           |

Source: <http://faostat3.fao.org/download/F/FO/E>

### Annex E. List of key policy documents that define forest and agricultural land use

| Title  | Year of approval | Period of validity | Main priorities/targets in relation to land use  |
|--|------------------|--------------------|--|
| Strategy for protection of special use, sea and inland water conservation by 2020 and vision to 2030                       | 2014             | Till 2030          | By 2020, special use forest, sea and inland water conservation areas cover 9% of the land territory and 0.24% of sea territory |
| Master plan for country agriculture development by 2020 and vision to 2030 (Decision No. 124 / QD-TTg)                     | 2012             | Till 2020          |  |
| The National Strategy on Environment Protection to 2020, with Visions to 2030 (Decision 1216/QĐ-TTg on September 05, 2012) | 2012             | Till 2030          | to generally control and minimize the increase of environment pollution, resource deterioration and biodiversity degradation   |

|   |      |           |   |
|---|------|-----------|---|
| National Strategy on Gender Equality for the 2011-2020 period (Decision 2351/QĐ-TTg)                          | 2012 | Till 2020 |   |
| Viet Nam Sustainable Development Strategy for the 2011-2020 (Decision No. 432/QĐ-TTg).                        | 2012 | Till 2020 | Targets of natural resources and environment include forest coverage and rate of protected land, maintenance of biodiversity. |
| National strategy on climate change (Decision 2139/QĐ-TTg on December 05, 2011)                               | 2011 | Till 2050 | protect natural resources in the context of climate change  |
| Five-year socio-economic development plan for the 2011-2015 period  | 2011 | Till 2015 | Forest coverage rate by 2015 will be around 42%-43%.  |
| Orientation for Irrigation Development Strategy Viet Nam until 2020 and vision to 2050 (Decision 1590/QĐ-TTg) | 2009 | Til 2020  | To supply water for 4.5 million ha of annual crop land  |
| Strategy for development of agriculture and rural development phase 2011 - 2020 (3310 / BNN-KH)               | 2009 | Till 2020 | Forest cover by 43-45% (year 2020)  |
| Livestock Development Strategy until 2020 (Decision 10/2008/QĐ-TTg)   | 2008 | Till 2020 | To convert part of the agricultural land into fodder production area  |
| Agriculture, Farmers and Rural Affairs Program (Resolution 26-NQ/TW)  | 2008 | 2020      |   |
| Viet Nam Forest Development Strategy 2006 – 2020  | 2007 | Till 2020 | Forest cover of 42-43% by 2010 and 47% by 2020  |
| Strategy for socio-economic development 2001-2010   | 2006 | Till 2010 | Agriculture is to account for 16-17% of GDP   |
| Viet Nam's Five-year Socio-economic Development Plan, 2006-2010   | 2006 | Till 2010 | The rate of forest coverage is to be 42-43%.  |
| Gender strategy for agriculture & rural development   | 2005 | Till 2010 | Names of both wife and husband must be stated in certificates of land use rights  |
| Strategy for management of conservation areas in Viet Nam for the period till 2010 (Decision 192/2003/QĐ-TTg) | 2003 | Till 2010 | Set up, organize and effectively manage a system of natural conservation areas in various ecological zones                    |
| A comprehensive strategy for growth and poverty reduction to 2005 and toward 2010                             | 2002 | 2010      |   |

|   |      |      |  |
|---|------|------|--|
| Viet Nam Forest Development Strategy 2001-2010 (Decision 1999/2002/BNN-PTLN). | 2002 | 2010 |  |
|---|------|------|--|

**Annex F. List of key legal documents that regulate forest and agricultural land use and change**

| Title                        | Year of approval | Subject/ key contents  |
|------------------------------|------------------|--|
| <b>Laws</b>                  |                  |  |
| Law 45/2013/QH13             | 2013             | Land Law   |
| Law 20/2008/QH12             | 2008             | Biodiversity Law   |
| Law 29/2004/QH11             | 2004             | Forest Protection and Development Law  |
| Law 13/2003/QH11             | 2003             | Land Law   |
| Law 17/2003/QH11             | 2003             | Law on Fishery   |
| Law 23/L/CTN                 | 1993             | Law on agricultural land use tax   |
| Law 24/L/CTN                 | 1993             | Land Law   |
| Law 58/LCT/HĐNN8             | 1991             | Forest Protection and Development Law  |
| <b>Ordinance/ Resolution</b> |                  |  |
| Resolution 30a/2008/NQ-CP    | 2008             | On sustainable reduction of poverty in 61 poor districts   |
| <b>Government decrees</b>    |                  |  |
| Decree 99/2010/NĐ-CP         | 2010             | on payment for forest environmental services   |
| Decree 135/2005/NĐ-CP        | 2005             | on allocation of agricultural land, production forest and water surface in state forest and agricultural enterprises |
| Decree 200/2004/NĐ-CP        | 2004             | on state forestry enterprises  |
| Decree 163/1999/NĐ-CP        | 1999             | on allocation and lease of land to organizations, households and individuals for forestry purposes                   |
| Decree 35/2015/NĐ-CP         | 2015             | on management and use of land for rice cropping  |
| Decree 118/2014/NĐ-CP        | 2014             | on re-arrangement, reform and improve the efficiency of agricultural and forestry companies                          |
| Decree 202/2013/NĐ-CP        | 2013             | on management of fertilizers   |
| Decree 42/2012/NĐ-CP         | 2012             | on management and use of land for rice cropping  |
| Decree 98/2011/NĐ-CP         | 2011             | on amendment of various decrees on agriculture   |
| Decree 02/2010/NĐ-CP         | 2010             | on agricultural extension  |
| Decree 117/2010/NĐ-CP        | 2010             | on organization and management of special use forest   |
| Decree 24/2008/NQ-CP         | 2008             | on implementation of Agriculture, Farmers and Rural Affairs Program  |
| Decree 56/2005/NĐ-CP         | 2005             | on agricultural and fishery extension  |
| Decree 200/2004/NĐ-CP        | 2004             | on re-arrangement and reform of state forestry enterprises   |



|                      |      |  |
|----------------------|------|--|
| Decree 85/1999/NĐ-CP | 1999 | amendment on regulations on allocation and contracting of land for agricultural, forestry and fishery purpose                        |
| Decree 01/CP         | 1995 | on allocation and contracting of land for agricultural, forestry and fishery purposes in state enterprises                           |
| Decree 02/CP         | 1994 | on allocation of forestry land to organizations, individuals and households for long term and sustainable uses for forestry purposes |
| Decree 73/CP         | 1993 | on classification of land for agricultural land use taxation   |
| Decree 64/CP         | 1993 | on allocation of agricultural land to individuals and households for long term and sustainable use for agricultural purposes         |
| Decree 13/CP         | 1993 | on agricultural extension  |

### **Annex G. Excerpt from 'Comprehensive Strategy for Growth and Poverty Reduction to 2005 and toward 2010**

To develop agriculture and rural economy to reduce poverty on a large scale, including

- To improve efficiency and to diversify agricultural production
- To develop forestry and make it an effective business, contributing to rural employment and income for upland farmers.
- To raise aquaculture and conduct offshore fishing
- To promote the research and development of science and technology
- To promote economic restructuring and consumption of agricultural products
- To diversify agriculture production and develop rural industries
- To enhance access to financial services, rural credit
- To reorganize production, encourage long-term household economic development, farm economy, private economy.

Source: Legal document: 2685/VPCP-QHQT

### **Annex H. Targets in Forestry Development Strategies**

Targets in Forestry Development Strategy 2001-2010:

- National forest cover: 39% (by 2005), 43% (by 2010)
- Protection forest: 5.4 mil ha (by 2005), 6 mil ha (by 2010)
- Special use forest: 1.6 mil ha (by 2005), 2 mil ha (by 2010)
- Production forest: 6.2 mil ha (by 2005), 8 mil ha (by 2010)
- Forest management and protection: 10.9 mil ha
- Forest protection for restoration : 1.56 mil ha
- New plantation: 3.52 mil ha

Targets in Forestry Development Strategy 2006-2020:

- National forest cover: 42 – 43% (by 2010), 47% (by 2020)
- Protection forest: 5.68 mil ha (by 2020)
- Special use forest: 2.16 mil ha (by 2020)
- Production forest: 8.4 mil ha (by 2020) including 4.15 million ha plantation forests, both concentrated industrial plantations and NTFPs, and 3.63 million ha natural production forest. The area of regenerated natural forest and agro-forestry area is 0.62 million ha.
- Zoning for regeneration of 0.8 million ha of forest.
- New plantation: 1 mil ha (by 2010), 1.0 mil ha (by 2020)
- Scatter tree planting: 200 mil trees/year

Source: Decision 1999/2002/BNN-PTLN, Decision 18/2007/QD-TTg

### **Annex I. Targets for agricultural crop development**

- Rice: Protect stable Rice land from 3.812 million hectares in 2020
- Corn: From 2020, steady around 1.44 million hectare area.
- Sweet potato: Stable area in 2020 to about 140-150 thousand ha
- Cassava: stable area of 450 thousand hectares in 2020
- Beans and vegetables: area sown of 1.2 million hectares.
- Sugarcane: 300 thousand hectares
- Cotton: Cotton area to 2020 will be over 40,000 ha
- Tobacco: 40 thousand hectares
- Peanuts: 150 thousand hectares
- Soybean: 100 thousand ha, about 350 thousand ha in 2020

Source: Strategy for development of agriculture and rural development phase 2011 - 2020 and Master plan for country agriculture development by 2020 and vision to 2030 (Document number 3310 / BNN-KH and Decision No. 124 / QD-TTg)

### **Annex J. Provisions on forest land use and planning in 2004 Forest Protection and Development Law**

Article 13: Principles for elaboration of forest protection and development masterplans and plans

Article 14: Bases for elaboration of forest protection and development masterplans and plans

Article 15: Contents of forest protection and development masterplans and plans

Article 16: Forest protection and development planning periods

Article 17: Responsibilities for elaboration of forest protection and development masterplans and plans

Article 18: Competence to approve and decide on forest protection and development masterplans and plans, and decide on the establishment of forests

Article 19: Adjustment of forest protection and development masterplans and plans, establishment of forests

Article 20: Communication of forest protection and development masterplans and plans

Article 21: Implementation of forest protection and development masterplans and plans

Article 22: Principles for forest allocation, lease and recovery and change of forest use purposes

Article 23: Bases for forest allocation and lease and forest use-purpose change

Article 24: Allocation of forests

Article 25: Lease of forests

Article 26: Recovery of forests

Article 27: Change of forest use purposes

Article 28: Competence to allocate, lease and recover forests, and change forest use purposes

Source: 2004 Forest Protection and Development Law

## **Annex K. Provisions on agricultural land use and planning in 2013 Land Law**

### Chapter 4. MASTER PLANS, PLANS ON LAND USE

Article 35. Principles of formulation of master plans and plans on land use

Article 36. System of master plans and plans on land use

Article 37. Periods of master plans and plans on land use

Article 38. National master plan on land use and plan

Article 39. Provincial-level master plans, plans on land use

Article 40. District-level master plans, plans on land use

Article 41. Master plans, plans on land use for national defense or security purpose

Article 42. Responsibilities for formulating master plans, plans on land use

Article 43. Consultations on master plans, plans on land use

Article 44. Appraisal of master plans and plans on land use

Article 45. Competence to decide and approve master plans, plans on land use

Article 46. Adjustment of master plans and plans on land use

Article 47. Consultation on formulation of master plans and plans on land use

Article 48. Publicization of master plans and plans on land use

Article 49. Implementation of master plans and plans on land use

Article 50. Report on implementation of master plans and plans on land use

Article 51. Settlement of problems arising in master plans, plans on land use after this Law takes effect

### Chapter 5. LAND ALLOCATION, LAND LEASE AND CHANGE OF LAND USE PURPOSE

Article 52. Bases for land allocation, land lease and change of land use purpose

Article 53. Allocation or lease of land which is currently used by a person to another

Article 54. Land allocation without land use levy

Article 55. Land allocation with land use levy

Article 56. Land lease

Article 57. Change of land use purpose

Article 58. Conditions for land allocation, land lease and change of land use purpose to implement investment projects

Article 59. Competence to allocate, lease land and approve change of land use purpose

Article 60. Handling of cases of land allocation and land lease which are decided prior to the effective date of this Law

Source: 2013 Land Law

#### **Annex L. Provisions on conversion of land in 2013 Land Law**

Article 57. Change of land use purpose

1. Cases in which change of land use purpose requires permission by competent state agencies:

- a) Change of land for rice cultivation to land for perennial crops, forests, aquaculture or salt production;
- b) Change of land for other annual crops to land for saltwater aquaculture, salt production or aquaculture in ponds, lakes or marshlands;
- c) Change of special-use forest land, protective forests or production forests to land for other purposes within the type of agricultural land;
- d) Change of agricultural land to non-agricultural land;
- e) Change of non-agricultural land which is allocated by the State without land use levy to non-agricultural land which is allocated by the State with land use levy, or to leased land;
- f) Change of non-agricultural land which is not residential land to residential land;
- g) Change of land for construction of non-business facilities or land for public purposes involving commercial purpose, or non-agricultural land for business and production purposes which is not land for trading or services to land for trading or services; change of land for trading or services or land for construction of non-commercial facilities to land for non-agricultural production establishments.

2. When changing the land use purpose under Clause 1 of this Article, land users shall fulfill financial obligations as prescribed by law. The land use regime and the rights and obligations of land users are those applicable to the type of the land used for the new purpose.

Source: 2013 Land Law

#### **Annex M. List of Land Use Planning Documents collected**

- Resolution No. 29/2004/QH11 dated 15/06/2004 of the National Assembly on land use master-plan to 2010 and land use plan for the whole country by 2005
- Resolution No. 57/2006/QH11 dated 29/06/2006 of the National Assembly on the 5 year land use plan for the whole country 2006-2010

- Resolution No. 17/2011/QH13, dated 22/11/2011 by the National Assembly on land use master-plan to 2020 and 5 year land use plan (2011 to 2015) at national level
- Directive No. 08/CT-TTg dated 05/20/2015 of the Prime Minister on the adjustment of land use master-plan by 2020 and land use plan for the last period (2016-2020) at national level
- Decision No. 1819/QĐ-BTNMT, dated 10/07/2015 of MONRE on approving project to adjust land use master-plan up to 2020 and land use planning for 5 years from 2016 to 2020 at national level

## **Annex N. Formal procedures on change of land use purpose**

Decree 43/2014/ND-CP:

Article 68. Order and procedures for [...] permission for change of use purpose of land for rice cultivation, land for protection forests and land for special-use forests to other purposes

1. The order and procedures for appraisal of land use demand and appraisal of conditions for [...] permission for change of land use purpose are prescribed as follows:

a/ The requester for [...] change of land use purpose shall submit a dossier for appraisal to the natural resources and environment agency. Investment projects in which investment has been decided by the National Assembly or approved in principle by the Prime Minister are not required to go through appraisal procedures prescribed in this Clause;

b/ Within 30 days after receiving a complete and valid dossier, the natural resources and environment agency shall send an appraisal document to the investor for compilation of a dossier of request for [...] change of land use purpose.

The time limit prescribed at this Point excludes the time for implementation of procedures for permission for change of use purpose of land for rice cultivation, land for protection forest or land for special-use forests for implementation of investment projects prescribed in Clause 2 of this Article;

c/ The Ministry of Natural Resources and Environment shall specify the appraisal of land use demand and conditions for [...] change of land use purpose.

2. The order and procedures for permission for change of use purpose of land for rice cultivation, land for protection forests or special-use forests for implementation of investment projects are prescribed as follows:

a/ Natural resources and environment agencies shall summarize demands for change of use purpose of land for rice cultivation, land for special-use forests or land for protection forests for implementation of investment projects in localities and submit them to People's Committees of the same level for reporting to superior People's Committees or the Ministry of Natural Resources and Environment;

b/ Within 10 working days after receiving a complete and valid dossier, the provincial- level People's Committee shall assume the prime responsibility for appraising the dossier and submit it to the provincial-level People's Council for approval before a competent People's

Committee decides on the change of land use purpose. The Ministry of Natural Resources and Environment shall assume the prime responsibility for, and coordinate with the Ministry of Agriculture and Rural Development in, conducting the appraisal and shall propose the Prime Minister to approve the change of land use purpose before a competent People's Committee decides on such change;

c/ After the Prime Minister issues a written approval of change of land use purpose, the provincial-level People's Council shall adopt a resolution on change of land use purpose and a competent People's Committee shall organize the land recovery, land allocation, land lease or change of land use purpose.

#### Article 69. Order and procedures for permission for change of land use purpose

1. A land user shall submit a written request for change of land use purpose together with the certificate to the natural resources and environment agency.
2. The natural resources and environment agency shall appraise the dossier; conduct field verification and appraise the demand for change of land use purpose; guide the land user in fulfilling financial obligations in accordance with law; propose the competent People's Committee to permit the change of land use purpose; and direct the updating and modification of the land database and cadastral records.

An investor that acquires land use rights from a current land user for implementation of an investment project shall carry out procedures for transfer of land use rights concurrently with procedures for permission for change of land use purpose.

3. The land user shall fulfill financial obligations under regulations.

### **Annex O. Conditions for change of land use purpose**

#### Land Law 2013

#### Article 58. Conditions for [...] change of land use purpose to implement investment projects

1. For investment projects that use paddy land or protective forest land or land for special-use forests for other purposes and are other than those to be decided by the National Assembly or approved in principle by the Prime Minister, competent state agencies may only decide on [...] change of land use purpose when one of the following documents is available:
  - a) The written approval by the Prime Minister for change of land use purpose for the paddy land with an area of 10 ha or more, and for protection forest or special-use forest with a land area of 20 ha or more;
  - b) The resolution of the provincial-level People's Council for change of land use purpose for the paddy land with an area less than 10 ha, and for protection forest or special-use forest with a land area less than 20 ha.
2. For investment projects which use land on islands or in border or coastal communes, wards or townships, competent state agencies may only decide on land allocation, land lease or

change of land use purpose upon receiving written approval from related ministries and agencies.

3. Those who are [...] permitted by the State to change land use purpose to implement investment projects must meet the following conditions:

- a) Having financial capacity to ensure the land use according to the investment project's schedule;
- b) Paying a deposit in accordance with the investment law;
- c) Not violating the land law if they are implementing other projects on the state-allocated or -leased land.

#### **Annex P. Key policy documents on agricultural subsidy**

Exemption of agricultural land use tax:

- Resolution 15/2003/QH11 of the National Assembly (dated 17 June 2003) and Decree 129/2003/NĐ-CP dated 3<sup>rd</sup> November 2003 on exemption and reduction of agricultural land use tax (for the period of 2003-2010)
- Resolution 26-NQ/TW (dated 5 August 2008) and Resolution 55/2010/QH12 dated 24 November 2010 on exemption and reduction of agricultural land use tax for the period of 2011–2020

Exemption of the irrigation fee

- Decree 143/NĐ-CP dated 28 November 2003 specifying details on the implementation of Ordinance on use and protection of irrigation works
- Decree 115/2008/NĐ-CP dated 14 November 2008 on amendment of Decree 143/NĐ-CP, regulating collection, exemption and reduction of the irrigation fee.

Credit Policy

- Decree 78/2002/NĐ-CP dated 4<sup>th</sup> October 2002 on credits for social policy groups
- Decree 41/2010/NĐ-CP dated 12 April 2010 on credits for commercial production in agricultural and rural development
- Resolution 80/ NQ-CP dated 19 May 2011 on credits for close-poor households

(Rice) price support

- Text number 430/TTg-KTN dated 12 March 2010 on price support for rice growers
- Other legal documents on annual purchase of rice, such as Decision 993/QD-TTg of June 2010, Decision 15/2011/QD-TTg of March 2011, Decision 287/QD-TTg of March 2012.

Support policies to purchase machinery and equipment

- Decision 497/QĐ-TTg dated 17 April 2009 on support to purchase of machinery and other agricultural inputs.
- Decision 2213/QĐ-TTg dated 31 December 2009 on amendment of Decision 497/QĐ-TTg.
- Decree 61/2010/NĐ-CP dated 4 June 2010 on incentivizing investment in agricultural and rural development

#### Support policy to reduce post-harvest losses

- Decision 63/2010/QĐ-TTg dated 15 October 2010 on support to mitigate post-harvest loss in agricultural and fishery production
- Decision 65/2011/QĐ-TTg dated 2 December 2011 amending Decision 63/2010/QĐ-TTg

#### Agricultural Insurance Pilot 2011-2013

- Decision 315/QĐ-TTg dated 1 March 2011 on piloting agriculture insurance for the period 2011-2013.

### **Annex Q. Key policy documents on forestry subsidy**

#### The Program on Re-greening Bare land and Denuded Hills (1992-1998):

- Decision No 327/CT dated 15 September 1992 by the Chairman of the Council of Ministers on master guidelines and policies to utilize unoccupied land, "barren" hilly areas, forests, coastal mudflats and ground
- Decision 556/TTg dated 15 September 1995 of the Prime Minister on amending and supplementing the Decision No 327/CT

#### The Five Million Hectare Reforestation Program (5MHRP) (1999-2010):

- Resolution 08/1997/QH10 of 5 December 1997 of the National Assembly on the five million hectare reforestation by the year 2010
- Decision 661/QĐ-TTg dated 29 July 1998 on objectives, tasks, policies and organization of implementation of the project on planting 5 million hectares of new forests
- Decision 100/2007/QĐ-TTg dated 6 July 2007 on amending and supplementing Decision 661/QĐ-TT

#### Program for afforestation of production forests:

- Decision 147/2007/QĐ-TTg dated 10 September 2007 on a number of policies for development of production forests in the 2007-2015 period
- Decision 66/2011/QĐ-TTg dated 9 December 2011 on amending and supplementing Decision 147/2007/QĐ-TTg.



- Resolution 30a/2008/NQ-CP dated 27 December 2008 on the support program for fast and sustainable poverty reduction in 61 poor districts
- Decision 2621/QD-TTg dated 31 December 2013 on amendments and supplements to a number of support levels to develop production defined in Resolution 30a/2008/NQ-CP

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