

Forest Land Allocation in Viet Nam: Implementation Processes and Results

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Since the 1990s, the Government of Viet Nam has been allocating land use rights over almost 9 million ha of state forest land to households, communities, and economic entities. In this way, the Government seeks to involve local people in protecting forests, developing plantations and improving living standards. To date, a comprehensive assessment of the effects of Forest Land Allocation (FLA) policies in Viet Nam has been lacking. This info brief reviews the impacts of FLA on (1) livelihoods, (2) forest cover and quality, and (3) the development of a land market. The review concludes that FLA has produced mixed effects for local livelihoods. FLA provides an opportunity for local people to increase their income through investment returns on the land allocated to them. However, these opportunities are unequally distributed, favouring people with strong financial and political capital and labour resources. In some places, the implementation of FLA has triggered the marginalisation of weaker groups and produced local land conflicts. FLA has contributed to the rapid expansion of forest plantations through smallholder investment in land obtained under FLA. This development comes at the cost of natural forest cover in some areas, while in other areas it has contributed to the greening of degraded lands. The contribution of FLA to better forest quality is unclear. FLA provides for land transactions, and thus the establishment of a land market in the upland areas. On the one hand, land transactions provide opportunities for land concentration, to the advantage of economies of scale. On the other hand, land transactions may put marginalised groups at risk as they may lose access to the land and forest resources.

Introduction

In Viet Nam, forest land and natural forests are state-owned. With more than 24 million people living in the uplands, many of whom rely upon the forest to make their living, people play a vital role in managing the country's forests. The Vietnamese government strongly believes that access to forest land and the rights to make productive use of the land will motivate local people to use and manage the land in an economical and environmentally friendly way. For this reason, it adopted a policy of allocating forest lands to households. User rights to forest lands will benefit local livelihoods through the sale and local use of timber and NTFPs; users also receive payments for forest protection. To date, a comprehensive assessment of the effects of Forest Land Allocation (FLA) policies in Viet Nam is lacking. This info brief is the product of a desk study commissioned by Tropenbos International Viet Nam (TBI Viet Nam), and is based mostly on the results of recent literature and research projects carried out in the TBI Viet Nam programme. Following an introduction of the country's current forest situation and the process and implementation of FLA, the info brief examines the FLA implementation process and the impacts of FLA in three key areas: (i) local livelihoods, (ii) the extent and quality of forest resources, and (iii) the land market.





Current status and management of the country's forests

According to the Ministry of Agriculture and Rural Development (MARD, 2012), as of December 2011, Viet Nam was covered by about 13.5 million ha of forest.

This is divided into three categories: special-use forest, protection forest, and production forest (*Table 1*).

The 2004 Forest Protection and Development Law prescribes that natural forest and plantations established under state budget are owned by the State. The State has devolved management power to seven so-called forest user groups (*Table 2*).

As *Table 2* shows, most of the country's forests are still managed by state entities such as Management Boards (MBs) and State Forestry Enterprises (SFEs),

which jointly account for more than 45% of the country's forest area. Forests managed by these organizations are generally special use and protection forests of good quality. On average, each SFE manages around 14,000 ha of forest. In addition, there are about 1.2 million households which manage c. 3.5 million ha or about 26% of the forest estate. Often, the forest allocated to local households is of much poorer quality than that managed by state entities (MARD, 2011). The 2004 Forest Protection and Development Law designated local communities as a legal entity for receiving forest land, but the area allocated to them is still very small, accounting for only about 2% of the total.

People's Committees (PCs) are not formally recognised as a forest user group under the Forest Protection and Development Law. To date, however, about 2.1 million ha of forest are still under management of commune PCs – the lowest level of state administration.

Table 1. Forest area by category

Forest category	Purpose	Area (ha)	%	Of which	
				Natural forest	Planted forest
Special use forest	Conservation of nature; no exploitative activities	2,011,000	15%	1,931,000	80,000
Protection forest	Preservation of watersheds, etc; limited exploitation activities	4,645,000	34%	4,019,000	626,000
Production forest	Primarily for production of timber and forest products	6,677,000	50%	4,293,000	2,384,000
Non designated		182,000	1%	pm	pm
Total forested land		13,515,000	100%	10,243,000	3,090,000
Barren land for forestry purposes		2,500,000			
Total land area in Viet Nam		33,096,000			

Source: MARD (2012). The figure on total land area in Viet Nam is obtained from MONRE (2011).



Table 2. Forest management structure by forest user group

Forest user group	Area (ha)	%
Management Boards (MBs)	4,522,000	33%
State-owned enterprises (SFEs, forest companies)	1,972,000	15%
Other economic entities	143,000	1%
Army	265,000	2%
Households	3,510,000	26%
Communities	299,000	2%
Other organizations	701,000	5%
People's Committees	2,103,000	16%
Total	13,515,000	

Source: MARD (2012). Rounded figures.

Legal framework and implementation process for forest land allocation

After gaining independence in 1954, the government of Viet Nam declared that all productive land was under ownership of the socialist state and peasants were organized into collective farms (McElwee, 2004). However, the collective form of agricultural production did not work, prompting de-collectivization. Starting in the early 1980s, the cooperatives began contracting not only agricultural land but also forest land to individual households (ibid.). In 1993 the government passed the land law which applies to different types of land including forest land. The law stipulates a bundle of rights – the right to exchange, transfer, inherit, mortgage, and lease – to be associated with land given to land recipients. Land recipients can exercise these rights for 20 years for annual crop lands and 50 years or more for forest lands, provided they comply with the government's regulations in using the land. The law also states that improper use of the land is tantamount to land withdrawal.

Table 3. Comparing *Giao* and *Khoán* of forest land

Characteristics	Production Forest	Special Use Forest, Protection Forest
Quality of land given to households	Barren land (mainly) Land stocked with forest or planted forest but with low timber value	Land with standing forest, usually with high timber value Barren land designed for forest planting
Form of land-granting	Allocation (<i>giao</i>)	Contracting (<i>khoán</i>)
Scope of rights given to and recipients	5 use rights (exchange, transfer, inherit, mortgage and lease)	Specified in the forest protection and/or tree planting contract; usually strictly limited
Duration of rights	50 years	Specified in the contract
Management control over land	Households	SFEs, MBs
Level of legal restriction in using the land and forest resources	Relatively low	High to very high
Sources of permission for and-use and harvest	Local authorities at commune and district level	Central government

Source: 2004 Forest Protection and Development Law, 2003 Land Law, Decree 02 of 1994, Decree 01 of 1995.



The law makes a clear difference between the five use rights given to land recipients and the management right which is still retained by the government.

Accompanying the law land, Decree 02 was issued in 1994 to provide for the long-term allocation (*giao* in Vietnamese) of forest land to individual households. The land distributed to households was mainly production forest land, although in practice it was mostly barren, with low value forest (To, 2007). Decree 01 in 1995 allowed the sub-contracting of land in special use and protection forests. It grants land to SFEs and MBs for management - they may then contract it to local households (*khoán*, in Vietnamese) for forest protection and planting. Local people who sign contracts with SFEs and MBs receive forest protection or tree planting fees from these agencies. Table 3 compares the differences between land allocation (*giao*) and land contracting (*khoán*).

The implementation of FLA has been facilitated by more recent policies such as Decree 181 in 2004, Decree 135 in 2005, and Decree 23 in 2006. From the state's perspective, the decision to allocate forest land associated with rights to individual households

addresses a number of problems with forest management in the 1980s: declining forest cover and forest quality; rural poverty; and unsustainable land use practices. In this view, FLA leads to increased individual commitment to manage forests sustainably and effectively (*Figure 1*).

This, in turn, leads to increased forest resource protection and motivates households to invest in plantations. As a result, local livelihoods will improve. This encourages people to give up shifting cultivation (which the government considers an inefficient form of land use) and adopt permanent forms of land use. Once local livelihoods improve, local people are motivated to invest in the land and make an effort to protect the forest for sustainable use.

It should be noted that the scope of rights associated with the allocation of different categories of forest (protection, special-use, and production) is different (*Table 3*). Furthermore, different groups of forest users obtain different rights associated with the same category of forest. Table 4 further shows the variation in the scope of forest land-use rights for the three forest categories.

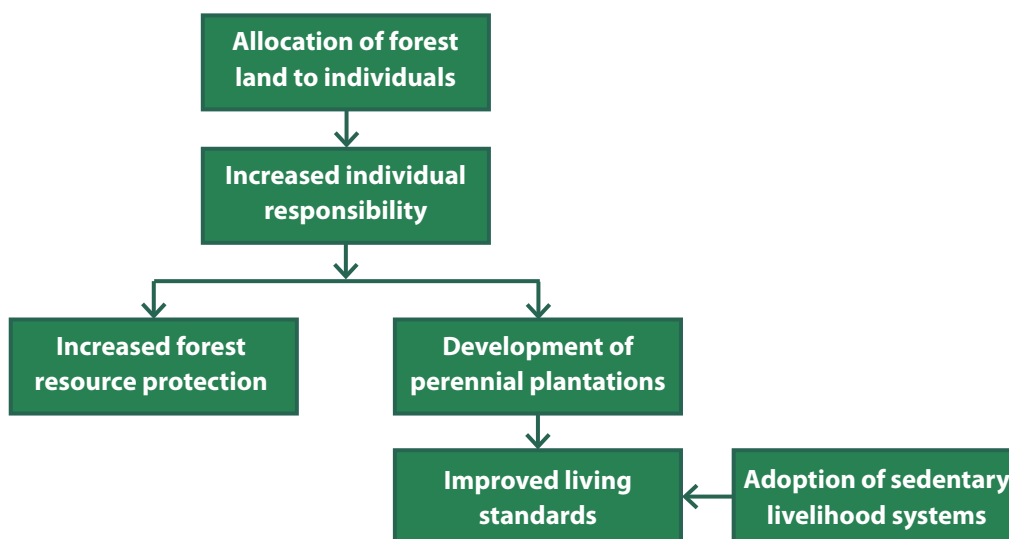


Figure 1. Rationale of forest land allocation

Source: Castella et al., 2006



Table 4. Scope of forest land use rights given to local households as land recipients

Type of user right	Protection forests (<i>khoán</i>)	Special use forest (<i>khoán</i>)	Production forest (<i>giao</i>)	
			Natural forest	Planted forest
Exchange	Restricted (only among individual households in the same locality)	Restricted (only among individual households in the same locality)	Restricted (only among individual households in the same locality)	Restricted (only among individual households in the same locality)
Transfer (alienation)	Restricted (only contract transfer)	Restricted (only contract transfer)	Not allowed	Allowed
Inheritance	Restricted (only inheritance of the forest protection contract if allowed by MBs)	Restricted (only inheritance of the contract if allowed by MBs)	Allowed	Allowed
Mortgage	Not allowed	Not allowed	Only on the added value of wood stocks	Allowed
Lease	Not allowed	Not allowed	Not allowed	Yes (in 3 years)
Use (withdrawal)	Restricted exploitation	Not allowed	Restricted exploitation, but less stringent compared to protection forest	Allowed
Management	Restricted, as management is held by MBs	Restricted, as management is held by MBs	Restricted, as management is held by the SFEs	Restricted if the plantation is established by government budget
Additional income	Restricted	Restricted	Allowed	Allowed
Tenure (land title)	Restricted	Restricted	Restricted	Allowed
Sale	Not allowed	Not allowed	Not allowed	Not allowed
Endow/ donate	Not allowed	Not allowed	Not allowed	Only to the State and communities
Investment contribution (land can be seen as contribution part from the owner)	Not allowed	Not allowed	Only on the added value of wood stocks	Allowed

Source: Dang et al., 2012



Status of implementation

FLA has been implemented in a number of provinces in the uplands. As of December 2010 about 1.8 million Land Use Certificates (LUCs) had been issued by the Ministry of Natural Resources and Environment (MONRE) to recognize user's rights to land, covering 8,843,000 ha or 69.4% of the total area targeted for issuing LUCs (FSSP, 2010). The vast majority of LUCs were issued to households; fewer were granted to organizations, though they received larger areas for management (Table 5). On average, each LUC granted to a household covers an area of 3 ha while LUCs issued to organizations average 930 ha.

In spite of the government's commitment to fast LUC issuance, FLA has been implemented at a slow pace on the ground. Government data shows that during 2005-2009 the land area allocated and leased to different user groups increased by only about 1.2%, or 134,000 ha (FSSP, 2010). The largest change (+10%) was observed among households. The area managed by economic entities such as SFEs declined by 16%. This reflects the government's intention to transfer forest land that is ineffectively managed by state entities to other user groups, particularly local households.

As mentioned, the government issued different types of forest to different forest user groups. All special use and protection forest, and most of the natural forest on production forest land is managed by government entities, such as MBs and SFEs, not by local households. However, due to limited management capacities, and owing to the government policy (e.g. Decree 01), many MBs and SFEs contract part of this land (*khoán*) to local households for protection purposes. Usually, the contract is for one-year, renewable periods. These agencies pay forest protection fees to the households in exchange for the household labour spent on forest protection. Table 6 shows the extent of forest land area under such forest contracting arrangements.

Table 5. Forest Land Use Certificate issuance as of December 2010

Characteristics	Area (ha)	Number of certificates
Total area designated for issuing Land Use Certificates	17,743,000	
LUCs issued (2010)	8,843,000	1,818,000
of which:		
to organizations	5,505,000	5,875
to households	3,338,000	1,175,083

Source: FSSP, 2010

Table 6. Source of forest areas contracted by MBs and SFEs to households for protection purposes as of 2009

Forest category	Area (ha)	%
Special use forest	189,000	8
Protection forest	2,049,000	86
Production forest	147,000	6
Total	2,385,000	100

Source: FSSP, 2010. Rounded figures.

Most of the area (86%) under the contracting arrangement is protection forest; the remaining area (14%) is special use and production forest, even though these two categories jointly account for 65% of the total forest estate (Table 1). The one year contract given to local households does not provide a long term guarantee of their access to the forest, thus limiting local participation in protecting the country's remaining natural forest timber stocks. In other words, local households and communities have not yet gained government's trust and confidence in their potential contribution to forest protection.



Implementation of FLA on the ground

As prescribed by the government, the formal process of FLA begins with the household writing a letter of request to the district authorities, specifying how much land it wants to receive (size of holding), the location of the land, and the vegetation status of the land (e.g. whether it's barren land or covered by certain categories of forest). The household submits the letter to the chairman of the commune PC who then forwards the approved letter to the chairman of the district PC. The household also has to submit a land use plan, indicating how it will use the land over a 5-year period. This land use plan also has to go under certification by the village head and commune PC chairman before it is submitted to the district PC chairman. Based on the household's letter of request, and the land use plan, the chairman of the district PC issues a written decision to allocate the land to the household. The decision specifies the rights and duties given to the household. Subsequently, a land allocation team consisting of representatives from the district's department of forest protection, the district's cadastral office, and from the commune PC identifies the area in the field. Before this, several meetings were organized at village and commune levels to disseminate information related to FLA and FLA procedures. Once the allocation is completed in the field, the size and location are marked on a sketch map. The signed on-site land allocation minutes, together with the household's letter of request, the land use plan, and the land allocation decision by the district PC are the legal foundation for the issuance of a LUC to households. A more detailed formal procedure of FLA implementation was documented by TBI Viet Nam (TBI Viet Nam, 2012).

The implementation of FLA on the ground is an important determinant of its success. Several authors note a gap between policy intentions and the way FLA is carried out in practice. Usually, the land allocation team cuts the formal land allocation procedures short, skipping several steps in the site procedure (e.g., shortening the village meeting, not inviting

representatives from commune and village in the allocation team; lacking a good map to be used for boundary demarcation, among others). The political and economic contexts have played a significant role in land distribution at the local level (To, 2007, 2009). An inadequate forest inventory database and lack of maps impede a reliable and precise allocation of the land, leading to land use conflicts (Dinh and Dang, 2009). Scott (2000) notes that FLA processes in Viet Nam have been carried out in many different ways, depending on the province, district, or commune involved. In some cases land has been allocated to individual households and in other cases land has been allocated to whole villages; in that case it is up to the village to manage the land and distribute the land among its inhabitants. Castella *et al.* (2006) note: "Forest land allocation is a top down process... it was not uncommon to find that the management rules of one village were nothing more than a photocopy of those of the neighbouring village, with the names of the village and its leader changed" (p.151). Many senior officials from MARD acknowledge that FLA has been implemented differently in different provinces, and usually in a rushed manner (personal communications with senior officials from MARD's Legal Department) leading to many shortcomings in the allocation process.

Since FLA implementation varies among localities, it is hard to have a comprehensive assessment of impacts of FLA on the ground. At a national workshop on FLA Policy and Practice organized in Ha Noi on 10 April 2012 by TBI Viet Nam and the MARD, the participants agreed on a number of achievements and limitations of FLA:

Achievements

- FLA has made a major contribution to the implementation of the Law on Forest Protection and Development, thus to the improvement of forest quality.
- FLA has contributed to the improvement of household income, local livelihoods, job creation, and reduction of illegal forest encroachment.



- Allocation of forest to local communities (villages, household groups and interest groups) has shown the potential of protecting the remaining forest.

Constraints

- Under FLA, local people were given poor quality forests; this limits their ability to derive a real benefit from the forest and also reduces their interest in receiving land and forest.
- The implementation process is inconsistent and varies among localities. The legal status of the land recipients is not always clear.
- No support is provided to land recipients after FLA, making it difficult for them to derive benefits from the land and forest allocated to them.
- FLA has disproportionately benefited different groups of people. In some places, FLA was implemented with a lack of land use planning, thus there is no scientific foundation for land distribution. This produces land conflicts on the ground.

Therefore, FLA has been consistent neither in its implementation nor in its impacts on the ground in different areas. The sections below present the impacts of FLA on local livelihoods, the extent of forest quality and forest cover, and on land markets.

Impacts on local livelihoods

One of the key objectives of FLA is to improve local livelihoods through production activities on the land allocated to individual households, thus contributing to poverty alleviation and increased prosperity in the upland areas (Dinh and Dang, 2009). This section examines three indicators of livelihood on which FLA may have an impact: (i) individual and household benefits, including: household income derived from the distributed land, access to land, and property rights to land and forest; (ii) equity, including income and land distribution among different households and ethnic groups; (iii) the exercise of the bundle of rights; and (iv) the presence of land conflicts.

Individual and household benefits

The MARD (2007, 2011) indicates that the implementation of FLA has contributed to improvement of local livelihoods and household income. FLA has improved access to land for local people and increased household income derived from the forest (Dinh and Dang, 2009). A comparison of household income between groups of households with and without access to forest land revealed that income derived from the forest was six times higher for the former group (ibid.). However, income for the group with forest land was still low. This made the authors conclude that FLA did not help to increase household income significantly (ibid.). In other case studies, FLA was shown to lead to increased household income (Sunderlin and Huynh, 2005; Tran, 2012b in Dien Bien province; Nguyen, 2012b in Thanh Hoa province). After the FLA, local households in Thua Thien Hue and Quang Tri province decided to switch land use from swidden practice to rubber and acacia plantation, thus increasing household income (Hoang, 2012). In the Central Highland region, the implementation of FLA has been able to provide economic benefits to local people through access to timber and investment in land (Nguyen, 2006). Meyfroidt and Lambin (2008) noted that in areas with high accessibility and growing markets, it was profitable to convert abandoned upland fields into plantations as this promised a good return on household investment.

Equity

Other studies have taken a critical look at income distribution among households receiving the land. A common observation shared by these studies is that there may be an increase in income derived from forest for local households after FLA, but that this income is unequally distributed among different groups of households. Sunderlin and Huynh (2005), Jorgensen (2006), and Hirakuri (2007) observe that land distribution favoured state forest enterprises, other state entities, and well-off individuals. In their view, FLA serves as a base for capital accumulation



for those with access to power and networks (see also To, 2007, 2009; Nguyen, 2006, Clement and Amezaga, 2009, Tran and Sikor, 2006). As mentioned, almost 50% of the country's forest – most of which is high quality special use and protection forest – is under control of state entities. Local households tend to receive land with poor quality or non-existent forest.

FLA tends to disproportionately benefit certain ethnic groups. Kinh people, Viet Nam's ethnic majority, tend to receive more and better land than ethnic minorities (Pham, 1999, in Sunderlin and Huynh, 2005). A study by To (2009) in Phu Tho and former Ha Tay province (now Ha Noi) and collaborative work by UN-REDD and MARD (2010) indicate that FLA has provided ample opportunities for capture of forests and lands by local elites – usually those with access to political power. This often comes at the expense of marginalised households (ibid.). Sikor and Tran (2007) note that FLA led to unequal distribution of land and resources among villagers within a village, and among different villages. Studying impacts of FLA on local landscapes in the northern uplands, Clement and Amezaga (2009) noted that the political and economic context has played an important role in providing particular financial and bureaucratic incentives for elite capture. According to the authors, employees from former state forest enterprises and civil servants were able to capture most of the benefits from FLA. Sunderlin and Huynh (2005) acknowledged that “land allocation may... marginalize vulnerable groups and individuals.” In some areas in Bac Kan province, FLA was implemented hastily, leading to better-off households capturing a lot of land at the expense of the poor (Tran, 2012a).

Exercising rights to land

As mentioned, FLA provides local households with five rights to land. However, many households lack the technical and financial resources to exercise these rights in practice. Changes in laws and regulations do not often translate into corresponding changes in actual property rights and forest use practices;

it is common for local elites to continue dominating decision-making on local forest issues (Tran and Sikor, 2006). Tran and Sikor noted, “Three years after devolution, actual rights remained the objects of intense negotiation among local actors. These negotiations happened within pre-existing power structures, and outcomes were influenced by the economic values associated with specific rights, local histories and cultural norms.” (p. 403). Lacking capital for investment, many households in Phu Tho and Hoa Binh province were not able to bring the land into productive use (To, 2007). Nguyen (2006) also noted that legal rights on forest land did not directly contribute to material benefits as people did not always have the capacity to make use of the forest allocated to them. Therefore, the government cannot expect local people to benefit from devolution by simply giving them rights to forest land (To, 2009; Dinh and Dang, 2009; Clement and Amezaga, 2009; Castella *et al.*, 2006).

FLA, embedding the idea of clear property rights and demarcated land boundaries, does not allow joint ownership at household and community level, thus limiting the exercise of collective rights to the land and forest resources (MARD, 2001, in Sunderlin and Huynh, 2005). One of the objectives of FLA is to encourage people who practice shifting agriculture to adopt a sedentary way of life. However, a study by Jakobsen *et al.* (2007) in a village in Nghe An province revealed that the enforcement of restrictions on swidden cultivation resulted in a strong reduction of agricultural production and shortened fallow periods, with a negative effect on the livelihoods of villagers. Clement and Amezaga (2009) noticed a similar problem in four other provinces in the northern uplands, where local people practiced different forms of shifting cultivation. FLA, combined with settlement policies, significantly hindered shifting land-use systems by prohibiting the opening of new fields in the forest.



Land conflicts

The implementation of FLA has triggered various types of conflicts at the local level. Studying the impacts of FLA in Phu Tho, Hoa Binh and Ha Tay provinces, To (2007) noted a number of conflicts among households in the same village over boundary demarcation: conflicts between villagers and local elites in the same village as result of unequal distribution of access to land and forest resources; conflicts between villagers and local state agencies over swidden and forest land; and conflicts between villagers and outsiders owing to different notions of forest landscapes. The transition from swidden to permanent cultivation and land management under individual property rights caused the disruption of collective land-use practices and conflicts over non-timber forest products and grazing land (Clement and Amezaga, 2009). FLA in Bac Kan also triggered social tensions, wealth differentiation, and land conflicts (Tran, 2012a). The implementation of FLA sharpened the ethnic delineation of rights (Tran and Sikor, 2006), one reason for land conflicts in the uplands.

Castella *et al.* (2006) observed that there are cases where the process of FLA only ratified the informal rights that already existed, thus the allocation legitimized traditional land use rights.

As a consequence, a number of conflicts arose with migrant households evicted from the process by a village head trying to favour his own lineage (*ibid.*). In this case, the recognition of traditional rights to land and forest excluded access to resources by migrant groups (Tran and Sikor, 2006; Sikor and Tran, 2007). MARD (2001, in Sunderlin and Huynh, 2005) found contrasting cases where the implementation of FLA excluded land use arrangements that are the basis of traditional systems, particularly among the ethnic minorities in the uplands.

In sum, FLA may help to confirm pre-existing informal land use patterns in some cases, and disrupt the traditional land use practices in other cases.

Findings from these studies point to a conclusion that the relationship between FLA and improvement of local livelihoods is indirect and weak. In some cases, the implementation of FLA has triggered marginalization of weaker groups. The assumption that individual property rights granted to local households would motivate local households to invest in land through productive activities and thus contribute to the improvement of local livelihoods is challenged. These rights are embedded in a socio-economic, political, and cultural context. Turning these rights into actual benefits requires additional forms of support including access to credit and technology as well as addressing issues related to cultural and political context that influence how FLA is implemented on the ground.

Impacts of FLA on forest resources

Forest cover

One of the objectives of FLA policy is to increase the nation's forest cover by creating incentives for local people to sustainably manage forests and invest in plantations.

By the end of 2011, the country's forest cover reached 39.7% (MARD, 2012), a substantial increase from 28.2% in 1995 (Nguyen, 2001). From the perspective of the government, FLA has contributed to this forest cover increase (Sunderlin and Huynh, 2005). Many authors have similar observations for various areas in the uplands (Jakobsen *et al.*, 2007; MARD, 2011; Hoang, 2012; Tran, 2012b; Nguyen, 2012b; TBI Viet Nam, 2011). In recent years, the area of plantation forest has expanded rapidly, at around 100,000 ha annually (Nguyen, 2012a; MARD, 2011). As of December 2011, the total area of plantation forest in the country reached 2.4 million ha (MARD, 2012). FLA, together with the implementation of the National 5 Million Ha Reforestation Program, is believed to have been a main driver of the rapid expansion of forest plantations (MARD, 2011).



However, a study by Meyfroidt and Lambin (2009) challenges the government assertion on FLA as the cause of the increase in forest cover. The authors observe that the increase is attributable to the country's ability to outsource deforestation abroad in the face of its own policy restricting the logging of timber in natural forest. Another study by the same authors (Meyfroidt and Lambin, 2008) painted a complex picture of forest transition in the country, highlighting different trajectories of forest expansion for natural forest and plantation forest. FLA, these authors noted, contributed to the expansion of forest plantations in areas with strong market access, but this expansion has often been at the cost of natural forest. This made the authors to conclude that "Forest regrowth in Viet Nam was not due to a single process or policy but to a combination of economic and political responses to forest and land scarcity, economic growth, and market integration at the scale of the country" (p. 194).

Based on a case study undertaken in the northwest, Sikor (2001) notes an expansion of forest in the study area after the introduction of FLA. However, the author argues that the forest expansion should not be attributed to devolution, but mainly to the liberalization of agricultural markets and the availability of new technology. Changes in markets and technology, the author argues, enticed local people to intensify crop production, reducing agricultural pressure on land and promoting forest regrowth.

A contrasting relation between FLA and forest cover has been observed in some upland areas (Sikor and Tran, 2007). According to the authors, due to weak law enforcement on the ground in their study villages, local people seized opportunities provided by FLA to open up new agricultural fields in the allocated forest. The result was a drop in forest cover after FLA.

These diverse results suggest that relationship between FLA and forest cover is complex. What seems to be true is that FLA has contributed to the expansion of forest plantations in the country.

From the government forest data (MARD, 2011), the provinces with large areas of forest plantation are those where a large area of forest land was allocated to local households.

The MARD (2011) noted that the increase in forest cover is unequally distributed among regions. Forest cover increased substantially in the north-east and northern central regions (about 1.4% annually on average). This expansion of plantation forest was mainly due to smallholders, driven by the presence of some large paper and pulp companies and a number of export-oriented wood chip enterprises. FLA has made a large contribution to this expansion. In contrast, the Central Highlands region has been experiencing a decrease in forest cover (0.2% annually) as well as decline in forest quality. By 2011, about 297,000 ha of natural forest had been lost since 1998 (ibid.). It is believed that state forest management by way of SFEs and MBs in this region has contributed to this forest loss and degradation. There is still a large area of barren land in the north-west, in spite of FLA implementation. Local poverty is thought to be the main obstacle as households have difficulty investing in the land. The region's isolation from markets of forest products is another problem.

Forest quality

As mentioned, the government did not distribute well-stocked forest land (e.g. protection forest and special use forest) to local people, but put such forest lands in the hands of state entities (SFEs and MBs). Local people have very limited rights to these forests (see Table 4), namely through their participation in forest protection under contractual arrangements (*khoán*) for one-year periods. These contracts provide little incentive for local households to protect the forest, and makes local people think that 'the forest belongs to the State, not to local people' (McElwee, 2004, Sikor and To, 2011). The common problem of illegal logging in many remaining natural forests is attributable to the limited incentives for local people to protect these forests. As a result, the country's forest quality has continuously decreased (UN-REDD and MARD, 2010; MARD, 2011).



Currently, about 75% of the country's natural forests are of poor quality, consisting of regenerated and mixed forest, while the remaining 25% are of medium and high quality (MARD, 2011).

In summary, FLA has contributed to an increase in forest cover in some areas, but not in other areas. Forest cover increase after FLA is attributable to the expansion of plantation forest, and in some case this comes at the expense of natural forest. There is no strong evidence supporting a positive impact of FLA on the country's natural forest. In the areas where natural forest is under control of the state (SFEs, MBs), local people have limited or no access to it, and forest is still being lost. The absence of incentives for local people to protect the forest is one of the key reasons contributing to natural forest loss.

FLA and the emergence of a land market

In Viet Nam, forest land allocated to local households is fragmented, with about 3.3 million ha of forest given to 1.2 million households (*Table 2*). On average, each plot of land has a size of less than 3 ha. Land fragmentation hinders the establishment of large-scale forest plantations due to the high transaction costs involved.

In the face of rapid development of the wood processing industry, fragmented land associated with smallholders has become an obstacle for the further development of the wood sector (Nguyen and Tran, 2011). Many policy makers and the wood industry would like to see land concentration through market mechanisms (land transactions) so that larger areas of land could be mobilised for the establishment of large-scale forest plantations (Dang and Nguyen, 2012).

Studies on FLA impacts on the emergence of a land market have been scant (Dinh and Dang, 2009), but some cases of land transactions have been observed (ibid.; Sunderlin and Huynh, 2005).

In some local areas, households without financial resources decided to transfer their rights to the land obtained through FLA to other villagers - often the better-off ones (To, 2007) - or to outsiders (ibid; pers. communications with some land buyers in Ha Noi). This practice is commonly perceived as land sale, even though the Land Law does not allow the 'sale' of the land. In the upland areas with good market access, such as those in Quang Ninh, Phu Tho, Yen Bai, Lang Son, Quang Binh and Quang Tri provinces, large areas of forest land, ranging from a dozen to one thousand ha, were bought by private traders for the establishment of plantations (pers. communications). Land transaction is often off the record, so the scope of the land market is unknown. In his research on land markets in the upland areas near Ha Noi, To (2011) documented the process of land transaction. Local households under income pressure sold their land to wealthy buyers in Ha Noi for the construction of residential areas. The sellers then rendered themselves hired labourers to the buyers.

There has been a strong demand from the private sector to buy land from local households for establishment of plantations. But there are two main reasons hindering such land transactions. The first is high transaction costs due to land fragmentation. The second is concern from national and local government that the emergence of a land market would trigger land dispossession and landlessness in the uplands. These concerns explain the hesitance of local authorities in verifying and approving land transactions.



Policy recommendations

If implemented in a careful and participatory manner, in combination with technical, financial, and marketing support, particularly to local households (see the case of the 3PAD project in Bac Kan province described by Tran (2012a), FLA has potential for strengthening local livelihoods, reducing forest conflicts, and thus for contributing to the protection of remaining forest.

This paper suggests several recommendations to enhance the positive effects of FLA while mitigating its negative ones:

• *Three way collaboration*

Because of a lack of financial capacity, lots of land allocated to households (particularly in the north-west) has not been brought into productive use. There is a potential for bringing this land into productive use through multi-lateral collaboration: (i) the private sector needs land to establish plantations for the wood processing industry. This side can collaborate with (ii) smallholders who do not have the financial resources or technical capacity to invest in land, providing them with financial resources and technical support. However, the private sector cannot afford the high transaction costs and possible risks associated with smallholders, who are perceived as undisciplined in financial matters. Addressing these constraints requires the facilitating role of (iii) local authorities. Local authorities can act as intermediaries between the private sector and smallholders, providing security to private sector investment, organizing smallholders to reduce transaction costs, and mitigating risks associated with smallholders through legal tools. In this collaboration, local authorities are important for protecting smallholders from predatory behaviour by private sector actors (e.g. land capture).

• *Devolution of management power over natural forest (including protection and special use forest) to local communities.*

As mentioned, state entities manage most of the

country's natural forest including special use forest and protection forest. Local people have little to no access to this forest. There is strong evidence that this means of forest management is ineffective in improving local livelihoods and protecting forest resources. It is recommended that management power should be devolved to local communities and mechanisms established for communities to derive a benefit from this. The devolution may start with the 2 million ha of natural forest currently managed ineffectively by 150 SFEs. There is a common belief that the area of forest managed by SFEs is too large, whereas too many households are managing too little land (Dang and Nguyen, 2011). Therefore it is important to accelerate the devolution. The 4.6 million ha of protection forest currently in the hands of more than 260 MBs should also be allocated. Contractual arrangements (khoán) should be revised in a way that broadens the bundle of rights to local people, providing them with long-term benefits and incentives to participate in forest protection.

• *Land currently managed by commune PC*

Large areas (2.1 million ha) of the country's forests are currently managed by commune PC. Many stakeholders – including the government – believe these areas are open access and are subject to degradation (MARD, 2011). Although the government planned to transfer management rights to households and communities, a lack of financial and technical capacity has prevented this. The allocation of this area of land should be a future priority, with financial and technical support provided by the government (e.g. under the newly-approved forest protection and development plan) and supported by the donor community. In addition, the process of land use certificate issuance should be accelerated in order to create the certainty required for household investment on the land. Moreover, local communities should be legally recognized as legal land and forest management entities so that traditional collective systems of land and forest management can be maintained and strengthened.



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