



INTRODUCTION TO LIVELIHOOD IMPACT ASSESSMENT, HOUSEHOLD VULNERABILITY AND THE VPA FLEGT PROCESS IN VIETNAM

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KEY MESSAGE

WHILE A VOLUNTARY PARTNERSHIP AGREEMENT (VPA) MAY ENHANCE TIMBER LEGALITY AND GOVERNANCE IN VIETNAM, IT HAS THE POTENTIAL TO IMPACT UPON TIMBER HOUSEHOLDS THAT CURRENTLY POORLY MEET LEGALITY REQUIREMENTS FOR VARIOUS REASONS.

INTRODUCTION

The Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan of the European Union (EU) is an initiative aimed at ensuring the legality of timber imports to the EU. Timber exporting countries negotiate with the EU towards signing

a VPA. Entering negotiation is voluntary, but if a VPA is signed it is a binding trade agreement. In Vietnam's case, negotiations commenced in 2010.

The VPA codifies the legal framework of the timber country into a Legality Definition (LD) that determines the 'legality' of timber and a Timber Legality Assurance System (TLAS) that sets out the governance framework for assuring that timber and timber products meet the LD. In essence, a legality chain has to be maintained between steps from timber production, transport, processing and sale.

Including

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Introduction to Livelihood Impact Assessment, household vulnerability and the VPA FLEGT process in Vietnam.



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Without specific legal regulations, temporary workers are going to be further marginalized in the VPA / FLEGT process

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Simplification of the paperwork procedure for timber harvest



THE TIMBER INDUSTRY IN VIETNAM

Vietnam has a distinctive timber industry. Legal and illegal timber is produced from remaining natural forests, plus a large amount of timber from plantations, principally in recent times of Acacia. Up to about 50% of the plantation supply is grown on small holdings. However, Vietnam is a larger processor and finisher of timber products than can be met by domestic timber supplies, so the country is a large importer of timber. Much of this enters by land from SE Asia via Laos, although some is imported by sea. High quality timber from natural forests for high value traditional furniture and carving is the most likely to be illegally sourced, and much is imported by land.

A feature of the Vietnamese industry is the very large number of small or microscale operators ('households') at each stage, often with limited production and simple or rudimentary working processes. The scattered, diverse and informal nature of the household industry is potentially a challenge for a VPA, both given the comprehensive legality requirements (timber sourcing, workplace safety, licensing, tax requirements and more), plus the operation of the TLAS. Strengthening the legality system may increase pressure on households more than is currently the case, where regulations are not always strictly applied.

The households can be separated into a number of groups: plantation timber growers; timber harvesters (often purchasing plantation harvest rights from timber growers); transport operators; wholesale timber traders; processors; retailers plus large numbers of casual labourers at various stages. In some cases, such as transporters and wholesalers, the categories may overlap, but others are quite separate, such as the timber growing group and larger manufacturers at the other end of the chain.

Timber processing households vary in their work, sophistication and ability to meet regulations. Processing by different firms ranges from very basic milling of small plantation Acacia with hand tools and woodchip production, through more elaborate primary processing like veneer production, to the manufacturing of finished furniture. Some of the latter are relatively large firms, albeit still based around a household, and they may concentrate in woodcraft villages, where much of the high value natural timber is processed.

Large numbers of timber producing households hold land use rights on allocated forestland over 1.8 million hectares of natural forest and 1.5 million hectares of plantations, due to land allocation programs under the Land Law since 1993. Currently this is via a Land Use Right Certificate (LURC or 'red book'), but other forms of land use right establishment are recognised. Holding a LURC or equivalent is the primary way to establish the start of a timber legality chain, however, a minority of timber growing households do not have LURCs, or outdated or invalid ones for various reasons.

THE VNGO-FLEGT NETWORK IN THE VPA PROCESS

Timber households are a focus for CSOs' research and advocacy activities within the VPA process. The major grouping of NGOs is the VNGO-FLEGT Network, formed in January 2012, and consisting of almost 50 interested CSOs. It is chaired by the Centre for Sustainable Rural Development (SRD) in Hanoi.

With the support of donors and authorities, a range of studies have been conducted by the Network. In 2012, the Network undertook community consultation in six provinces regarding LD development. In 2013, a general assessment of the potential VPA impacts on vulnerable household groups was conducted in selected provinces across the country, piloting a participatory assessment methodology called Livelihoods Impact Assessment (LIA) to facilitate participants in understanding and identifying their potential vulnerability (VNGO-FLEGT 2014; SRD 2015).

During 2014, case studies using LIA were conducted in two mountainous timber producing Districts (SRD 2014a; 2014b) and in two traditional woodcraft processing villages (Giang 2014a). At the same time, the Network conducted a major study to directly assess the capacity of 499 households in five provinces to comply with the TLAS (Giang 2014b). Together, the LIA and capacity assessment provide qualitative and quantitative information on vulnerable groups that could be impacted by the VPA.

COMPLIANCE ISSUES FOR HOUSEHOLDS

Legality problems may occur because the source of the timber is illegal, or because there are compliance issues in not meeting regulations on licences, harvest planning, workplace labour and safety requirements, tax payments and others, even if the timber source is legal. Both categories have been found to apply for timber households during the studies.

The limited number of studies means that conclusions are not definitive, although the researchers sought to identify representative provinces, districts, communes, and households with local authorities. On a local level, the LIA results on the biggest challenges and most at risk groups can vary, depending on factors such as different numbers of the groups in each place. In remote rural places, ethnic minority timber growers with poor access to markets may be a priority, while in woodcraft villages, the relatively wealthy households making furniture from natural forest timber are identified as a priority due to potentially reduced timber supply.

It is useful to look at the several studies to date together for a broader view to suggest issues for households of a VPA, even if this is not yet definitive. It was found the household groups differ not only in their socio-economic and demographic characteristics, but their ability to meet some or all regulations. Different groups can have different issues, such as illegally produced natural forest timber, a lack of required paperwork for harvesting or



trade of plantation timber, failing to meet workplace health and safety requirements, etc. Overall, maintaining verification through the timber chain for households is poor, as the chain is usually broken.

In the studies it was found legal documentation often tends to be obtained only when necessary, and simple requirements and/or requirements that benefit the household directly are much more likely to be pursued. In some cases, households with particular difficulties have been treated flexibly by local authorities, but this may be more difficult under a stricter VPA TLAS if it is applied generally across the Vietnamese timber market.



Some larger households suggested they could adapt or invest to meet more stringent standards than are applied in practice today, but many others suggested this would be very difficult. Some regional differences in characteristics of the timber industry and compliance were detected between Northern, Central and Southern regions, but again this is not definitive on the current data.

The studies identified a number of ways illegal timber can enter the processing stream, including being mixed with legal timber making separation difficult. Natural forest timber households were generally less compliant on timber harvest regulations (harvest planning, marking rare and large

logs etc.) more than plantation timber households.

Based on the studies and other input, several key groups have been identified as a vulnerability focus for the VNGO-FLEGT Network:

- Timber growing households without legitimate LURCs or for whom there are some administrative or regulatory issues, such as changed zoning, with regards to plantation forests.
- Ethnic minority timber growers in remote areas, often with poor administrative ability and access to markets.
- Small plantation Acacia processing households not meeting regulations on hiring labor, work place safety and environmental standards. This group, although less numerous as small plantation timber growers, is critically linked to their production.
- High quality timber manufacturers in woodcraft villages, because of the problems of sourcing legal high value timber and meeting workplace requirements. Although this is a relatively sophisticated group, it is pivotal in the woodcraft villages, as it is central to opportunities for traders, smaller contract manufacturers doing piece work, transporters and labourers.
- Labourers are vulnerable to lose work with any downturn and in some cases, such as Dong Ky woodcraft village, have few other options. Women in simple rural timber processing are a particular focus, as low paid workers.

Conclusions

The intent of the VPA is clear and it may in the medium term lead to positive impacts if households can adapt to tighter regulation and develop sustainably and legally. However, the studies to date suggest many households do not currently meet legal provisions and legal timber supply chain is not the norm.

Household livelihoods may be vulnerable after a VPA is implemented, especially as many suggested they have little capacity to meet current regulations if the LD and TLAS means there is stricter administration under the VPA. The reason(s) for the vulnerability may differ between household groups, along with their administrative, technical and financial capacity to adapt.

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WITHOUT SPECIFIC LEGAL REGULATIONS, TEMPORARY WORKERS ARE GOING TO BE FURTHER MARGINALIZED IN THE VPA / FLEGT PROCESS

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KEY MESSAGE

THE CURRENT LABOUR CODE LEAVES PENDING THE PROPOSALS OF CONTRACTING AND PROVIDING INSURANCE, TRAINING AND LABOUR SAFETY FOR TEMPORARY WORKFORCE (TEMPORARY OR SEASONAL WORKERS). FURTHERMORE, THE CURRENT DRAFTED AGREEMENT ON FOREST LAW ENFORCEMENT, GOVERNANCE, AND TRADE (VPA / FLEGT) HAS NOT TAKEN THESE RELEVANT CLAUSES INTO ACCOUNT IN THE LEGALITY DEFINITION OF TIMBER AND TIMBER LEGALITY ASSURANCE SYSTEM (TLAS) REGULATING THE CHAIN LINKS: PLANTATION, HARVESTING AND TRANSPORTATION.

IN ORDER TO MINIMIZE THE RISKS AND DISADVANTAGES FOR WORKERS, FURTHER POLICY SUPPLEMENTS AND AMENDMENTS FOR AGENCIES EMPLOYING TEMPORARY LABOUR FORCE ARE NEEDED; TRAINING ACTIVITIES TO RAISE AWARENESS AND BUILD CAPACITY FOR WORKERS AND EMPLOYERS SHOULD BE ENHANCED TO ENABLE THEM TO FULFIL THEIR RIGHTS AND OBLIGATIONS. MOREOVER, THE SUPERVISORY AND MONITORING ACTIVITIES OF THE MANAGEMENT BODIES NEED TO BE INCREASED IN ORDER TO REDUCE RISK AND DISADVANTAGES FOR WORKERS.

INTRODUCTION

In line with the international integration trend of the country, the Forestry sector has fostered the implementation of the action plans on forest resource management of the international community. Since 2010, the Forestry sector has been involved in a bilateral negotiation process with the European Union (EU) to sign a voluntary

partnership agreement on forest law enforcement, governance and trade (herein referred as VPA / FLEGT). Aside from positive aspects and clear benefits for involved households, communities, businesses and the forestry sector, the implementation of VPA / FLEGT is also expected to be accompanied with difficulties and challenges for many stakeholders, especially for the labour force which is not professionally trained and lacks the knowledge on labour protection and occupational safety.

This policy brief discusses the research findings of the EU-FLEGT project conducted in four central provinces of Viet Nam: Quang Binh, Quang Tri, Thua Thien Hue and Quang Nam, from June till October 2014 on the impact of VPA / FLEGT on local livelihood and the adaptability of the chain links of forestry production activities in this process. The research indicates that there is a certain lack in the policy of contracting and providing insurance, professional training, labour safety and protection for temporary workforce, both in the Labour Law and the draft agreement of VPA / FLEGT. Combined with the current conditions and the local labour practices, it is going to increase the vulnerability and further marginalize the workers during the future implementation of VPA / FLEGT.

THE REALITY OF POLICIES AFFECTING WORKERS

The Labour Law of the Socialist Republic of Vietnam clearly promulgates the contracting format "For temporary job lasting less than 03 months, the parties may conclude a labour contract by verbal agreement" (Article 16, paragraph 2). Among the decrees guiding the implementation of the Labour Law, there is no instruction on signing labour contract, insurance payment, professional training, and safety guidelines for temporary workers, especially in the case of partnering with enterprises and small production facilities.

The Legality Definition (LD) draft 6.3 and the Timber Legality Assurance System (TLAS) draft 2, Appendix 3 of the Vietnam Administration of Forestry (VNFOREST, 2013) provide fairly specific regulations on compliance with the operational regulations of processing facilities (Box 1). However, both documents do not refer to similar requirements for contracting and ensuring labour safety for households and production units participating in important activities of forestry production chain, such as forest plantation, forest care, harvesting, transportation, and trading of timber products.

Besides, there is no specific policy encouraging the production and training facilities to use local labour force in forestry production and trading activities. This deficit hinders workers, especially local workers from engaging in production and trading activities of employing facilities or

Box 1: Compliance Regulation on Activities of Processing Facilities

1. Business Registration Certificate (Articles 24, 25 of Law on Enterprises; Articles 6,10, 11 Decree No 43/2010/NĐ-CP)
2. Commitment to Environmental Protection (Articles 12, 18, 19, 29, 32, 33 of Decree No 29/NĐ- CP)
3. Code of Practice for Fire Prevention and Protection (Articles 9,16,17 of Decree No. 35/2003/ND-CP, Article 1 of Decree No. 46/2012/ND-CP)
4. Labour and labour safety for processing facilities (the Labour Code of 2012, Chapter IX, paragraph 1 of article 137, article 138 Law on Labour 10/2012/QH13 (effective from 1/5/2013))

PRECONDITIONS AND PRACTICES LEADING TO LOW SKILLS LEVEL OF THE WORKFORCE

Currently, due to the scarcity of land, many households, especially ethnic minority households, newly living separate households have very little arable land at their disposal, they perform labor for other households or small-scale manufacturers in the locality. They take on jobs on request, which mostly are hard and dangerous work, such as site clearing, transporting seedlings and equipment, planting trees, nurturing trees after planting, harvesting (felling, transporting, hulling, loading into trucks), timber sawing and cutting in small or micro processing facilities.

Especially those living in remote areas and having a low educational level are reluctant to sign a contract (due to illiteracy, fearing bureaucratic hurdles...), unaware of



the benefits of contract and corresponding rights. Besides, with close and family ties in the community, working relationships in the production activities taking place in the study area are mainly based on other ordinary social relations (relatives, kinsmen in the village, acquaintances), thus the labour contracts are mostly "verbal agreements" and do not possess legal status.

In addition, having limited access to the outside society, these workers do not have a clear direction in terms of career or a chance to be trained professionally;

they are not equipped with knowledge and awareness about labour safety in the production. They are hardly interested in training to improve their skills or require being equipped with protection gear to ensure their own safety at work.

For all the above reasons, the local labour force has a low negotiation skill at work and therefore cannot become a professional workforce and can be easily replaced or substituted by a work force from outside.

LACK OF MANAGEMENT LEADS TO ARBITRARILY EMPLOYMENT

As the results of the field survey show, there is still not enough attention paid to the monitoring of the current labour use and labour safety in the production facilities. The monitoring activities in the facilities are mainly carried out by forest management unit (forest rangers) and related subjects of interest, and focus on controlling timber and timber origin of the production unit. The lack of operational control and supervision by the employer and their compliance with regulations on labour safety is another reason leading to the status quo of the manufacturing units that do not use labour effectively and ensure labour safety.

Consequently, local employers mostly do not comply with regulations on labour safety. In surveyed districts, there is a large number of small and medium scale processing facilities (by an average of 50-70 units per district). However, more than 50% of local timber processing facilities do not have business license (in an extreme case, this proportion reaches 100% of the processing facilities). Even among facilities with a business license, there isn't a unit which fulfil all requirements prescribed for labour safety (see box 2). Neither the unlicensed facilities are complying with these regulations.

Box 2: Processing Facility does not comply with operational regulations

Tay Giang is a mountainous district located in the West of Quang Nam Province, bordering Lao PDR. The district has large areas of natural forest reserve. Forest plantation activities begin to develop here. Currently, all production facilities in the district have no business license. There are 3-4 employees in each facility, all without a labour contract. Production units are not equipped with fire prevention and protection gears to ensure the safety of their workers.

Regarding insurance, citing the small-scale and seasonal character of production (and in order to reduce costs), the employers do not contract the workers, taking advantage of deficit of specific legal regulations on leasing and short-term employment. Consequently, there is no production facility that pays insurance, raises awareness and capacity on occupational safety; neither is equipped with labour safety gears and insurance

nor fulfils requirements on environmental safety and fire prevention.

In case of processing facilities, the majority of existing local facilities hire skilled workforce from outside or their relatives to engage in processing activities in order to reduce costs and utilize available resource. Naturally, this labour force is not contracted.



DISADVANTAGES WORKERS ARE FACING DUE TO LOOPHOLES IN THE CURRENT POLICIES AND PRACTICE

As mentioned above, the inadequacies in policies such as the lack of specific regulations and supervision by local authorities of labour management and labour use in production facilities lead to significant disadvantages in the whole process for employees, especially for temporary workers, namely:

Firstly local people are not employed by the registered manufacturing facilities due to insufficient professional skills. The production units are going to recruit skilled workers, and the locals are at risk of not being able to find a job in their native locality. In addition, workers will only

receive low payment rates while working for facilities, which do not have a business license. They also lack negotiating skills needed to enforce work agreement and payment rates.

Second, the work agreements between the employees and employers are not bound by a formal contract. Thus, the workers do not have necessary insurances (health, social), are equipped with neither knowledge nor awareness and are not provided with labour safety equipment. The lack of necessary insurances affects workers especially when there is a dispute or when accidents happen. The employees will not be entitled to payment of lost salaries and wages due to hospitalization or inability to work. This directly affects their livelihood.

As a result, workers do not have a long-term, stable and fairly paid job. In addition, they are at high risk of occupational accidents while not being advised and equipped with labour safety gears or covered by insurance if there is an accident affecting their health and life. As the reality shows, in some cases if the workers had an accident during the production process, they only get some support for medical cost from the employers, and this is seen as risk or error that workers have to take on. The support is entirely dependent on the employers' "kindness", although the Labour Law clearly regulates the employer's responsibilities in case of an accident.



Conclusion and policy recommendations

On the basis of the findings on policy deficits as well as the lack of management activities of the local manufacturing facilities' employment, we propose a number of policy recommendations and also bring out some solutions to help workers reduce risks and disadvantages in production process especially during the VPA / FLEGT implementation. Specific recommendations are the following:

First, we propose to supplement obligatory regulations on contracting and insurance payment, professional training and labour safety for temporary workers in the Labour Law as well as in all links of the forestry production chain in VPA / FLEGT (defined in LD and TLAS) and not limited to the processing facilities as in the present.

Initially, in order to put this recommendation into practice, a research is needed to find an appropriate form of obligatory insurance payment which is simple for employers. A form of insurance package can be used, where the employer must purchase a package that fixates the insurance level for their employees according to their working days or applied monthly.

Second, a prioritization policy is proposed for production and training facilities using local workforce. Besides, additional regulations are needed for timber processing and woodworking units producing on customer request, or mobile units, as these are quite common facility forms.

Third, state agencies and management units shall conduct trainings on occupational safety for employees and employers. Periodic and unexpected monitoring and inspection are mandatory to ensure safety equipment and labour protection and manuals for employees and employers are put into practice in the production facilities.

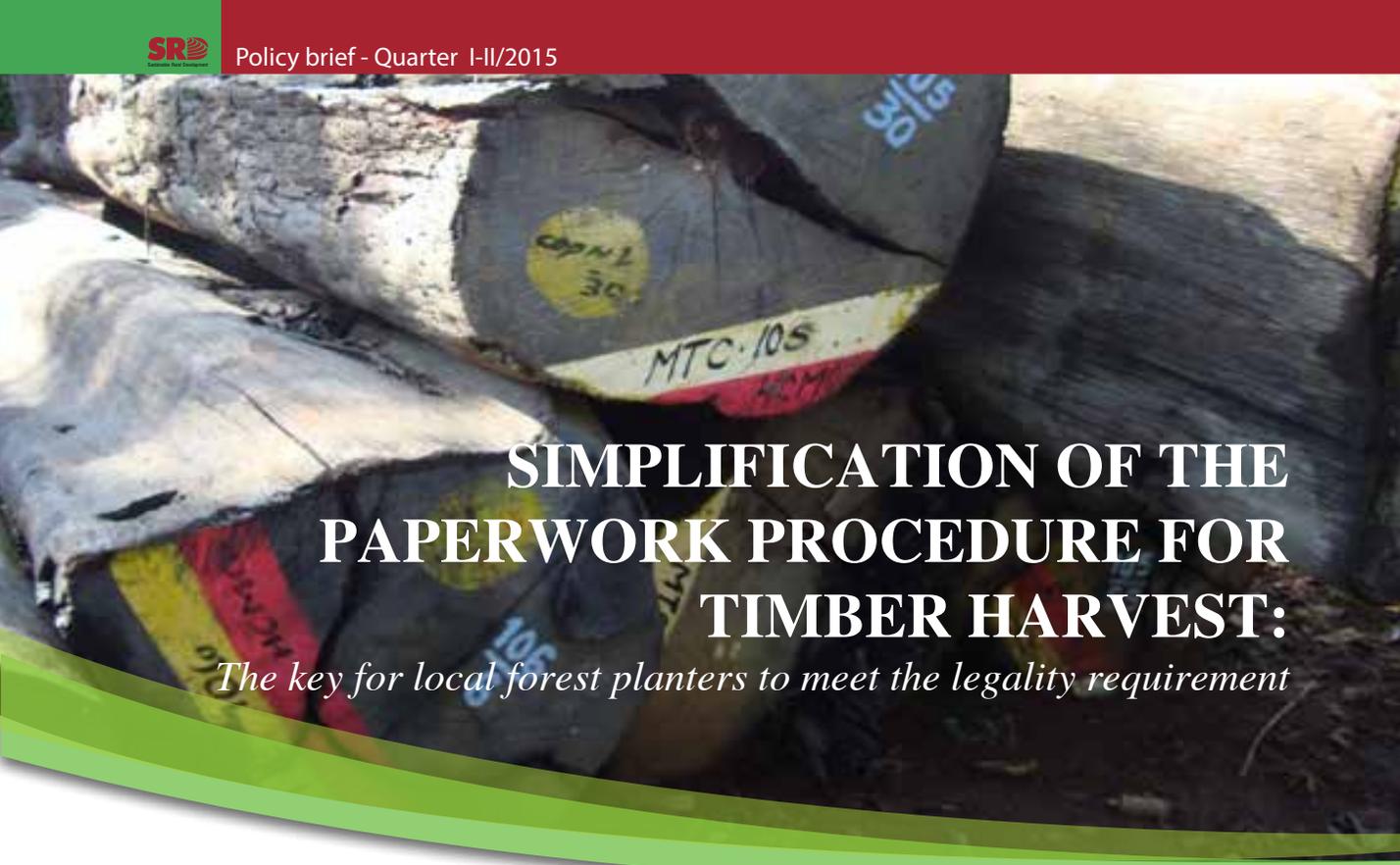
Fourth, legal support and awareness raising activities shall be carried out to build the capacity for local workers. In addition, training and awareness raising activities about relevant issues shall be conducted for all employees and employers to make them aware of their rights and responsibilities. The employers' compliance with legal regulations shall be increasingly monitored.

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SIMPLIFICATION OF THE PAPERWORK PROCEDURE FOR TIMBER HARVEST:

The key for local forest planters to meet the legality requirement

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KEY MESSAGE

ACCORDING TO OUR SURVEY, OVER 80% OF HOUSEHOLDS PLANTING AND HARVESTING TIMBER HAVE DIFFICULTIES IN UNDERSTANDING AND FOLLOWING THE REGULATIONS AND PAPERWORK FOR HARVESTING. THE STATE HAS A DECISION-MAKING ROLE IN THE SIMPLIFICATION OF PAPERWORK, AND AT THE SAME TIME PROVIDES GUIDANCE ON ADMIN PROCEDURE AND SUPERVISION OF LAW ENFORCEMENT TO SUPPORT THE LOCAL COMPLIANCE WITH CURRENT REGULATIONS, ESPECIALLY IN THE CONTEXT OF VIETNAM PREPARING TO JOIN VPA FLEGT WITH EU.

INTRODUCTION

Viet Nam currently has over 3.4 million ha of plantation forest and 1.4 million households planting and harvesting plantation timber. Statistics has shown that the volume of harvested timber from plantations in 2012 is over 5 million m³, of which 80% was exported. Policy and regulations on timber harvesting and declaration before and after harvest

such as Circular 35/2011/TT-BNNPTNT or 01/2012/TT-BNNPTNT issued by Ministry of Agriculture and Rural Development (MARD) to instruct the paperwork procedure. However, after 2 years of implementation, forest planters still have difficulties in following the paperwork procedure. In the context of the Voluntary Partnership Agreement (VPA) between Vietnam and

EU in the future, forest planters would face the complications in meeting legality requirement for plantation timber.

This policy brief summarizes the findings from the survey on households harvesting plantation timber, conducted by the VNGO-FLEGT in 5 districts in 5 provinces throughout Viet Nam (Yen Bai, Thai Nguyen, Thanh Hoa, Thua Thien

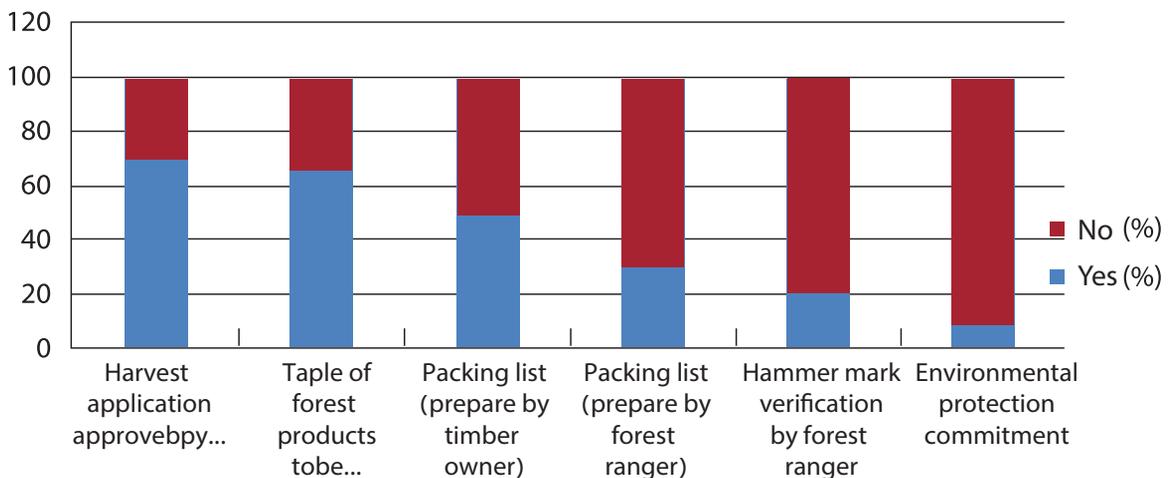
Hue and Ba Ria Vung Tau). The authors argue that there are still complicated and unsuitable procedures for forest planters, and the Government should simplify the paperwork procedure for timber harvest permit and declaration, to enable forest-dependent households to live on forest resource.

Box 1: Regulations on harvesting plantation timber

Harvested timber from self-funded or state-supported plantations is subjected to Circular 35/2011/TT-BNNPTNT and 01/2012/T-BNNPTNT issued by MARD, which is inputed to Appendix 5 of the VPA: Timber Legality Assurance System

The requirement for harvesting plantation timber by household include:

- Forest and land use right documents
- Official approval of the environmental protection commitment drafted by household or eligible consultant, issued by district or commune PC, with regards to harvest area of less than 200 ha
- Harvest application drafted by forest title holder, approved by commune PC
- List of products to be harvested made by forest title holder;
- Packing list prepared by forest title holder or timber owner (harvesting entity), validated by forest ranger and local authority



Graph 1: Ratio of planting households' compliance with some regulations

FOREST PLANTING HOUSEHOLDS HAVE NOT YET MET THE REQUIREMENT FOR HARVEST PERMIT AND DECLARATION FOR PLANTATION TIMBER

For plantation timber, the requirement on forest and land use right is mostly followed by local people (about 90% of households in our survey). However, most of planting households could not harvest on their own, instead selling the right to harvest trees to harvester/ trader who will take care of harvest permit and declaration. In fact, planting households do not care much about the paperwork procedure or harvest technique specified in the regulations. In 5 research districts, 33% of households did not have a List of products to be harvested, and about 60% didn't prepare a Packing list.

Specifically, in Yen Binh district, Yen Bai, only 11 out of 28 households (38,3%) have complete paperwork, 60,7% prepares List of products to be harvested, but only 28,6% prepared the Packing List. In Phu Luong district, Thai Nguyen, 92,8% households prepares List of product and only 75,9% households creates the Packing list. Only 2 out of 30 households in Nam Dong district, Thua Thien Hue satisfied the paperwork mentioned in Box 1.

Moreover, very few planting households satisfied the environmental protection commitment, only 8,7% of surveyed households. Notice that none of research households in Ba Ria Vung Tau and Thua Thien Hue have environmental protection commitment approved by District People's Committee.



Picture 1: Acacia harvest in Nam Dong district, Thua Thien Hue

COMPLICATED REGULATIONS AND PROCEDURES, UNSUITABLE TO ACTUAL CONDITION

Circular 35/2011/TT-BNNPTNT and 01/2012/TT-BNNPTNT were issued to tighten the control of legal timber and facilitate the timber exportation to many countries including the EU market, which Viet Nam aims to address through the VPA. However, these circulars still cause complications to planting households in terms of paperwork procedure for harvest permit and declaration (such as Item 1,2 of Article 8 of Circular 35; or Article 4,5 of Circular 01).

Meanwhile, almost all of the planting households are ethnic (64% of surveyed households) with little education and inability to access information and understand the regulations and paperwork procedure specified in the law. Therefore, most planting households are unable to prepare paperwork for declaration, instead selling the harvesting right to traders.

The preparation of Packing List and verification of harvested timber volume (Article 4,5 of Circular 01/2012/TT-BNNPTNT). Plantation timber mostly harvested with small size (diameter < 15 cm), so the calculation of timber volume is very difficult. Most households couldn't do this and have to hire specialist.

Beside, the Packing list needs to be verified by Forest Ranger before transporting. However, the over-workload of Forest Ranger officers causes lengthy approving procedure, which leads to delay and unexpected losses, which increase the cost for forest planters.

The requirement for environmental protection commitment also hinders the harvest application process. Households have to hire consultants to do this. Most of the surveyed households try to evade this regulation due to complicated procedure.

INADEQUACY OF GUIDANCES FROM LOCAL AUTHORITY

Although there have been many efforts in organizing orientation for legal documents related to regulations, procedures, authorization, and declaration of timber harvesting, most of these only reach district authority and very few representative forest planters. There is no specific guidance at community level. More importantly, there is no training sessions for the local people whom directly observe and comply with the law.

Therefore, most people do not understand about the legality procedures

and regulations. Many surveyed households do not know about these regulations. Specifically, 41% of surveyed households thought that there is just single one legality document - harvest application. 31% said that more than two legality documents are required and 28% have no idea about the paperwork requirements. Lack of awareness of the law is one of the main reasons for inability to get harvest permit. Instead local people depend on traders who take care of paperwork.

Among the regulations on harvest and declaration of plantation timber, the role of commune forestry staffs and forest rangers is very important. However, in most of the surveyed communes, there are only one to two agroforestry staff and one forest ranger. Moreover, in reality one forest ranger might be in charge of two to three communes, thus it is almost impossible to verify the daily harvested volume of timber and perform the post-harvest inventory for every household. This is the cause of prolonged harvesting schedule.

And the forest rangers who directly involve in issuing permit and post-harvest inventory have not been trained properly. Re-training and self-learning could be insufficient to guide the procedures for households.

POLICY RECOMMENDATIONS

The above results show that even though there are regulations and guidances to facilitate the procedures, these regulations are still complicated and unsuitable to the actual condition. Households have not been able to carry out the procedure on their own, leaving the paperwork to middlemen. To remedy this situation, it is necessary to further simplify the planting and harvesting procedures:

- First, the Government needs to review and simplify the declaration procedure for households with regards to plantation timber. For harvesting in legitimate plantations (on land with LUR according to the Land Law), forest owners only need to prepare harvesting application or report to commune People's Committee about mature harvest, and commune PC and forest ranger will verify the legal land title and packing list prepared by forest owner. For example, the List of products to be harvested and Packing list (mentioned in Article 19, 20 of Circular 35; Article 5,12 of Circular 01/2012/TT-BNNPTNT on 04/01/2012, MARD) should be simplified, reducing the workload of Forest Ranger and Local authority.

Besides, Government should consider reducing the paperwork on environmental protection commitment for small forest planting and harvesting households.

- Second, the Government should pay more attention to admin procedure guidance, and a supportive mechanism and coordination between the local authorities, forest rangers and plantation households for better access to information,



Picture 2: Melaleuca in Xuyen Moc district, Ba Ria Vung Tau

legal documents, thereby understand and comply with the procedures. The local authority needs to advocate and provide guidance through various communication channels to update households with information and changes in regulations.

- Finally, the Government should focus on improving the capacity of local forest officers and forest rangers whom directly involve in reviewing and verifying plantation timber. Only when there are reduction in complicated procedures, as well as systematic training for local staff, they will be capable to do their job effectively.



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WHAT ARE THE SOLUTIONS FOR SUSTAINABLE WOODCRAFT DEVELOPMENT IN THE CONTEXT OF IMPLEMENTING THE VOLUNTARY PARTNERSHIP AGREEMENT ?

Do Thi Ha An - SRD

KEY MESSAGE

ALTHOUGH NATIONAL AND LOCAL AUTHORITIES HAVE ISSUED POLICIES TO SOLVE ENVIRONMENTAL PROBLEMS IN WOODCRAFT VILLAGES, THESE POLICIES ARE STILL NOT SUITABLE TO ADDRESS SPECIFIC CONDITIONS OF WOODCRAFT VILLAGES. POLLUTION HAS BECOME A SIGNIFICANT ISSUE IN THESE WOODCRAFT VILLAGES. WHEN THE VOLUNTARY PARTNERSHIP AGREEMENT (VPA) IS IMPLEMENTED IN VIETNAM, WITH A STRICT REQUIREMENT ON ENVIRONMENTAL PROTECTION, IT WILL STRONGLY IMPACT THE LIVELIHOODS AND PRODUCTION CAPACITY OF THE HOUSEHOLDS IN WOODCRAFT VILLAGES. THUS, THE AUTHORITIES NEED TO PROVIDE POLICIES RANGING FROM GENERAL SCIENTIFIC AND TECHNOLOGICAL TO ENVIRONMENTAL SOLUTIONS, FROM HUMAN RESOURCES TO MONITORING SYSTEM TO RESOLVE POLLUTION ISSUES IN THESE VILLAGES, IN ORDER TO REDUCE THE NEGATIVE ENVIRONMENTAL IMPACTS AND ECONOMIC LOSSES.

INTRODUCTION

In 2015, the Vietnamese government will sign the VPA with the European Union (EU) on Forest Governance and Trade. The requirement from VPA will apply not only to products being exported to the EU market, but also domestic and other commercial markets. The VPA requires households to get an environmental protection certificate (Section 1- Article V of VPA). This could directly impact 300.000 labourers, who are working in 300 woodcraft villages throughout the country.

Research conducted by the VNGO-FLEGT Network in 2014 in woodcraft villages of Bac Ninh, Ha Noi and Binh Dinh provinces reveals that pollution has become more severe without proper consideration. As a consequence, it impacts not only people's health, but also the livelihood of labourers in woodcraft villages. In this context, we argue that despite many policies and regulations on environmental treatments, these regulations are still not adequate to address specific conditions of woodcraft villages. These policies have not solved completely the environmental issues and their impact on health, production, and livelihood.

WASTE FROM TIMBER PROCESSING IS DIFFICULT TO TACKLE, WHICH IMPACTS HUMAN HEALTH

There are many types of hazardous waste generating from timber processing in woodcraft villages such as cutting, sawing, sanding and polishing. For example, in Huu Bang woodcraft village, approximately 200,000-300,000 m³ of wood is processed each year. The cutting and sanding process emits 100,000 kg of small dust. This hazardous waste has seriously impacted workers' health and local people in terms of eye, respiratory, and skin diseases. Although there are few large processing workshops equipped

with proper system to collect rough saw dust from sawing and planing wood, they are not able to collect small particles from carving and sanding. Furthermore, medium and small processing workshops do not have any system in place to collect dust. The workers have to use masks while working to avoid inhaling dust.

The second kind of waste from timber processing is the concentration of VOC (Volatile Organic Compound) emitted as a result of polishing surfaces, creating wood veins, and finishing. In recent years, this type of waste has become a high toxic threat of great concern to woodcraft villages. According to MONRE, the density

of VOC in many woodcraft villages around Hanoi is over 3-5 times the permitted level. This chemical waste can induce respiratory diseases such as asthma and reproductive problems. Currently, no small or large processing workshops have any measure in place to collect this pollutant. Some install equipment to blow VOC up into the atmosphere; reducing the impact on nearby households but widening the scope of impacts. On top of pollution from saw dust and VOC, noise pollution from sawing, cutting, carving and sculpting of the wood is also an issue in woodcraft villages. In practice, noise pollution has never been regarded, causing impact on the health and daily activities of the locals.



Photo 1: wood-sanding workers in a timber processing workshop have to wear masks to avoid inhaling dust



Photo2,3,4: System for collecting dust in large processing workshops

LIMITED CAPACITY AND RESOURCES TO ADDRESS WASTE FROM TIMBER PROCESSING

In some localities, the authorities have had plan to relocate the woodcraft production workshops out of residential areas, but the relocation has not met households' demand. Therefore households still operate in residential areas, affecting not only workers but also neighbors. For instance, in Dong Ky there are 3000 woodcraft households, yet the designated woodcraft complex could only meet the need of approximately 600 households. The remaining households still operate at home. Other barriers for waste treatment are financial issue and limited skill. There is no designated waste disposal area, only waste collection service for solid waste or waste from household consumption. The locals have low investment so they cannot

access to adequate technology for waste treatment. Only some larger processing workshops install simple ventilation systems to absorb dust, while smaller workshops have virtually no measures to manage waste.

Furthermore, the researched areas lack qualified staff to monitor and provide support for waste treatment. Particularly, in all current researched communes there are only waste collecting groups but no environmental officers. At district level, monitoring and guidance for waste treatment is left untouched. Consequently, weak enforcement on waste treatment has resulted in less responsibility of local people in waste management and environmental protection. (Box.1)

Box 1: Weak law enforcement in environmental protection is due to the lack of qualified professional officers

Law enforcement in woodcraft village is quite loose. There is no supervision and monitoring from the government, particularly for small households. This surely implies non-compliance on environmental protection, as “infringements happen everywhere if inspecting”. Given that the proportion of processing households is large and almost all households have connection with government officers, it is hard to enforce regulations. A local from Huu Bang said “if you occupy a high position in the municipal government, you don’t want to punish your family, your relatives, or be strict on your local people. If so, how could you face your neighbours?”

SUPPORTING POLICIES FOR WOODCRAFT HOUSEHOLDS ARE NOT SUITABLE TO ADDRESS ENVIRONMENTAL POLLUTION

The government has had policies for identifying and supporting priorities for environmental protection. However, these policies have only focused on providing financial support, infrastructure, scientific research, production and business skills for woodcraft villages with waste collecting areas. Meanwhile, the guidance and technical support and technology to treat household waste have still not been included in various supporting policies. These are the main issues for processing households which still operate independently and cannot invest in a treatment system. At the provincial level, there are policies for the development of woodcraft villages, but it is very general for all craft villages, therefore not suitable for specific needs of woodcraft villages generating wood dust and VOC which are not identified in the list of waste treatment. (Box 2)

In addition, local authorities do not have guiding documents for implementing waste treatment measures. They also do not have regulations for monitoring and verification of waste treatment. Throughout all levels of authority, there is not yet a policy or budget for environmental staff in municipalities with woodcraft villages.

Box 2: List of supporting policies for the development of woodcraft villages in Binh Dinh province (Art.47/2013/QĐ-UBND):

- Support investment in infrastructure
- Support the enhancement of trading
- Support for demonstration model
- Support for vocational training

Contents of support policies for the treatment of environmental pollution in craft villages in Hanoi (Art.6, Decision no.31/2014/QĐ-UBND):

Support 100% of the costs to build local waste water treatment station for designated areas for waste water or solid waste.

SUMMARY AND RECOMMENDATIONS:

This paper highlights issues of environmental pollution which have not yet to be adequately resolved. These issues impact the production capacity and the livelihood of residents. They will even be more harmful when the VPA between Vietnam and EU is signed. To solve the issue of environmental pollution in woodcraft villages and reduce its negative impacts on the livelihood of households, it is unnecessary to adjust the following policies accordingly:

(i) Expanding the coverage of waste treatment: in addition to concentrated water waste and solid waste, dust waste should be regulated as well. Ensure that the targeted groups are not only designated woodcraft complex, but also processing households in residential areas.

(ii) The government should have policy for improving technical skills and technology in craft villages and households, and encouraging households in applying proper technology.

(iii) The local government should have additional budget line for hiring professional staff and environmental experts in provinces with craft villages. Likewise, develop training plans and increase the capacity of local staff to monitor and support households with regards to their waste management during the production process.

(iv) It is necessary to develop a monitoring system for implementing treatments for environmental protection by the processing households. Particularly, increasing human resources for conducting these activities, frequency of implementation and punishment measures for inadequate staff performance or local non-compliance.

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LIVELIHOOD IMPACT ASSESSMENT AND CAPACITY ANALYSIS OF HOUSEHOLDS UNDER A VPA IN VIETNAM: SUMMARY OF THE CONCLUSIONS AND RECOMMENDATIONS

KEY MESSAGE

A VOLUNTARY PARTNERSHIP AGREEMENT MAY ENHANCE TIMBER LEGALITY AND GOVERNANCE IN VIETNAM, BUT THERE IS EVIDENCE THAT TIMBER HOUSEHOLDS AT VARIOUS STAGES OF THE TIMBER CHAIN ARE VULNERABLE, BECAUSE MANY DO NOT CURRENTLY COMPLY WITH COMPLEX REGULATIONS AND MAY HAVE LIMITED CAPACITY TO ADAPT.

INTRODUCTION

The Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan of the European Union (EU) is an initiative aimed at ensuring the legality of timber imports to the EU. Timber countries negotiate with the EU towards signing a Voluntary Partnership Agreement (VPA). Entering negotiation is voluntary, but if a VPA is signed it is a binding trade agreement. In Vietnam's case, negotiations commenced in 2010.

The VPA codifies the legal framework of the timber country into a Legality Definition (LD) that determines the 'legality' of timber and a Timber Legality Assurance System (TLAS) that sets out the governance framework to assure that timber and timber products meet the legality requirements. A legality chain has to be maintained between all steps from harvest, transport and processing to sale.

VNGO-FLEGT AND ITS RESEARCH

VNGO-FLEGT is a network of more than 40 Vietnamese NGOs with an interest in the negotiation and implementation of a VPA in Vietnam. It was formed in January 2012 and is chaired by the Centre for Sustainable Rural Development (SRD) in Hanoi. The principal focus of the network is small-scale timber households, which are potentially vulnerable to a strengthened legal implementation under a VPA.

Timber households are a feature of the Vietnamese timber industry at all stages of production. They hold the land use rights over approximately 3.3 million hectares of forestland and are responsible for about 50% of plantation timber supply. It is households, often gathered in woodcraft villages, who do much of the furniture making and carving using high value forest timber. High value natural timber is mostly imported, and much of it may be illegally cut, but the source legality of imported timber is not included in the VNGO-FLEGT research as it is outside their ambit.

The households can be divided into a number of groups: plantation timber growers; timber harvesters (often purchasing harvest rights from plantation

timber growers); transport operators; wholesale timber traders; processors and manufacturers; and retailers. There are also large numbers of casual labourers at various stages. There is overlap between some groups, such as transport and traders, but others such as plantation timber growers are quite separate and may be limited in their work. The processing group is diverse in size and the complexity of its products, from the simplest milling to complex furniture manufacture.

Because of their small size, informal working conditions, often-narrow specialization and other factors, households are at risk in a strict legality

and governance framework. VNGO-FLEGT, with the support of donors and authorities, has to date undertaken four research projects to more formally examine both the vulnerability of households and the challenges for implementation of the TLAS. Three of the studies used Livelihood Impact Assessment (LIA) to identify problems and underlying causes for households in selected rural areas and woodcraft villages (compiled in Giang et al. 2015). A further study was a direct vulnerability survey of 499 households in six provinces (Giang 2014), which forms the main basis for the national-scale conclusions and recommendations to date.

Box: Other summaries

VNGO-FLEGT and SRD have produced additional summaries and papers from the research to date, including a Summary Report of the household survey (SRD 2014). A Briefing Paper gives more detail of the studies and their rationale, including identifying the principal household groups of concern to VNGO-FLEGT (SRD 2015). Some anomalies in land use planning leaving households in legal limbo identified in the LIA studies are outlined in Chinh & Tan (2015).

Conclusions :

Based on the research, the chain of verification between households is usually poor at present and full compliance is rare. Some inheritance steps, such as between plantation timber growers with land use rights and harvesting households are usually reliable, but other verifiers are commonly missed throughout the chain. Tracing back the origin of timber can be difficult, even with short and non-controversial timber chains (e.g. plantation Acacia used for simple processing) and it is difficult for processing households as end users to ensure full timber chain supply legality requirements.

Households within the same group tend to abide by regulations in similar ways, which may differ from other groups. Many households make decisions that benefit them, regardless of regulations and often obtain legal documentation only when it is specified. Simpler requirements are more likely to be met than complex, challenging or risky ones, including those that may reveal illegal timber sources. In some cases, approvals may be used more than one time or similar breaches.

Small households can find complex paperwork requirements and gaining approvals generally difficult. Isolated households with poor literacy skills may not comply well with regulations for harvest planning, for example. Local leniency and help for such households lacking legal documentation at present may be more difficult under a stricter VPA. Simplified procedures and better communication would help realise a legal timber supply and may encourage people to plant more valuable, slower growing trees if it is easier to harvest them.

There were no strong differences in compliance indicators within groups between Kinh and ethnic minority households or households of different wealth in the same district, but some regional differences were apparent between the Northern, Central and Southern regions, although this is only preliminary. Because the nature of the timber industry varies locally, so the perceptions and problems of the local districts, communes and households, as well as the attitudes and priorities of local authorities to compliance and addressing vulnerability, can differ.

Most households planting plantations and scattered trees hold formal or informal land use right certificates (LURC), but there are a minority that do not hold a valid LURC. A formal land use right (LUR) is important to begin the timber legality chain and some respondents stated that a strong LUR was a benefit they hoped a VPA would bring. The LD recognizes various historical ways to establish a LUR, but a recent LURC (red book) may be important in other ways for a household's livelihood and capacity to adapt to a VPA, such as securing loans. Some households have anomalies and difficulties in their LUR, such as uncertain LUR status, unclear boundaries, conflicts with other users and rezoning of land by authorities, which can put them in a difficult legal situation.

Natural forest timber households are generally less compliant on timber harvesting regulations than plantation households. They often fail to meet requirements such as the forest harvesting plan and dossier, environmental

impact reporting and minutes of the required hammer marks on timber from rare or valuable species. The studies identified a number of ways illegally cut timber can enter the processing stream, including mixing with legal timber. This adds to the challenge of monitoring timber legality.

For households self-investing in plantations or scattered trees, difficult regulations include those on environmental protection, packing lists of timber and minutes of forest hammer marks for rare and valuable species. Harvesting design dossiers for plantations funded by the state budget are quite complicated.

Very small processing households are usually informal in their practices, using very simple tools in basic conditions and thus fail to meet many regulations, even if their plantation timber supply is not controversial. Employing labourers (often 2-3 per household on a seasonal basis) is casual only. As for many small timber producing households, obtaining approvals is not generally common, nor easy to do. Business registration should be seen as inappropriate for very small producers and processors.

Large processing households often fail on verifiers relating to natural forest timber source (if applicable). Large processors mostly comply with some business regulations, such as licences, but are less compliant on labour rules, workplace safety and environmental protection. These can be difficult for any processor without a dedicated working area separate from living areas. At present, some legal requirements for processing households are complicated and/or impractical and simplifying these regulations would benefit successful implementation of the VPA, including specific rules and strategies for the woodcraft villages.

The studies show there is potential for negative impacts on different groups and the marginalization of vulnerable households, especially during a transition period after adoption of a VPA. Small and disadvantaged ethnic minority households and labourers may be amongst the least adaptable, along with users of natural timber for a different reason. Some positive strategies, such as households joining in cooperatives or interest groups will increase their standing with authorities, strengthen their productive capacity, reduce transaction costs and allow the group to negotiate better prices and develop marketing strategies and new markets; and allow better access to credit and training. Information and support is desirable as well, at the local level by authorities and via CSOs.

Some large processing households stated they have some ability to adapt to a stricter regime, however even they may lack information on regulations and

effective management techniques, plus access to new technologies, new markets and loans. The assistance of authorities was often stated as being beneficial in the potential for adaptation.

RECOMMENDATIONS

The recommendations arising from the research, principally as set out in Giang (2014) and Giang et al (2015), do not necessarily address every issue for households under a VPA, but aim to address some of the potential problems for both vulnerable households and the smooth implementation of a TLAS. They assume that there will be strengthened legal compliance demanded under the VPA, even if the regulations do not change.

Some recommendations are relevant to the National Government in the overall framework and application of the LD, and some local actions and approvals to provincial and local (district and commune or village) authorities. In some cases, recommendations apply at both national and local levels, where there is integration between the levels, assistance from the National Government to local authorities, or an enhanced role for local authorities:

1. The Government and local authorities should speed up the issuing of land use rights to ensure the clear ownership of all forestlands, including resolving any anomalies in existing LURCs.

Specific actions include simplifying the issuance process and ensuring adequate trained staff at local levels.

2. Too formal and impractical regulations that discourage adoption or are beyond the capacity of certain households should be reviewed and redrafted to be simpler if possible.

3. The legal requirements for business registration and operation for small-scale wood processing households could be easier to meet and more flexible. Specifically, a broader range of business eligibility and less formal and simpler registration procedures are recommended.

4. A roadmap for households to meet needed changes and a training and communication program on the LD and TLAS to assist adaptation is recommended. Information for tree growers to help understand the importance of a LURC for timber legality and in conflict resolution is recommended.

5. It is recommended that regulations and their application recognise the capacity to adapt of the

different household groups and different sized household enterprises. Indicators to determine whether and how different households or groups need to meet difficult verifiers might be developed, and weighted if needs be on the significance of the criteria in the LD. A separate TLAS for domestic and EU markets might be considered.

6. A specific legal framework for the woodcraft villages, including a roadmap for change and support for the development of separate production areas is recommended. Making some environmental, health and safety and labour requirements conditions for the business license or production permit is recommended. Simplified requirements, particularly for small-scale contract processing and timber transport households, are recommended at least for the short term.

7. Added responsibility be given to provincial and district authorities to allow them to certify some criteria for timber processing households, both inside and outside woodcraft villages, such as timber legality, environmental protection and labour safety, as part of licensing conditions. Further, local authorities and CSOs are recommended to have the right and responsibility to monitor these issues.

8. Disadvantaged forest-dependent ethnic minority groups should be a priority and it is recommended that the Government conduct research to define risk mitigation, social safeguards and assistance for this group during the

VPA implementation. The recognition of customary rights, including forestland allocation to traditional community groups is recommended. Programs for formal education and vocational training for disadvantaged or isolated ethnic minority groups are also recommended.

9. A simpler forest management and harvesting planning model for households and communities, such as in table form, and a verification process with verifiers monitored by local authorities, such as the Commune People's Committee or local Forest Rangers, might be developed.

10. Timber harvested from uncontroversial plantations and scattered trees should be considered normal goods to simplify procedures, included for planted isolated or plantation high value trees.

11. Tracking verifiers of timber legality after harvesting from plantations and scattered trees should be simplified, following verification of the origin of the timber by local authorities, such as the Commune People's Committee or local Forest Rangers.

12. Providing training and extension on topics such as: understanding legal requirements; modifying production systems for legal compliance; sourcing of legal timber; techniques for processing alternative raw materials and diversifying products; designing benefit sharing mechanisms; business and finance management and marketing strategies;

and technical training for improved plantation management and processing methods and overcoming health and pollution issues.

13. Improved access to long-term credit to allow improved production systems.

14. Social safeguards for the groups most vulnerable to losing their jobs, such as labourers with few other options, should be ensured. The government might consider targeted programs of vocational training and business development in highly vulnerable areas such as the Red River Delta, where reduced timber supply may mean many people lose their jobs.

15. It is recommended that planning and vocational training to encourage rural households to develop alternative livelihood models, such as planting non-timber forest products in forest areas and planting higher value scattered timber trees for timber supply as an alternative to native forest timber.

16. Local authorities could plan for better plantation development and processing capacity, with central assistance. Measures to raise plantation yields, such as through the provision of certified seedlings and training and extension in the best planting, growing and harvesting practices, are recommended.

17. Households should consider forming cooperatives or interest groups to benefit from greater mass and mutual support.

18. Encourage interest groups (including NGOs and CSOs) to directly support households with information and training on the LD and TLAS, new technologies and investment avenues and facilitate discussions between households and relevant departments.

19. If increased paperwork and a strong role for local authorities means households face extra costs and greater risks of informal payments under a VPA, it is recommended that sufficient community oversight be encouraged to promote local accountability.

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