

MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

**FOREST SECTOR DEVELOPMENT
REPORT IN 2012**

For FSSP Annual Plenary Meeting in 31 January 2013

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1 CONTEXT

The forestry sector of Viet Nam in 2012 has still been impacted by the uncertainties of the international economy due to the unsolved financial crisis and debt crisis in the Europe. Global production and commerce was severely impacted. There was a strong fluctuation in prices of goods and commodities. The declined growth of the locomotive economy led to the stagnancy of other economies. Our key commercial partners such as USA, China, Japan and the EU faced with numerous challenges, resulting in their slow growth. The world economic crisis negatively impacted on the domestic production and living conditions of people. Consumption markets for the products were narrowed down, meanwhile there was an increase in inventory and a reduction of the purchasing power. Banking debt was at an alarming rate. Many enterprises, especially small-sized enterprises had to narrow their production scale, stop operating or dissolve.

Prior to the both international and domestic challenges, right in the beginning of the year, the Government issued the Resolution 01/NQ-CP dated 03/01/2012 which identifies the overall objective of 2012 is to “*Prioritize controlling inflation, stabilizing the macro economy, maintaining the growth at a sound rate; linking the growth modality with restructuring of the economy, improving quality, efficiency and competitiveness; ensuring social welfare, social safeguard and improving local livelihood; stabling political order, strengthening national security, national defense, social order; fostering the foreign relationship and international integration*”. To stabilize the macro economy, remove barriers for enterprises, promote domestic production, the Gov. Issued the Resolution 13/NQ-CP dated 10/5/2012 on some solutions to remove the barriers for production and create market incentives. The timely decisive policies have reflected clearly the innovation in the thinking and the response capacity in terms of policy making of our Party and State. Thanks to that, Viet Nam has gained a number of significant achievements. The GDP in 2012 enjoyed the increase of 5.03% compared with 2011. Although the figure was lower than the rate of 5.89% in 2011, it is still a remarkably high and sound rate in the context where the domestic production faced with many difficulties and controlling inflation and stabilizing macro economy is a national policy. There was also an increase in agro-forestry and fishery productivity, in that agriculture increased by 2.8%; forestry 6.4%; and fishery 4.5%. This is a

repeated reflection of the roles of the agro-forestry and fishery sector as the backbone of the national economy.

2012 is an especial year of the forestry sector which marks the successful completion of the Five Million Ha Afforestation Project and is the starting year for implementing the Forest Protection and Development Plan for the period 2011-2020 which was approved by the Prime Minister in the Decision 57/QĐ-TTg dated 09/01/2012. In this year, forest production was also hindered by unfavorable climate conditions, which was a factor for some afforestation projects to complete their set targets in an untimely manner, especially for protection forest and special use forest. However, forest production also enjoyed a sound increase thanks to the some positive factors such as: a better awareness of competent authorities of all levels, sectors and the whole society; the timely and comprehensive direction and attention of Government; the close cooperation of sectors, localities; the continuously financial and technical assistance of international organizations. The stability of the consumption markets for timber and other forest products in the recent years encouraged people to make investment in forest plantation, especially production forest. Other silviculture activities as caring plantation forest, regenerating forest were received attention to increase forest coverage; production forests were planned and invested in a stable and appropriate manner, etc.

2 THE KEY RESULTS OF THE FORSTRY SECTOR IN 2012

2.1 Successful implementation of the 2012 workplan of the sector.

In 2012, despite the challenges faced by the international and domestic economy, due to many reasons, the forest plantation and development plan was implemented not as timely as planned, the joint efforts of the whole society, the appropriate attention of the Government, Ministry; the consensus and strong determination of the Leadership and officials have contributed to the development of the forest sector with the following significant results:

- Robust increase in forestry production values (approximately at 6.4%) against the plan (4.0-4.5%);
- Remarkably positive changes in forest protection and forest fire prevention. Illegal deforestation and forest fire still caused severe damages, but were considerably reduced, especially in terms of the damages caused by forest fires;
- The Resolution 18/2011/QH13 of the National Assembly and the Decision No. 57/QĐ-TTg of the Prime Minister on the Forest Protection and

Development Plan for the period 2011 – 2020 was implemented in the whole sector;

- The Payment for Forest Environmental Services (PFES) has truly gone into the lives of people, becoming a light-spot of policy on socialization of the forestry sector, creating an important income source for ensuring the effective implementation of the Forest Protection and Development Plan, contributing to environment protection and social safeguards.

- Export turnover of forest products was higher than the plan and made the unprecedented record (approximately 4.8 billion USD, of which 4.6 billion USD was of timber and timber products). With the import turnover of 1.3 billion USD, forestry sector was one of the sectors with robust trade surplus (around 3.5 billion USD) in 2012.

- Initial steps were taken in catching up with changes in markets, removing barriers for forest plantation, processing enterprises, gradually enforcing the Adaption Plan with the changes in the export markets (promoting the understanding of the USA' LACEY Act, involving in the VPA/FLEGT negotiation with the EU, strengthening the bilateral cooperation with Lao PDR, Cambodia ...) to create the positive impacts in international integration in the forestry sector.

- The forest sector continued receiving the attention and assistance of international communities for the climate change adaptation and mitigation projects, especially of the projects on planting coastal protection forests, REDD+ initiative. The year 2012 is a special year with many ODA projects and international NGO projects approved for the forest sector (8 projects with the total fund of nearly 117 million USD).

2.2 Forest Protection and Development for the period 2011 - 2020

2012 is the first year for implementing the Forest Protection and Development (BV&PTR) for the period 2011-2020. With the experiences and the lessons learnt in the management and leadership for the implementation of the previous Five Million Ha Afforestation Project, the forestry sector has quickly deployed its tasks based on the Forest Protection and Development Plan for the period 2011 – 2020, which has initially coordinated resources, sectors to serve for the direction and management of Ministry of Agriculture and Rural Development and VNFOREST in an increasingly stronger and effective manner.

The National Steering Committee for the Forest Protection and Development Plan in the period 2011 - 2020 (National Steering Committee) and the Office of the National Steering Committee have been established under the chairmanship of Deputy Prime Minister and members are representatives of Ministries, sectors. 03 meetings were organized in 2012 to address the key issues related to the implementation of the Plan in 2012. This has shown the strict direction of the Government and Ministries, sectors in successfully organizing the implementation of the Forest Protection and Development Plan for the period 2011-2020. At the local level, 44 provinces, cities managed by the Central Government have established the Steering Committees for the Forest Protection and Development Plan for the period 2011 – 2020.

In 2012, Ministry of Agriculture and Rural Development and VNFOREST issued a large number of Circulars, Guidance to implement the Forest Protection and Development Plan, such as the Circular No.51/2012/TT-BNNPTNT, dated 19/10/2012 on guiding the tasks to realize the Forest Protection and Development Plan as specified in the Decision No. 57/QĐ-TTg dated 09/01/2012 of the Prime Minister; the Document No. 2275/BNN-TCLN dated 24/7/2012 on guiding and requesting Ministries, sectors and provinces to develop mid-term Forest Protection and Development Plan for the period 2013-2015. Monitoring and surveillance has been paid more attention with the deployment of a multi-disciplinary approach right in the first implementation year, including the engagement of Ministry of Agriculture and Rural Development, Ministry of Planning and Investment, Ministry of Finance. This is an outstanding improvement in the implementing organization compared with the last Five Million Ha Afforestation Project.

The achieved targets of the Forest Protection and Development Plan in 2012 are illustrated in the table 1 as below

Table 01: Completion of the targets for forest protection and development in 2012

No.	Targets	Unit	Plan in 2012	Results	
				Expected in 2012	% against plan
A	B	C	1	2	3=2/1%
1	Area of afforestation	ha	255.000	180.000	70,5
	Protection forests, special use forest	ha	30.000	11.000	36,7

	<i>Production forest</i>	<i>ha</i>	<i>225.000</i>	<i>169.000</i>	<i>75,1</i>
2	Concentrated forest plantation	thousand s of trees	50.000	50.000	100,0
3	Forest area for contracting	ha	2.000.000	2.021.866	101,1
4	Forest area for regeneration	ha	350.000	315.000	90,0
5	Forest area for caring	ha	356.800	330.344	92,6
6	Forest area for restoration rehabilitation	ha	3.000	500	16,7

Source: VNFOREST 2012 report

It can be seen that in 2012, most of the targets have been achieved and even better than expected. However, only 75.5% of the target on forest plantation was achieved, of which, protection forest and special use forest accounted for 36.7%. This is mainly attributable to the following reasons:

- Lack of capital: State budget allocated did not meet with requirement of each target. Only 1,210 billion dong was allocated, which satisfied only 72.5% of the demand. Meanwhile, some provinces prioritized allocation of State budget to infrastructure construction and assisting timber processing factories. It was also difficult for enterprises to mobilize capital and access to loan for planting production forests.

- Investment ratio for planting protection forest was low, failing to match with the economic-technology plan;

- Delay in reviewing, developing, appraising, approving projects was a reason for slow allocation of capital and implementation of the tasks for forest protection and development;

- To enforce the urgent measures for protecting forests, in the last time, a number of projects on forest and forestry land conversion were temporarily suspended to be reviewed as directed in the Decree No.1685/CT-TTg dated 27/9/2011 of Prime Minister (Highland region got a total of 824 projects, of which 124 projects were revoked and suspended. 700 projects were on-going in the total area of 203 thousand ha). This has also impacted on the implementation progress of the plan.

- Traditional key export markets for woodchip suffered from a stagnancy, significant reduction of prices for material woodchip, resulted in a reduction in harvesting plantation forests as well as investment in afforestation.

2.3 Sustainable Forest Management and Development

2.3.1 Sustainable Forest Management and Forest Certification

The main purpose of sustainable forest management is to increase the management capacity and effectiveness of forest title holders to each specific forest area; maximize the economic values, environmental values and social values of forests in a sustainable and long-term manner. Certified plantation forest shall improve significantly the values of their products, bringing them to the new markets with stricter requirements on the legality of products such as European and USA markets.

Viet Nam is among the countries which are on its way to access and manage and protect forest following the sustainable forest management approach to aim for FSC forest certification. To promote sustainable forest management, VNFOREST issued the Document No.778/TCLN-SDR dated 13/6/2012 on temporarily guiding the development of sustainable forest management. At the same time, VNFOREST also directed and requested forestry companies to deploy the pilot model on sustainable forest management pursuant to the direction of the Prime Minister in the Document 455/TTg-NN dated 20/04/2005.

However, the current progress of Viet Nam is still far behind other countries in the region and difficult to obtain the target of 30% of production forest shall be issued with sustainable forest management certificates in 2020 as set in the Forestry Development Strategy for 2006-2020. In 2012, the total certificated forest area of Viet Nam was 45,170 ha¹, increased by 4,170 ha against 2011, mainly plantation forest of Paper Corporate and Rubber Corporate.

The modality of issuing FSC certificates to group of households is deemed to be the most sound in the context of forest allocation to households in Viet Nam. This modality was first successful with a group of households in Gio Linh and Vinh Linh district, Quang Tri provinces. There were 118 households planting forest in an area of 316.11 which were given with FSC certificates for a period of 5 years. To replicate the modality, Forestry Sector Development Project funded by the World Bank has piloted the issuance of forest certification to around 10,000 ha of commercial plantation forests of households. Since

¹ Report of FSC organization in 12/2012: Status of FSC certificates at the global level: types of certificates and distribution: published on www.fsc.org

4/11/2012, an area of 783 ha has been issued with FSC certificates for 323 households.

Excluding the FSC forest areas, 16,000 ha of natural forest of Dac To Forestry Company was granted with controlled wood certificate and are being reviewed and estimated to get FSC certificates in 2013. However, illegal logging in the surrounding area of Dac To Forestry Company is still a challenge for the company on its way to get FSC certificate.

Despite the initial achievements resulted from the implementation of the sustainable forest management and forest certification program, such results are still modest and the way of conducting the program is not as professional as expected. Here are the main causes:

- Though Viet Nam has developed principles, criteria and indicators on sustainable forest management temporarily based on FSC ones, there is a shortage of technical guidelines for implementation of SFM-related activities, which are appropriate to capacity and awareness of village communities and localities.

- The implementation mechanism for sustainable forest management at local level is still similar to the method of conducting forest regulation plan (being allocated with the targets, paying fee for standing trees, approving silviculture plans without doing forest-based business, etc.).

- Sustainable forest management certificates for the last time have been implemented by forest title holders by themselves or funded by international projects. There is no comprehensive program, project or solutions for sustainable forest management. Especially, there is still an absence of the engagement of local authorities of all levels.

- Forest certification is a useful instrument for sustainable forest management, but it requires substantial financial source for certification. Besides, local people's plantation areas are often scattered, thus certification by group of households should be definitely an appropriate modality, in which support from the State and international organizations are needed for piloting and expansion.

2.3.2 Three forest planning, forest conversion

Forest management, forest conversion, land allocation, forest allocation, forest inventory has been smoothly run. The forestry sector has continued issuing direction to provinces to well perform the forest protection and development planning at provincial level to be suitable with the national overall

socio-economic development master plan. As of 31/12/2012 VNFOREST has submitted to Ministry of Agriculture and Rural Development to verify the Forest Protection and Development Master plan for the period 2011-2020 for 41 cities/provinces under the Central administration. Management of forest protection and development planning has been paid a special attention. Evaluation of forest conversion has been conducted strictly by many provinces.

In 2012, the forestry sector has started the National Comprehensive Forest Inventory to underpin the sectoral management as well as the payment for forest environmental services. The pilot project on “*Forest inventory in Bắc Kạn and Hà Tĩnh provinces*” which was completed in the end of 2012 has provided a sound methodology for forest inventory to lay the foundations for elaborating and submitting to Prime Minister for approving the project on “*National Comprehensive Forest Inventory for the period 2012-2015*” with the total budget of 962.7 billion dong.

There have been significant changes in the baseline inventory as well as plan designing. Baseline inventory projects have been more focused and linked with the sector development orientations, which has gradually provided materials and data on forest resources and forest land in a timely manner to serve for the direction and management of VNFOREST and of Ministry of Agriculture and Rural Development.

Special attention has been paid by the forestry sector to the management of the three forest types planning. It is the first time since 2006, the sector has synthesized and submitted to Prime Minister the current status of forests which were converted for hydro-dams as well as the results of planting alternative forests in the converted land. Since 2006, there have been 160 projects in the nationwide which are being implemented in 29 provinces, cities under the Central administration that converted forest for building hydro dams with an area of 19,792ha. Of which, special use forest: 3,060 ha; project forest: 4,411 ha; production forest: 12,321 ha. Among the 29 provinces converting forest for hydro dams, 8 of which have replanted forests in an area of 735ha, accounting for 3.7% of the converted forest (735/19,792ha).

2.3.3 State forestry enterprise reform and rearrangement

State forest enterprises (SFE) have been reformed for some years. SFEs have been shifted to the form of One Member State Limited Companies with a total of 170 companies managing nearly 2.1 million ha of forest. Many SFEs have become the key actors in the development of some important agriculture, and forestry products, facilitating the formation and development of

concentrated material production area and the development of forestry product processing establishments. However, this model is still not suitable as it fails to create such a motivation to stimulate the reform and development of SFEs. In the context of urgent requirement of economic re-structuring, more than ever SFEs should plan to escape from the shadow of subsidization time and to improve land use efficiency

Prime Minister has just endorsed the Decision No. 1587/QĐ-TTg relating to the establishment of Steering Committee chaired by Deputy Minister of Vũ Văn Ninh for the summary of implementation results of Resolution No. 28/NQ-TW of Political Bureau on continued rearrangement, reform and development of state agriculture and forest enterprises. One of the key contents of the rearrangement and reform of state agriculture and forest enterprises is the summary and more carefully evaluation of land reform. This is such a big, difficult and complex issue which requires more survey and analysis of land use status in existing state agriculture and forest enterprises during the summarization of implementation results. This will serve as a basis for the correct understanding of problems before suitable solutions can be worked out in line with the spirit of Resolution of 6th National Congress Conference of Executive Board on continued reform of laws and policies on land. This solution, together with other uniform solutions, will help create a basis for the fundamental reform of arrangement of state agriculture and forest enterprises, especially state forest enterprises.

In this context, the Project *‘Study on the evaluation of status of state run forestry companies (State forest enterprises) in order to propose suitable development orientations, management patterns and policies’* funded by TFF which was approved by the Ministry in the late 2012 and will be implemented nationwide by Viet Nam Administration of Forestry will provide more correct surveyed information and data on land use status, management and business capacity of SFEs for the summarization of the implementation results of Resolution No. 28/NQ-TW.

2.3.4 Community based forestry and co-management of forest

Community based forestry (or community forest management) is becoming one of important and effective forest management patterns in Viet Nam. At present, there are different community forest management modalities, such as forest and forested land which have been claimed and managed by communities for long time; forest and forested land for forestry purpose which have been allocated to the management of community by the local governments for long term management and use; forest and forested land for forestry purpose which have been contracted to community for protection and regeneration by

state organizations; forest and forested land of households and individuals as members in the community who gather and unite into community groups (household groups) for management and creating such a common strength for the protection, support and labor exchange in forestry activities.

The actual practice showed the diversity of communities, hence a unique community based forestry model cannot be developed. There should be different models of community based forestry which are suitable for different specific conditions. Many issues have been posed to community based forest management as well as to the legal entity of village community in the management of forest and aspects of full entitlement once they participate in the management of forest and develop forest management plan, using products of community based forests for commercial purpose, beneficiary mechanism, and forest management organization should be further studied and institutionalized. In 2012 the Community based forestry project Phase 2 funded by TFF which are being implemented in 10 provinces have launched efforts of documentation and institutionalization of guidelines relating to community based forestry for nationwide application. The integration of REDD+ related activities in this community-based forestry project is such an effective way for communities to approach REDD+ initiative and for the realization of achievements of REDD: improved livelihood, ensured quantity of carbon reserve in forests and lessons learnt on sustainable forest management.

For special use forest, the community-based forestry model has been studied and piloted by Viet Nam Conservation Fund (VCF). On 2 February 2012, the Prime Minister issued Decision No. 126/QĐ-TTg on the pilot implementation of benefit sharing mechanism in management, protection and sustainable development of special use forest in order create basis for the development of legal framework on policies on benefit, rights and obligation sharing mechanism between Management board of special use forests and local communities on the principle of co-management of forest aiming at system management, protection and development of special-use forests, contributing to improved income, living standards of local people in the special use forests and in the buffer zone of special use forests.

Many international organizations have supported this policy of Viet Nam and carried out pilot models at local level. In August 2012 the workshop “Sharing experience on co-management of special use forests of local conservation organizations in the management of special use forests” was co-organized by PanNature, FFI and Provincial Forest Protection Department of Hà Giang in Hà Giang province. The workshop emphasized that through responsibility and benefit sharing mechanism, communities, individuals and households living in and near forests (mainly protection forest, special use forest and natural production forest) have better controlled access to the shared resources. This will help increase motivation of communities in the protection,

conservation and development of forests, resulting in gradual socialization of forest management and protection and nature conservation activities.

Regarding to policy and mechanism on special use forest, the State has allocated annual non-productive budget of forest protection to the contracting for forest protection where forests are threatened to be damaged and ensuring living standards of local people at the average rate of VND 300,000 per hectare per year. The salvage harvesting of forest products and sharing of benefits, including the access to gene sources in special use forests should comply with legal regulations. Local people involving in forest protection benefit from payment for forest environmental service such as water supply for electricity plant, water supply plant, leasing of ecological landscape in projects.

2.4 Forest protection, conservation of biodiversity and development of forest environmental services

2.4.1 Forest protection

In 2012, the Government, ministries, sectors and local governments paid more attentions to forest management, conservation of biodiversity and development of forest environmental services and plenty of significant achievements have been gained. Especially, the awareness of the entire society on forest has been improved; the advocacy of forest protection socialization has been effectively launched.

Beside the promotion of propaganda and awareness enhancement among the entire society on the role of forest, responsibility of forest management and protection, the forestry sector has carried out many uniform measures to create such a positive move in the field of forest protection and forest fire prevention; preventing the illegal harvesting and transport of forest products, especially in critical areas prone to forest fire, deforestation and illegal forest exploitation in Central Highland, Northwest, North Central Region and Southwest Region.

The forestry sector has enhanced the cooperation with relevant agencies, ministries and sectors in the inspection activities by sending inter-sectoral inspection teams to the hot spots. Viet Nam Administration of Forestry organized national conferences on the implementation of forest protection activities and promoted the enforcement of Directives and Decisions of Prime Minister and Circular of the Ministry on forestry protection and forest fire prevention and firefighting, such as Directive No. 1685/CT-TTg, Decision No. 07/2012/QĐ-TTg, Conference on forest management, protection and development in Central Highlands, reinforcement of operation of forest rangers.

In 2012 forestry sector strongly focused and directed to put an end to the illegal harvesting and utility of illegally-harvested timber in timber processing facilities. Strict sanctions and fines or even cancelation of operation were imposed on timber processing establishments using illegal timber who intentionally failed to comply with current regulations of the State on the

management of legal forest product dossiers. This measure has been well supported by enterprises processing timber for export and international community which is believed to create a good image of timber processing and exporting sector of Viet Nam.

Thanks to the strong, effective and uniform measures, forest protection activities in 2012 achieved positive results. The violation to the forest protection and development regulations was significantly reduced, especially in many localities. The forest protection made significant progress compared to the same period in 2011, specifically: the number of violations to regulations on forest protection and development is reduced by 3%, the forest area which are illegally destroyed reduced by 49%; the forest land damaged by forest fire reduced by 22%. Forest fires were almost detected promptly, reducing damages to human and property. The achievements were appreciated by the public. (such as the forest fire in Hoàng Liên National Park, Hải Vân Pass,...).

2.4.2 Nature and biodiversity conservation

Viet Nam has been recognized as one of few mega- biodiversity countries in the world and is prioritized for global conservation. The diversity in terms of topography, ecosystems, landscape and climate is such a convenient basis for the creation of diversity of ecosystem, species and gene sources of Viet Nam. The system of nature reserves is being ever reinforced and developed with 164 special use forests (including 30 national parks, 69 nature reserves, 45 landscape protected zones, 20 scientific experimenting protected areas).

In 2012, the conservation of biodiversity made significant progress with the issuance of important policies of the State, namely Decision No. 24/2012/QĐ-TTg of the Prime Minister on investment and development policy for special forest during 2011-2020 with total investment and non-productive capitals from state budget for the policy of VND 5,500 billion, including 50% as investment capital. The state budget was allocated to the investment in village communities in the buffer zones for co-management of special use forest; the support rate for villages was VND 40 million per village per annum. One new point of this policy is that the State allowed the pilot trading of ecotourism and establishment of Joint-stock company in special use forest for the leasing special use forest environment.

However, 2012 can be considered as unsuccessful year for conservation activities when some precious and endangered species are killed such as gaur, one horn rhino and elephants in Central Highlands. In the situation, VNFOREST submitted to the Prime Minister for approving the Urgent Action Plan for Elephant Conservation until 2020. At the same time, VNFORST also directed Đắk Lắk, Đồng Nai and Nghệ An provinces to develop provincial projects. A master plan for conservation of Elephants in Viet Nam during 2011-2020 was also submitted for the consideration and approval of Prime Minister.

Regarding to CITES enforcement, VNFOREST submitted to the Ministry for the promulgation of Circular No. 47/2012/TT-BNNPTNT, dated 25 September 2012 on some regulations on management of natural harvesting and raising of normal forest animals; Directive No. 3837/CT-BNN-TCLN dated 07 November 2012 on the enhancement of management of breeding and raising, trading and use of wild animals; submitted to the Prime Minister for the promulgation of Decision banning the import of specimen of some animals listed in CITES annexes. Viet Nam has also actively participated in the expert meetings of ASEAN group, bilateral meetings with South Africa countries, Indonesia and US for the preparation of 16th meeting of the Conference of the Parties (COP) of CITES which is scheduled in March 2013 in Bangkok, Thailand.

2.4.3 Payment for Forest Environmental Services and Viet Nam Forest Protection and Development Fund

Payment for Forest Environmental Services has becoming one of the important income sources for the forest sector. After nearly 5 years of implementing the Decree 05/2008/NĐ-CP and nearly 2 years of implementing the Decree 99/2010/NĐ-CP, Viet Nam Fund for Forest Protection and Development (VNFF) has been operated in parallel with the Payment for Forest Environmental Services. So far, up to 35 provinces have established their Steering Committee and 23 provinces have established Provincial Fund for Forest Protection and Development.

Legal regulations of the Fund and the Payment for Forest Environmental Services have been developed and gradually finalized for issuance. So far, Circulars on guiding the implementation of the Decree 99 have been promulgated, which is a key foundation for a coherent implementation of the policy in the nationwide.

Specifically in 2012, the income from Payment for Forest Environmental Services alone was 1,130.8 billion dong for the whole country (Central: 924,645 billion dong; provinces: 206.2 billion dong). However, the disbursement rate was still modest, accounting for 33.5% of the total income (Lâm Đồng: 87.7 billion dong; Lai Châu: 65 billion dong; Sơn La: 73 billion dong and Yên Bái: 16 billion dong). The limited disbursement was resulted from the failure of provinces in completing the determination of forest area for each forest title holder.

2.5 Harvesting, processing and trade

2.5.1 Forest harvesting

In the early 2012, VNFOREST issued the Document No.98/TCLN-SDR dated 10/2/2012 to direct provinces to strengthen their management of timber and timber product harvesting, especially the harvesting of natural forest timber. Additionally, based on the cooperation with relevant provinces and sectors, VNFOREST fostered the direction for surveillance, monitoring from harvesting, accepting, transporting and using timber to avoid illegal logging. VNFOREST organized many monitoring missions to examine the harvesting of plantation forest, processing, importing, and exporting of timber and timber products in North-East region, Central region and Southern region.

In terms of forest harvesting and utility, in 2012, forestry sector has gained the following achievements: Main harvesting in natural forest: 60,000 m³, completed 54% of the plan which is 35% lower than the last period. Salvaging harvesting: 100,000 m³, completed 100% of the plan. Harvesting of centralized plantation forest: 6,000,000 m³, completed 100 % of the plan, increased by 25.9 % of the last period. Non-timber forest product harvesting: Bamboo: 58,000 thousand trees; accounting for 105,4% of the plan; Pine resin: 42,800 ton; Cinnamon: 20,000 ton; Rattan: 29,800 ton; Other types: 45,000 ton. The total was 142,600 ton, accounting for 102%.

2.5.2 Processing, importing and exporting of forest products

Timber processing industry has still played a key role to the export turnover of agro-forest-fishery sector. Although in 2012, the demand of the key export markets were reduced, turnover of Viet Nam's furniture still increased to 4,6 billion USD in 2012 compared with 4 billion USD in 2011, which is equivalent to an increase of 117%. Of which, 3,388 billion USD was generated from the export of timber products, accounting for 118% compared with 2011. Non-timber forest products generated around 252 million USD, completed 84% of the plan, increased by 26% compared with the last period. In terms of export market, export turnover of timber and timber products to most of the key markets all witnessed a remarkably high growth compared with the last year. Such leading markets are: USD: 1.63 billion USD (increased by 27,3%), China: 655 million USD (increased by 11,2%), Japan: 607 million USD (increased by 13,7%) and EU: 564 million USD (increased by 8,5%).

What is worth noticed here is while Viet Nam is exporting woodchip, we still have to import a large amount of timber for processing. Import turnover totaled at 1,362 billion USD, which is equivalent to the last period. The main import markets still were: Lao, China, USA, Malaysia, New Zealand...The supply of big-timber to meet with the demand for domestic consumption and processing for export is of the top priorities in the sector restructuring to increase the effectiveness and generate more values-added.

In the context of new requirements for timber legality, especially Lacey Act of USA, the Timber Regulation of the EU, the Legality Bill of Australia, etc., Viet Nam has been active in developing a timber legality definition as well as verification system. The Circular No.35/2011/TT-BNNPTNT, dated 20/5/2011 of Ministry of Agriculture and Rural Development on harvesting, salvaging timber and non-timber forest products has significantly contributed to the strict management of forest harvesting. Ministry of Agriculture and Rural Development has also issued the Circular No.01/2012/TT-BNNPTNT, dated 4/1/2012 on Dossiers of legal forest products and examination of forest product legality. These are the key legal foundations for Viet Nam to develop a verification and timber legality assurance system to ensure the legality of timber and to meet with requirements of international integration.

2.6 Forest-related researches, education, training and extension

2.6.1 Scientific technology

Scientific technology has been considered one of the backbones to the development of forest sector in all the periods. In 2012, VNFOREST was assigned by Ministry of Agriculture and Rural Development to manage 32 scientific technology proposals at Ministerial level; 45 scientific technology proposals at local level and 10 proposals on genetic source preservation. Among the proposals, departments under VNFOREST are in charge of 1 scientific technology proposal at Ministerial level; 26 scientific technology proposals at local level and 10 proposals on genetic source preservation. At the same time, VNFOREST has implemented 2 environment proposals at Ministerial level and 01 research proposal under the National Climate change Adaptation and Mitigation Program. Besides, VNFOREST also chaired the selection of 7 scientific technology research proposals at Ministerial level for the period 2013-2017; completed the procedures to issue 13 National Forestry Technical Standards and 5 National Forestry Regulations.

In terms of budget allocation for scientific technology, the total budget allocated was 7,040 million dong. This was a decisive factor contributing to the timely implementation and fulfillment of the approved targets.

In 2012, VNFOREST conducted a project on forestry extension for forest rangers with the total budget of 1,500 million dong. Another 22 training courses were also organized in 22 provinces.

2.6.2 Forestry seedlings

14 projects under the 2011-2015 forestry seeding program shall be deployed. In 2012, VNFOREST frequently directed provinces and seedling production and trading organizations to effectively enforce the regulation on seedling management. In the last year, 13 new forestry seedlings of *Melaleuca* to plant for extracting essential oil were researched and tested, of which 06 were national seedlings and 07 seedlings invented thanks to application of high-technology. In general, there have still been a number of limitations in seedling management such as the quality of seedlings is not satisfied for the demand. Researches and testing of new seedlings are just only applied to domestic seedlings. The policies still failed to encourage the promotion of seedlings.

2.7 International cooperation and emerging issues

2.7.1 International cooperation and world economic integration

In 2012, international cooperation on forestry was strengthened in a both extensive and expansive manner. This is illustrated by the fact that Viet Nam has widened its cooperative relationship with many partners in a multi-lateral, multi-disciplinary and more diversified approach. VNFOREST fulfilled its role as the focal point for 19 international cooperation assigned by Ministry of Agriculture and Rural Development in a proactive and responsible manner, including 2 Conventions and many important agreements. 2012 is also the first year Viet Nam has hosted the ASEAN Senior Officers on Forestry (ASOF). ASOF 15 was organized successfully in Ha Noi in June 2012, brought many specific action plans implemented in a responsible manner to promote sustainable forest management, forest product production in the whole region which is in parallel with poverty reduction and climate change mitigation. Bilateral cooperation with bordering countries was further emphasized to strengthen cooperation in sharing information, controlling illegal transportation and trade of illegal logging and wildlife. Viet Nam signed comprehensive MoU on forestry with Cambodia, Lao and China. Additionally, 2012 also witnessed the successful signing of MoU with the South Africa and Indonesia on strengthening the conservation of biodiversity and CITES enforcement. Such

bilateral efforts have been appreciated by Ministries/sector and international partners.

In 2012, the forestry sector of Viet Nam was highly recognized by international partners for their pro-activeness and innovativeness in implementing newly international and regional initiatives, including REDD+, FCPF, Carbon Fund, FLEGT. The proposal on “Attracting and mobilizing ODA and international assistance for forestry sector for the period 2002-2020” has been developed and submitted for Ministry of Agriculture and Rural Development to underpin the mobilization and negotiation with donors; develop ODA projects, programs; attracting new international assistance in compliance with the priorities of the sector. As a result, despite a decline in national ODA, the forest sector has received and signed with new 8 projects, totaling the number of ODA and international-funded projects managed by Ministry of Agriculture and Rural Development to **28 projects** with the total fund of more than **363 million USD** (Annex 2). Ministry of Agriculture and Rural Development has fostered its direction to enforce ODA projects, especially the loan ODA projects to timely address the barriers, increase the disbursement rate and effectiveness of project implementation. The signing of the Cooperation Regulation between VNFOREST and Forestry Project Coordination Board in 9/2012 has concretized the direction of Ministry’s leaders.

The Forestry Sector Supporting Program-FSSP for the period 2011-2015 and 6 Regional Forestry Networks have strengthened their organization and obtained an improvement in quality. Two policy dialogues under the framework of FSSP and many regional network meetings were organized in 2012 to share information of Viet Nam’s forestry sector to international partners. The Policy Advisory Group consisting of 9 members who are leading experts in the forestry-related areas was established and operated to provide comments, feedbacks on the key issues such as sector restructuring, State forestry enterprises reform, forest classification. However, the matter of which modality should FSSP follow when some traditional partners stopped their support to Viet Nam in the context of emerging international initiatives should be discussed and decided by FSSP members in the next year. TFF and VCF maintained their effective operation, contributing an additionally financial income source for forestry sector in 2012.

2.7.2 FLEGT-VPA

In 2012, the FLEGT VPA with the EU was accelerated with a series of meetings and important activities conducted. The Technical Working Group

was organized in 11/2012 in EU's headquarter in Belgium. At the TWG, both sides focused on the most important elements of the VPA, including the List of Timber and Timber projects to be included in the VPA, timber legality definition of Viet Nam, verification system and FLEGT licensing scheme. A new roadmap was also discussed by both sides, which is expected to conclude in the end of 2013. In parallel with the negotiation process, stakeholder consultation for elements of the VPA was paid with a special attention by both sides, especially with Viet Nam non-governmental organizations, enterprises, groups of plantation households.

EU Timber Regulation 995/2010 shall come into effects since 3/3/2013, requiring timber and timber product exporters to EU to conduct the due diligence for their timber legality. Together with the negotiation process, VNFOREST has organized many workshops, training courses on introducing the EU's regulation to enterprises processing and exporting timber to EU markets. Thanks to that, the enterprises have been improved their awareness and understanding of their responsibilities for trading, processing timber obtained from a legal source. This also contributed to their gaining of CoC. As of 12/2012, Viet Nam has 261 COC/FSC certificates, ranking on the top of ASEAN countries.

The inception of the EU/FAO FLEGT (FLEGT Facility) managed by FAO has created an opportunity for Governmental organizations, civil societies, private enterprises of Viet Nam to access to the grant to support their negotiation process as well as the implementation of the VPA in the later stage. A FLEGT-VNGO has been established with the engagement of some local NGOs. Some training courses and consultation on VPA at local community level were organized to consult for the timber legality definition. FSSP also disseminated the selection criteria of EU/FAO FLEGT grant to other members. So far, 4 proposals have been submitted to FAO.

2.7.3 REDD+

VNFOREST was assigned by Ministry of Agriculture and Rural Development to be the focal point for implementing the initiative of Reducing Emission from Deforestation and Forest Degradation (REDD+). In 2012, many REDD+ activities were carried out at international, national and sub-regional level.

At the international level, Viet Nam attended the COP18 of the United Nations Framework Convention on Climate Change (UNFCCC) in Doha, Qatar. Under the framework of the COP 18, Viet Nam's Minister of

Agriculture and Rural Development Cao Đức Phát was on behalf of the Government of Viet Nam and Norway's Minister of Environment Bard Vegar Solhjell was on behalf of Norway Kingdom signed a Joint Statement on "Cooperation in implementing the initiative of Reducing Emission from Deforestation and Forest Degradation in developing countries (REDD+)". The joint statement is a foundation for the signing of the grant for the Viet Nam UN-REDD Program Phase II from 2012-2015 to further improve organizational, institutional and technical capacity for implementing REDD+ in Viet Nam, pilot REDD+ in 6 provinces with a grant of around 30 million USD. This is also a basis for two sides to further negotiate the activities and additional grant for the phase 2012-2015 as well as the payment for the reduced carbon thanks to the implementation of REDD+ and a low-carbon agriculture after 2015.

At the national level, the Prime Minister approved the REDD+ National Action Plan for the period 2011-2020 in the Decision No.799/QĐ-TTg dated 27/6/2012. UN-REDD project phase 1 was completed with many precious lessons which are useful for the development and implementation other REDD+ related projects in Viet Nam. In 2012, Ministry of Agriculture and Rural Development approved 4 new projects related to REDD+, including: Readiness for implementing REDD+ in Viet Nam; raising awareness of measures for increasing forest carbon; Reducing Emission from Forest in Asia Region (LEAF); piloting REDD+ in Điện Biên.

At the local level: a number of activities under the REDD+ projects were organized by FSSP members such as the issues of Measuring-Reporting-Verification/Emission Baseline (funded by FAO and JICA); local enforcement (SNV), benefit sharing (CERDA), forest governance (FFI). Based on their experience and expertise, FSSP partners have placed their unique imprints which are reflected via their significant contributions to REDD in Viet Nam, especially in the preparation process for the National REDD Program and the UN-REDD Project phase 2.

2.8 Forest institutions, policies and legislations

In 2012, VNFOREST considered the development of forestry policy, legislation one of the key tasks in the sector's direction and development orientation. Following that, the following tasks were actively directed:

- Strictly emphasize on developing the fundamental policies, legal regulations to enforce the Forest Protection and Development Plan, Payment for Forest Environmental Services; removing barriers for enterprises/individuals in

planting forest and consuming timber (Circular No.01/2012/TT-BNNPTNT was revised and issued; Decision 60/2010/QĐ-TTg was proposed to be amended, ...). Thanks to that, in 2012, 09 documents were submitted, of which 05 documents were included in the plan and 04 documents were not included in the plan. Additionally, some inter-ministerial circulars were submitted for being issued in the early 2013 (*see Annex 1 for further information*).

- Centralize on reviewing the current legislation system (149 documents) to enforce the Resolution 18/QH Session XIII and the Decision 57/QĐ-TTg dated 09/01/2012 of the Prime Minister on implementing the Forest Protection and Development Plan for the period 2011-2020, the report of the Central Steering Committee. A roadmap was also agreed to amend, supplement and develop new policies for the period 2012 - 2015.

- *Continue recommending policies to implement the Forest Protection and Development Plan*: submitted to the Prime Minister 01 project proposal (the Comprehensive proposal on elephant conservation in Viet Nam for the period 2011-2020). Three proposals are being finalized to submit to Prime Minister. The Proposal on forest sector restructuring is also being finalized. (*Annex 1*).

2.9 Re-structuring the forestry sector

Over the last ten years, the forestry sector of Viet Nam has gained significant achievements, contributing more to the sustainable socio-economic development, ecological environmental protection while successfully closing the 5 million ha afforestation program in accordance with the Resolution No. 08/1997/QH10 and Resolution No. 73/2006/QH11 of the National Assembly so as to increase forest cover from 32% in 1998 to 39.5% and 39.7% in 2010 and 2011 respectively and at the same time to create employments for millions of laborers.

A part from the obtained achievements, the forestry sector has revealed considerable shortcomings: slow and unsustainable growth, limited business production and competitiveness capacity; though being increased in quantity, forest quality is rather low; forest protection is still remained as a burning issue; sustainable forest management has not yet been obtained.

To make the joint efforts with other sector to undertake the task "reform the growth model and restructure the economy toward the direction from the scope development to appropriate scope and quality development" as stated in the Resolution of the 11th Party Congress, of which the elaboration of the

forestry sector restructuring proposal for period 2012-2020 is seen a very important and urgent task.

The sector restructuring proposal comprises the following specific objectives (i) to increase added value of forest products and environmental services; to increase average production value to 4 - 4.5%; (ii) to gradually meet timber and forest products needs for domestic consumption and export;, and (iii) to contribute to job creation, poverty alleviation, livelihood improvement, ecological environmental protection to sustainable development.

To achieve these objectives, the forestry sector need to restructure: (i) forest types and improve forest quality; (ii) increase the sector production value; (iii) forest management organizations; (iv) wood processing industry; and (v) financial resources mobilization and use.

It is important to undertake the following measures and policies: (i) improvement of plantation production forest quality; (ii) promotion of large timber plantation; (iii) attraction of non-state investment; (iv) full implementation of PFES policy, including carbon markets.

2.10 Some shortcomings in 2012

2.10.1 Shortcomings

Besides the outstanding achievements, the forestry sector operation in 2012 also revealed certain shortcomings as follows:

- Illegal logging as well as trading, transporting illegal forest products in some localities has become hot spots. Illegal deforestation and fighting against forest rangers has taken place in some localities, especially in central and central highland provinces so as resulting in serious social concerns. However, many provinces did not allocate fund for plantation but only focused on forests protection, regeneration and tending. As the results, the implementation of forest plantation target is rather low.

- In spite of the rapid growth with high export value and increased export prices, benefit gained by the timber processing industry is rather low due to high production costs (high prices of raw materials and inputs) and dependence on material import. There is missing close linkages and proper production assignment in the existing processing industry. In addition, the industry has not yet been established its own trade mark to the world markets with insufficient financial investment in development and technology modernization.

Furthermore, small and medium enterprises have not yet developed their road map to be ready to meet international laws when it takes effect.

- Forest protection and development planning has not been paid due attention by localities with inadequate resources for plan implementation. State's budget allocated to this activity failed to meet the set requirements.

- Activities related to forest inventory and monitoring of forest resources changes have revealed certain limitations. Forest database has not been collected and gathered in a systematic way with low accuracy. So far, comprehensive assessment of forest and forest land for the sector instruction and steering has not yet been made.

- The oriented based sector restructuring has not illustrated obvious changes in practice. Forestry companies have to face up with lots of difficulties while fundamentally, forest management board failed to meet requirements. The integration of forest rangers has been in a slow progress.

- Strategic thinking of the existing staff is rather limited; state administration over some areas has not yet been effectively conducted such as seedlings, forest intensity, forest protection and management. Activities related to forest inventory in close connection to forest planning was poorly conducted in terms of both quality and progress. Besides, the sector statistical work seems not very scientific.

- The rate of ODA projects disbursement is rather low in the context of limited investment in the sector.

2.10.2 Causes

- Policy mechanisms in the forestry sector are not synchronized and overlapped with limited guiding and insufficient capacity on policy enforcement organization in many localities.

- In various localities, authorities are not strict enough and lack of strong measures and sanctions to prevent deforestation and forest burning. Forest rangers in many places are poor in terms of quantity with backward equipment, especially at the commune level. Facilities for fire prevention, forest protection, forest inventory and survey are limited;

- The dissemination and communication of the law on Forest Protection and Development has not yet been strengthened so as fail to attract participation of society in forest protection and management;

- Lack of capital: Budget allocation does not correspond to the set targets and tasks. The allocated budget was only 1,210 billion VND, accounted to

72.5% of the demand meanwhile some localities allocated a large proportion of the provided state budget to infrastructure and supporting timber processing factories; it is difficult for enterprises to mobilize capital and loans for production forest plantation.

3 ORIENTATION IN 2013

3.1 Context and anticipation in 2013

In 2013, the world economy will not have been out of the crisis and recession. Trade in general and trading of agricultural, forestry and fisheries products in particular will be more difficult. In addition, stricter regulations on timber traceability and legality create big challenges for forest products export and considerably influence the sector business and production.

In the country, the restructuring of investment and the industry structure has impacted the operation of the forestry sector. Despite the increased budget for forest protection and development in 2012, it is insufficient to meet the practical needs so as to create considerable influence on the implementation of sect targets and task set for 2013. High land use demands and challenges in addition to the pressure of urbanization, industrialization, which narrow agricultural land in general and forest land in particular has affected forest management and use.

Climate change, adverse weather phenomenon such as unpredicted heat, floods has brought negative impacts on forest protection and development. In addition, land use demands and challenges for urbanization, industrialization, infrastructure construction, agriculture farming has created stronger pressure on forest management and use.

3.2 Objective in 2013

To reach the objective of having forest cover of 40.2 - 40.7% at the end of 2013, MARD issued official paper No. 4283/BNN-TCLN dated 14/12/2012 to set the targets and tasks on forest protection and development in 2013 as follows:

3.2.1. Forest protection

Protection and sustainable development of the existing 13,138,101 ha of forest, of which:

a) Forest protection from central state budget:

* Forest protection contract: 1,549,700 ha, including:

- Provide forest protection contract (1,083,900 ha) at 62 poor districts, where

forest is managed by households and individuals that have not yet benefited from forest.

- Contract 460,000 ha of crucial protection forest for protection.

- Contract 5,800 ha of national seedling forest, which is directly managed by MARD.

* Protection of special use forest in accordance with Decision No. 24/2012/QĐ-TTg dated 06/01/2012 of the Prime Minister on investment policy applicable to special use forest for period 2011 - 2020:

- Support to protect 884,000 ha of special use forest, of which top priority is placed on special use forest in island, bordering districts of localities that could not allocate local fund for protection.

- Support communities in the special use forest buffer zones: While finalizing the draft inter-ministerial circular on criteria for determining buffer zone communities to be supported by the central budget in accordance with Decision No. 24/2012 / QĐ-TTg, 2013, (as planned, support to be provided to 500 communities).

b) For the remaining forest area, localities take initiative to mobilize and integrate local budget, ODA, revenue from payment for forest environmental services and contribution of forest owners to organize forest protection.

3.2.2. Forest regeneration of 360,000 ha, of which new maintenance of 50,000 ha and continuous maintenance of 310,000 ha;

3.2.3. Forest development: plantation of 255,000 ha, including new plantation of 30,000 ha of protection and special use forest, 100,000 ha of production forest; replantation of 125,000 ha of forest after harvest; tending of plantation forest: 280,000 ha; plantation of scattered trees: 50 million trees.

3.2.4. Rehabilitation of exhausted natural forests: 5,000 ha

Provide rice support to poor households (under resolution 30a) involved in forest protection and development.

3.2.5. Forest utilization: Natural forest harvest of 200,000 m³; salvage timber harvesting: 100,000 m³; plantation forest harvest: 8,000,000 m³; NTFP exploitation: 150,000 tons, of which (bamboo, dendrocalamus: 60,000 trees, rattan: 35,000 tons, resin: 50,000 tons, cinnamon: 25,000 tons, other sources: 40.000 tons. Forest products export: 4,000 million USD; NTFP: 300 million USD.

3.3 Main tasks in 2013

3.3.1 Promptly undertake work plan in 2013; strengthen instruction to fulfill silvicultural targets in 2013 while creating favorable conditions for successful completion of the sector's medium-term plan for period 2013 – 2015. Further instruct implementation of the regulation on forest seedlings management and seedlings projects to produce new and high quality seedling sources for period 2013 – 2015 so as to serve the sector restructuring. Besides, direct and guide localities to undertake regulation on management of silvicultural work investment while developing technical cost norms and procedures to gradually carry out intensive production forest plantation in areas with sufficient conditions. Well-organize tree plantation movement during Tet period. Furthermore, instruct localities to complete operational plan of 2013 in terms of silvicultural targets and promote trees plantation movement by people.

3.3.2. Properly manage and protect the existing forest area, effectively prevent deforestation and fighting against responsible forces; actively coordinate with the localities to address "hot spots" of illegal logging. Besides, promote forest allocation, lease and management of slopping cultivation. In addition, submit for approval and effectively undertake the proposal on renovation of organizational structure, strengthening of capacity and performance of forest rangers for period 2013-2020.

3.3.3. Organize implementation of the proposal on natural forest harvest management as approved by the Prime Minister. Evaluation of the pilot models on sustainable forest management to have basis for development and submission for approval of circular guiding implementation of sustainable forest management. Develop a set of national principles and indicators on sustainable forest management in Viet Nam in accordance with international standards (FSC) while promoting program on sustainable forest management and forest certification with an aim to obtain more than 50,000 ha, including 16,000 ha of natural forest to be certified by end of 2013. Develop database on timber harvest, processing, consumption, import and export of forest products.

3.3.4. Promote conservation of forest resources, with special focus on effective implementation of Decree No.117/2010/ND-CP on the organization and management of special use forest system; Decision No. 24/2012/QĐ- TTg, on special use forest investment policy; Decision number 126/QĐ-TTg dated 02/02/2012; further strengthen organizational structure of special-use forests, conservation and sustainable development plan of special use forest system by 2020. On the other hand, undertake the comprehensive elephant conservation

plan for period 2012 – 2020 while developing natural conservation proposal by 2020. Furthermore, represent Viet Nam to properly undertake rights and obligations of country members and international cooperation commitment in the implementation of CITES.

3.3.5. Undertake plan to manage tasks related to science, technology and environment in 2013 as assigned by the Ministry with special focus on development, supplementation of regulations, standards, technical-economic norms and at the same time to complete the plan for period 2013-2020 and medium-term plan for 2013-2015. In parallel, instruct to promote scientific research and technology transfer, application of appropriate harvesting, processing equipment and facilities while ensuring close linkage between production and products diversification to improve added value and reduce environmental pollution.

Take active initiatives to promote bilateral and multilateral cooperation with regional and international forest organizations; further implement international commitments that Viet Nam has participated; continue to undertake international economic integration activities, especially within the framework of ASEAN cooperation and FLEGT; develop and implement cooperation agreements with countries in the Mekong sub-region, especially with Laos and Cambodia. Submit MARD for promulgation of decision piloting payment for forest carbon services (sequestration, storage and conservation) for the UN-REDD Project Phase 2 in accordance with Decision No.799/QD-TTg dated 27/6/2012.

3.3.6. Complete revision of Resolution 28-NQ/TW of the Political bureau on further re-arrangement, restructuring and development of agricultural farms and SFE to have basis for proposal and modification of relevant polies. In addition, complete survey and evaluation of performance conducted by protection forest management board so as to have basis for elaboration of pilot models and policy mechanism to promote effective operation of agricultural farms and SFE.

3.3.7. Further instruct the system of forest protection and development fund to operate effectively. It is strived to establish 30 forest protection and development funds by end of 2013 to reach the total revenue from PFES of 1,000 billion VND nationwide while linking PFES with the implementation of forest protection and development plans.

3.4 Some implementation measures

To strengthen forest management, protection and increase forest cover for the period 2013-2015, it is vitally necessary to synchronously undertake the following measures:

- *Develop and implement work plan*: ministries, sectors and localities provide instruction for prompt completion of forest protection and development plan to 2020 from provincial to district and communal levels to have basis for implementation of forest protection and development plan in 2013 and the years to come.

- *Organization of the plan implementation*: On the basis of the targets, tasks adopted by the State Steering Committee on forest protection and development, MARD develops and submits the 5 year, 3 year and annual plan to MPI, MOF for further submission to the Prime Minister for consideration and approval. The central level then allocates budget to localities. On the basis of the practical conditions, Chairman of the People's Committees of provinces and the centrally run cities shall allocate to specific projects and agencies to ensure completion of the assigned tasks while taking responsibilities on the implementation results related to forest protection and development in the area.

- *Strengthen communication and awareness rising*: regularly disseminate forest's role on socio-economy, environment and national security; promote legal education related to forest protection and development for people while raising their awareness on forest protection, changing perceptions and practices of extensive into intensive forest business production with combination of small and large timber production.

- *Forest protection*: further strictly implement Instruction no. 1685/CT-TTg dated 27/9/2011 of the Prime Minister on strengthening instruction for implementation of forest protection measures, preventing deforestation and fighting against forest rangers and Decision No. 07/2012/QD-TTg dated 08/02/2012 of the Prime Minister regulating number of policies on strengthening forest protection; suspension of natural forest harvest nationwide.

- *Management of forest and forest land planning*: Further review the existing stable planning of 16,245,000 ha of forest and forest land; carry out uniform planning management on the basis of establishing stable national forest areas following the system of block, compartment, sub-compartment and plots while demarcating boundaries of the 3 forest types on the field; strictly manage and timely adjust inappropriate planning of the 3 forest types and at the same time to enhance stable forest allocation to organizations, communities,

individuals and households.

- *Forest allocation and lease*: review and improve policies on forest protection contract to organizations, households, individuals and village communities; in appropriate regions, those received direct forest protection contract are allocated forest to enable them to benefit directly from forest. People's Committees of provinces and centrally run cities organize review and promote forest allocation and lease to organizations, residential communities, households and individuals so as to ensure that all forest areas have its specific forest managers.

- *Science, technology and forestry extension*: continue to develop and improve technical regulations and procedures on forest fire prevention and control, forest exploitation and use, intensive forest plantation on site and ecological region; promote scientific research and transfer of technology; apply appropriate harvesting and processing facilities and advanced technologies in close association with production and products diversification so as to enhance added value while reducing environmental pollution; strengthen forestry extension system at grass root level, particularly communes with large forest and remote, isolated areas.

- *International cooperation*: Take active initiatives to promote bilateral and multilateral cooperation with regional and international forest organizations; further implement international commitments that Viet Nam has participated; continue to undertake international economic integration activities, especially within the framework of ASEAN cooperation and FLEGT; develop and implement cooperation agreements with countries in the Mekong sub-region, especially with Laos and Cambodia.

- *Market*: Further promote trade promotion activities, develop forest products markets and at the same time to renovate forest products circulation management so as to ensure legality; encourage all economic sectors to participate in the market economy, create healthy competitive environment while ensuring harmonizing benefit of both producers and consumers; create market dynamics and promote forestry production in the country.

- *Develop and implement key projects*: afforestation project for sea wave prevention, sea dyke protection and coastal encroachment control; watershed forest plantation and protection; improvement of plantation yield and enrichment of natural forest; forest plantation in bordering areas in close connection to resettlement; granting of certification for sustainable forest management in accordance with international standards; improvement of state administration capacity over forest; elaboration and development of forest

products processing and trade; capacity building and strengthening for forest rangers; establishment of national wild life park in Ninh Binh province.

- *Capital mobilization*: further strengthen forest socialization guidance while encouraging all organizations and individuals to participate in forest protection, development, investment and enjoy benefit from forest.

4 ANNEXES

4.1 Annex 1 - List of legal documents on forestry issued in 2012

4.2 Annex 2 – List of ongoing ODA and INGO projects on forestry managed by the Ministry of Agriculture and Rural Development

References:

1. Government's Socio – economic development report in 2012
2. Report 332/BC-CP dated 13 November 2012 on implementation of Forest protection and development plan 2011 - 2020 in accordance with the Resolution No. 8/2011/QH13 dated 18 November 2011 of the XIIIth National Assembly;
3. Master report on state management of the sector of the VNFOREST in 2012 and key tasks for 2013;
4. VNFOREST's Final report on trade and production situation in 2012;
5. Report 2012 of some forestry – related projects, programs and international initiatives under the management of MARD.
6. FSSP progress report 2012.

4.1 ANNEX 1 - LIST OF LEGAL DOCUMENTS ON FORESTRY ISSUED IN 2012

No.	Legal documents	Issued on
I	DECISION BY THE PRIME MINISTER	
1	Decision No. 57/QĐ-TTg on approval of the Forest Protection and Development Plan for the period 2011 – 2020	9 January 2012
2	Decision No. 58/QĐ-TTg on the establishment of the National Steering Committee on the Forest Protection and Development Plan for the period 2011 – 2020	9 January 2012
3	Decision No. 126/QĐ-TTg on piloting benefit sharing mechanism in sustainable management, protection and development of special-use forests	2 February 2012
4	Decision No. 07/2012/QĐ-TTg on promulgation of some policies for enhancing forest protection	8 February 2012
5	Decision No. 24/2012/QĐ-TTg on investment policy for developing special-use forests period 2011 – 2020	1 June 2012
6	Decision No. 940/QĐ-TTg on the approval of urgent action plan up to for elephant conservation in Viet Nam	19 July 2012
7	Decision No. 39/2012/QĐ-TTg promulgating the regulation and management of import and export of ornamental plants, shade-trees, perennial trees.	5 October 2012
II	CIRCULAR ISSUED BY MARD	
1	Circular No. 01/2012/TT-BNNPTNT on documentation of legal forest products and verification of forest product origin	4 January 2012
2	Circular No. 20/2012/TT-BNNPTNT on guiding pre-payment check procedures of payment for forest environmental services	7 May 2012
3	Circular No. 42/2012/TT-BNNPTNT amending and supplementing some articles of the Circular No. 01/2012/TT-BNNPTNT dated 4 January, 2012 of MARD regulating document package of legal forest products and verification of forest product origin	21 August 2012
4	Circular No. 47/2012/TT-BNNPTNT on the regulations on exploitation and management of wildlife and raising of conventional forest fauna species	25 September 2012
5	Circular No. 56/2012/TT-BNNPTNT guiding the rehabilitation of poor natural forest.	25 September 2012
6	Circular No. 51/2012/TT-BNNPTNT guiding the implementation of forest protection and development	19 October 2012

	task stipulated in the Decision No. 57/QĐ-TTg dated 9 January, 2012 of the Prime Minister	
III	CIRCULAR ISSUED BY MINISTRY OF FINANCE	
1	Circular No. 126/2012/TT-BTC on the regulations on collecting rates and methods, transfer, management and utilization of entrance fees in National Parks, including Bạch Mã, Cúc Phương, Ba Vì, Tam Đảo, Yokdon and Cát Tiên	7 August 2012
IV	JOINT CIRCULAR	
1	Joint Circular No. 03/2012/TTLT-BKHĐT-BNNPTNT-BTC issued by Ministry of Planning and Investment, MARD and Ministry of Finance guiding the implementation of the Decision No. 147/2007/QĐ-TTg and the Decision No. 66/2011/QĐ-TTG by the Prime Minister	5 June 2012
2	Joint circular No. 62/2012/TTLT-BNNPTNT-BTC issued by MARD and Ministry of Finance on Instructions on the mechanism of managing and using the payment for forest environment services	16 November 2012

4.2 ANNEX 2 - LIST OF ONGOING ODA AND INGO PROJECTS ON FORESTRY MANAGED BY THE MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

No	Name of Projects	Types	Donors	Total (USD)	Contribution (USD)	Total of budget (USD)	Decision	Duration
1	Project for Forestry Sector Development (WB3)	ODA	WB, GEF, TFF	93,290,000	4,400,000	97,690,000	2741/QĐ-BNN-HTQT dated 8/11/2011	2005-2015
2	Forests for Livelihood Improvement in The Central Highlands (FLITCH) (<i>FLITCH</i>)	ODA	ADB,TFF	60,820,000	18,680,000	79,500,000	4647/QĐ-BNN/HTQT dated 24/12/2004	2007-2014
3	Project for Forestry Development in Hoa Binh and Son La provinces (KFW7)	ODA	KFW	12,500,000	4,763,750	17,263,750	1052/QĐ-BNN-LN dated 16/04/2007	2006-2014
4	Forest rehabilitation and sustainable forest management in Bac Giang, Quang Ninh and Lang Son Provinces (KFW3-Phase 3)	ODA Grant	KFW	3,750,000	1,250,000	5,000,000	852/QĐ-BNN-KH dated 29/3/2007	2006-2013
5	Reforestation project in Thanh Hoa and Nghe An provinces (KFW4)	ODA Grant	KFW	10,795,000	3,032,000	13,827,000	3569/QĐ-BNN-KH dated 13/11/2008	2002-2012
6	Reforestation and sustainable forest management in Quang Nam, Quang Ngai, Binh	ODA Grant	KFW	12,950,000	5,505,000	18,455,000	3778/QĐ-BNN-HTQT dated 29/11/2007	2005-2013

	Dinh and Phu Yen provinces (KFW 6)							
7	Forest Restoration and Sustainable Management of watershed area in 11 provinces Central Viet Nam from Thanh Hoa to Binh Thuan (JICA2)	ODA	JICA	105,000,000	18,000,000	123,000,000	319/QĐ-BNN-HTQT dated 22/2/2012	2012-2021
8	The Project for Afforestation on The Coastal Sandy Area in Southern Central Viet Nam-phase II” (PACSA2)	ODA Grant	JICA	3,780,000	437,000	4,217,000	2005/QĐ-BNN-KH dated 16/7/2007	2010-2014
9	Preservation on Biodiversity in Forest Ecosystem in Viet Nam	ODA Grant	GTZ	3,990,000	323,000	4,313,000	2335/QĐ-BNN-HTQT dated 30/8/2010	2010-2013
10	The Afforestation Planning and Implementation Capacity Strengthening Project (FICABII)	ODA Grant	JICA	2,440,000	773,000	3,213,000	258/QĐ-BNN-HTQT dated 18/02/2011	2010-2013
11	Sustainable forest management, marketing and trade of forest products Phase III	ODA Grant	GTZ	3,000,000	147,077	3,147,077	1701/QĐ-BNN-HTQT dated 20/7/2012	2011-2014
12	Development of information management system on forestry (FORMIS)	ODA Grant	TFF and Finland	5,320,000	552,359	5,872,359	2801/QĐ-BNN-QHQT dated 05/10/2009	2009-2012

13	Project for Community Forestry Phase 2	ODA Grant	TFF	2,000,000	270,000	2,270,000	717/QĐ-BNN-HTQT dated 3/4/2012	2011-2013
14	Support to National Assessment and long term Monitoring of the Forest and Trees Resources in Viet Nam (NFA)	ODA Grant	FAO/Finland	2,763,500	489,300	3,252,800	308/QĐ-BNN-HTQT dated 25/02/2011	2011-2014
15	Review of State Forest Companies (State Forest Enterprises) to Recommend Suitable Development Orientation Management Resolutions and Policies	ODA Grant	TFF	507,658	40,560	548,218	11/QĐ-BNN-HTQT dated 04/01/2013	01/2013-31/3/2014
16	Support to Readiness and Preparation to REDD+ Implementation in Vietnam	ODA Grant	FCPF/WB	3,800,000	632,000	4,432,000	58/QĐ-BNN-HTQT dated 10/01/2013	2012-2014
17	Removing Barriers Hindering Protected Area Management Effectiveness in Viet Nam	ODA Grant	UNDP/GEF	720,000	0	720,000	1840/QĐ-BNN-HTQT dated 03/8/2012	2012-2014
18	Integrated Coastal and Mangrove Forest Protection in Mekong Provinces for Adaptation to Climate Change/Climate Change and Coastal Ecosystems in the Mekong River Delta in Viet Nam (ICMP/CCCEP)	ODA Grant	GIZ	23,120,000	2,368,000	25,488,000	3215/QĐ-BNN-HTQT dated 24/12/2012	2012-2014

19	Afforestation for environmental protection in Cam Pha, Tien Yen and Ba Che District, Quang Ninh Province	INGO	JIFPRO	549,101	0	549,101	2405/QĐ-BNN-HTQT dated 08/8/2008	2008-2012
20	Afforestation for environmental protection in Ba Che and Van Don District, Quang Ninh Province	INGO	JIFPRO	448,750	0	448,750	3667/QĐ-BNN-HTQT dated 25/12/2009	2009-2013
21	Afforestation for environmental protection in Luc Ngan district, Bac Gian province, Than Ba district, Phu Tho province and Phong Dien district, Thua Thien Hue province	INGO	JIFPRO	884,510	0	884,510	1773/QĐ-BNN-HTQT dated 27/7/2012	2012-2016
22	Conservation of rare species of Primates in Vietnam	INGO	FZS	342,000	0	342,000	59/QĐ-BNN-KL dated 09/01/2009	2009-2013
23	Building the Vietnam Bear Rescue Center phase II	INGO	AAF	3,392,000	0	3,392,000	1269/QĐ-BNN-HTQT dated 04/11/2009	2009-2014
24	Developing Non-Timber Forest Products (NTFP) in the Northwest of Viet Nam as the Mechanism for Sustainable Forest Management and Livelihood Improvement for Local Communities	INGO	Korea	100,000	0	100,000	2304/QĐ-BNN-HTQT dated 04/10/2011	2011-2012

25	Exploring Mechanisms to Promote High-Biodiversity Conservation through REDD+: Piloting in Vietnam	INGO/SNV	NORAD	1,400,000	0	1,400,000	2760/QĐ-BNN-HTQT dated 11/11/2011	2010-2013
26	Advancing Understanding of the forest carbon stocks under the reducing emissions from deforestation and forest degradation (REDD +) (ENRICH) Component in Vietnam)	IINGO/SNV	(BMU)	1,082,932	0	1,082,932	1438/QĐ-BNN-HTQT dated 18/6/2012	2012-2014
27	Forest Certification for ecosystem services (ForCES)	INGO/SNV	GEF	697,000	69,700	766,700	2130/QĐ-BNN-HTQT dated 4/9/2012	2012-2015
28	Reducing emissions from forests in Asia - LEAF	INGO/Winrock	USAID	3,600,000	0	3,600,000	1006/QĐ-BNN-HTQT dated 4/5/2012	2011-2015
	TOTAL			363,042,451		424,775,197		