



The Network of Vietnamese Non-Government Organizations on  
Forest Law Enforcement, Governance and Trade  
(VNGO-FLEGT)

# CONSOLIDATED REPORT

**The ability of households engaged in timber growing,  
harvesting, trading, transporting and processing  
to meet VPA requirements on timber legality**

*Author: Dr. Phan Trieu Giang (SRD)*

*This report was consolidated from six provincial reports written by Dr. Ngo Tung Duc (CRD), Dr. Cao Vinh Hai (CERPA), Dr. Hoang Thi Huong Tra (SRD), Mr. Dinh Van Tai (FORWET) and colleagues*







# CONTENTS

<b>TABLES</b>	3
<b>FIGURES</b>	3
<b>ACKNOWLEDGEMENTS</b>	4
<b>ABBREVIATIONS</b>	6
<b>SUMMARY</b>	7
<b>1. Background and Introduction</b>	8
<b>2. Study areas and Research Methods</b>	8
2.1. Research focus	8
2.2. Study Areas	8
2.3. Research methods and procedures	9
<b>3. Main findings</b>	10
3.1. Timber Growing Households	10
3.1.1. Overall situation	10
3.1.2. Current legal status in compliance with legal requirements	11
3.2. Timber Buying and Harvesting Households	13
3.2.1. Overall situation	13
3.2.2. Ability to meet legal requirements	13
3.3. Timber Buying and Transportation Households	17
3.3.1. Overall situation	17
3.3.2. The ability to meet requirements on timber transportation and trading	18
3.4. Timber processing households	20
3.4.1. Overall situation	20
3.4.2. The ability to meet requirements on timber processing	21
<b>4. Conclusion and Recommendations</b>	24
4.1. Conclusions	24
4.2. Recommendations	25

## TABLES

<b>Table 1:</b> The number of surveys in different groups in North, Centre and South regions	10
<b>Table 2:</b> Some features of interviewees in the timber plantation group in 3 regions	11
<b>Table 3:</b> Legal status on Land use right certificate	12
<b>Table 4:</b> Some features of timber harvesting group	13
<b>Table 5:</b> Some required documents for timber harvesting households	14
<b>Table 6:</b> Compliance of households harvesting from self-funded plantations	16
<b>Table 7:</b> Some features of timber buying and transportation households	18
<b>Table 8:</b> Some features of timber pre-treating and processing households	20
<b>Table 9:</b> Some requirements for preliminary treating and processing households	22

## FIGURES

<b>Figure 1:</b> Map of research fields	9
<b>Figure 2:</b> Rosewood used in fine arts in the Centre	15
<b>Figure 3:</b> Harvesting hybrid acacia in Nam Dong, Thua Thien – Hue	17
<b>Figure 4:</b> Corner of a factory processing rotary veneer in Yen Binh, Yen Bai Province	21
<b>Figure 5:</b> Chart (%) on compliance rate of packing list of timber from different sources	23
<b>Figure 6:</b> Percentage compliance rate for paying tax and keeping dossiers by processing households	23

## ACKNOWLEDGEMENTS

The Network of Vietnamese Non-government Organizations on Forest Law Enforcement, Governance and Trade (VNGO-FLEGT) has conducted a study on the ability of households engaged in timber growing, harvesting, trading, transporting and processing to meet VPA requirements on timber legality in six districts from six provinces, namely Yen Bai, Thai Nguyen, Thanh Hoa, Thua Thien Hue, Binh Dinh and Ba Ria Vung Tau. The report has been completed after five months of collaborative efforts by VNGO-FLEGT Network members and stakeholders, including training, a desk study, collecting information in the field, analyzing and consolidating data, preparing the report, organizing feedback workshops and completing the report.

On behalf of the Network Steering Committee, I would like to express sincere thanks to the Department for International Development of the United Kingdom (DFID), the European Union (EU) via FERN for funding this study. The Network would also wish to give special thanks to Mr. Nguyen Phu Hung, Mr. Tran Van Trien and Mr. Doan Diem for their valuable feedbacks and comments to help us finalize the report.

To complete the study, it is not without the efforts of the research members including The Centre for Sustainable Rural Development (SRD), Centre for Rural Development in Central Vietnam (CRD), Research Center of Forest and Wetlands (FORWET), Consulting Center for Environment Resources and Rural Poverty Alleviation (CERPA) and other Network members.

Finally we would like to thank all stakeholders including vulnerable groups, local agencies, individuals and organizations which have provided information and assistance to network members in the process of implementation and completion of this report.

Notwithstanding the research efforts, the report is not without errors in the process of researching and editing. We truly hope to receive feedbacks from readers to further complete the report. Sincerely thanks,

**Vu Thi Bich Hop**



**Chair of VNGO-FLEGT Network Steering Committee  
Executive Director of SRD**



The ability of households engaged in timber growing, harvesting, buying, transportation and processing to meet requirements on timber legality

---

## **ABBREVIATIONS**

<b>CRD</b>	Center of Rural Development
<b>EU</b>	European Union
<b>EUTR</b>	European Union Timber Regulations
<b>FLEGT</b>	Forest Law Enforcement, Governance and Trade
<b>FPF</b>	Fire Prevention and Fighting
<b>LD</b>	Legal Definition of Timber
<b>PanNature</b>	People and Nature Reconciliation Center
<b>PC</b>	People's Committee
<b>SRD</b>	Center of Sustainable Rural Development
<b>TLAS</b>	Timber Legality Assurance System
<b>VNGO-FLEGT</b>	The Network of Vietnamese Non-Governmental Organizations on Forest Law Enforcement, Governance and Trade
<b>VPA</b>	Voluntary Partnership Agreement
<b>VAT</b>	Value Added Tax



## SUMMARY

This research assesses the ability of households engaged in timber growing and harvesting, timber buying and transportation, processing and retail to meet current legal requirements. The research was carried out in six provinces in the North, Centre and South of Vietnam.

A total of 499 household interviews were conducted, and it was found that different households abide by regulations to different degrees. Households within the same activity group have similar high compliance rates on some common regulations and similar low compliance on others. They usually fulfill the requirements that are practical to their operations, but less so for more technical and formal regulations.

Forest growers can meet the regulations at high levels, but less so for groups engaged in timber buying and harvesting, transportation, and especially processing which will face many challenges if a VPA is implemented. There is a high compliance rate in obtaining Land or Forest Use Right certificates, business licenses, and tax compliance. However, the majority of households do not meet requirements on trading invoices, packing list of timber, minutes of placing timber hammer marks, environmental protection and fire prevention and fighting requirements, and labour safety and hygiene. Many do not know and care about regulations and many others temporarily or incompletely abide by legal provisions. In areas where natural forests remain, illegal logging and timber traded from unknown sources are still happening, which means difficulties in legal monitoring and implementation of regulations. Some brief recommendations are:

- Review and reduce procedures and documentation for timber harvested from natural forests, plantations and scattered trees at household level.
- Simplify the procedures and regulations on raw timber buying and transportation.
- Allow trade of timber from planted forests and scattered trees as normal goods. For these groups of timber, replace requirements of trading invoices, packing list of timber, and minutes of placing forest hammer marks with certificates approved by the Commune People's Committee or local forest rangers.
- Build the indexes, and appropriate certification procedures to measure the compliance ability of the households.
- Build simple forest management and harvesting plan for households, groups and communities.
- Speed up the issuing of Land or Forest Use Right certificates to support people's legal rights to ensure a foundation for timber legality and sustainable forest development goals.
- To timber processing households, supplement requirements on timber legality, environmental protection commitment, fire prevention and fighting, and labour safety as conditions for licensing, and allow local authorities and stakeholders, including the civil community to have rights and responsibilities to monitor these issues.
- Plan vocational training and model development on appropriate non-timber forest products (especially in areas where natural forests remain) and on planting timber trees in rural areas with appropriate species to the location, such as neem tree (xoan), jackfruit (mit), acacia (keo) and sao den (*Hopea odorata*).
- Provide households with information on legal regulations through communication and training and support them in legal regulations on timber production and processing and help households access to capital investment on advanced technologies to boost productivity.
- Assist people to form collective groups in timber growing, buying, transportation and processing for more efficient production and better implementation of timber legality requirements.
- Trial the recommendations in pilot schemes first.

---

*When "compliance" or another term is used, it applies only to households for which the regulation is relevant, rather than all households.*

## 1. Background and Introduction

Vietnam and the European Union (EU) are negotiating a Voluntary Partnership Agreement (VPA) as part of the EU FLEGT (Forest Law Enforcement, Governance and Trade) Action Plan. The primary objective of a VPA is to ensure the legality of timber and timber products imported into Europe. The signing of a VPA will bring about development prospects for the plantation and timber processing industries in Vietnam. Vietnam will also have the opportunity to improve forest governance through tackling illegal logging, improved transparency in policy making and implementation, and increasing the engagement of timber-dependent communities and civil society generally in forestry.

Two important appendixes of a VPA are the Legality Definition of Timber (LD) and the Timber Legality Assurance System (TLAS) which systematize the timber-producing country's laws and regulations on timber legality and governance. Timber products are considered legal only if they meet the regulations as required by the LD and TLAS. When the VPA is implemented, requirements on timber legality will also be applied to products sold in the domestic market, which will impact all enterprises engaged in timber harvesting, transport, processing and retail. Failing to meet requirements will cause problems for households<sup>2</sup> engaging in both the domestic and export market. This study aims to evaluate the households' ability to fulfill some legal requirements presented in TLAS. Some policy recommendations follow to encourage timber legality and reduce the potential negative impacts on vulnerable groups.

The research was distributed over the North, Centre and South regions of Vietnam in Thai Nguyen, Yen Bai, Thanh Hoa, Hue, Binh Dinh, and Ba Ria-Vung Tau Provinces from April to September 2014.

This report comprises four sections. The first section gives an overview of the context and research objectives; the second is about the methodology, the targets and study areas; the third presents main findings and discussion; and the last section is conclusions and recommendations. As a general report of research findings from three regions, the report does not go into every detail, but will instead focus on the essential information that matches the research objectives. Details about each province / region can be found in the provincial reports attached.

## 2. Study areas and Research Methods

### 2.1. Research focus

Four steps were taken in the investigation: i) Study the features of each study area; ii) Study the current status of timber chain; iii) Determine the legality of timber and timber products from households and their compliance with legal requirements; iv) To suggest solutions to improve regulations, minimize risks and improve households' ability to meet current requirements on timber legality.

Study households engaged in the stages of timber tree plantation establishment, harvesting, buying cut timber and transportation, processing and retail were selected based on geographical distribution in research areas and to cover the range of household economy.

This study only concentrates on households and larger enterprises, organizations and companies are not included in this research. It does not study the full chain of wood products, but the households engaged in each stage of the chain. Hence, the research may not include every link of the chain nor links and processes of the chain. Timber trade investigated is from natural and plantation forests and domestic scattered trees, excluding auctioned confiscated illegal timber, rubber wood, and imported timber.

### 2.2. Study Areas

The research was carried out in three regions: the North, the Centre and the South of Vietnam in Yen Bai, Thai Nguyen, Thanh Hoa, Thua Thien - Hue, Binh Dinh<sup>3</sup> and Ba Ria - Vung Tau Provinces (Figure 1).

---

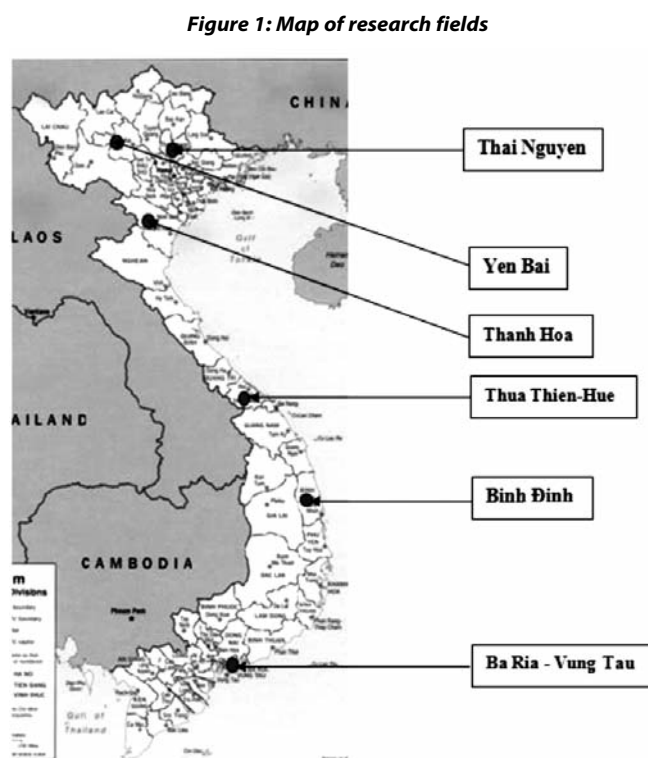
<sup>2</sup>There are very large numbers of single household firms engaged in all aspects of the Vietnamese timber trade, so the term "households" is used as a general term for the small firms that are the subject of this report, as in the Draft Technical Glossary for the VPA.

<sup>3</sup>Research conducted in Binh Dinh only focused on the timber processing stage, with 30 households interviewed.



Within each province, study districts were selected based on: i) similarity of the districts and representative of the study objectives; ii) having sufficient suitable households living on income from forests, timber and timber products; iii) having a variety of the timber chain stages; and iv) being suitable for the staff and resources of the research team.

The selected districts were: Yen Binh (Yen Bai), Phu Luong (Thai Nguyen), Quan Hoa (Thanh Hoa), Nam Dong (Thua Thien – Hue), An Nhon (Binh Dinh) and Xuyen Moc (Ba Ria-Vung Tau). All the selected districts are representative of the forest and social-economic conditions of their provinces and meet the research requirements as well. The selected districts have a forest cover ranging from 40% to 80%, which is high for Vietnam. Except for Ba Ria-Vung Tau, all study provinces have significant proportions of ethnic minority people, including Co Tu, Van Kieu, Thai, Muong, H'Mong, Dao, Tho, Kho Mu, Tay, Nung.



Economic conditions differ widely among the selected districts: Xuyen Moc enjoys quite prosperous economic development, Yen Binh and Phu Luong grow at a medium rate, whilst people in the Central area are among the poorest in Vietnam. In these locations, people and forests have a tight inter relationship with a variety of livelihoods and impacts. From each study area, at least 30 households of each major stage of timber chain are selected randomly to answer the questionnaires.

There is a wide range of forestry policies, including allowing community, groups and households to monitor, protect and benefit from forest lands (under Resolution 178/TTg); contracting forests to households to plant, attend upon, monitor and protect (under Decree 01/CP/1995, as Decree 135/NĐ-CP at present); harvesting timber from natural forests allocated to the community and households or from commune-governed natural forests; and allocating land for planting economic forests (acacia, teak, bamboo, neem tree). Not every household within the study areas has a Land Use Right Certificate, and there may be disputed and encroached-upon lands. Both legal and illegal planted and natural forest timber harvesting and processing may be present.

### 2.3. Research methods and procedures

This research is based on a research outline developed by some members from the VNGO-FLEGT network including SRD, CRD and PanNature, to suit the network's capability and needs brought by the VPA/FLEGT negotiation at a workshop. From this outline, they built a set of research tools, including two questionnaires (Appendix 1). This set of tools was agreed by network members attended at the second workshop. Finally, the questionnaires were re-examined and re-edited in the field and re-agreed upon before carried out.

This research used different tools depending on context and study provinces<sup>4</sup>. The methods were conducted as follows: collection and analysis of documents and secondary information; field observation along with group participation and discussion; household surveys; and verification workshops. Based on the questionnaires, the important task of comparing the household's legal performance in their stage(s) of the timber chain was compared with draft TLAS requirements.

<sup>4</sup>See regional reports for more details of research methods and processes in each Province.

The ability of households engaged in timber growing, harvesting, buying, transportation and processing to meet requirements on timber legality

---

The information collected from the questionnaires was entered into data tables and analysed using Excel and Stat graphics software.

In total, 499 interviews was conducted<sup>5</sup>, of which 166 are with households engaged in timber plantations and scattered trees (the Forest Plantation group), 64 in Forest Harvesting group, 100 in the Timber Buying and Transportation group, and 169 in the Timber Processing group (Table 1). Additionally, 5-10 group discussions and conferences were held with local officials and key information providers from each study area.

**Table 1: The number of surveys in different groups in North, Centre and South regions**

	Forest growing Group	Forest Harvesting Group	Timber Buying & Transportation Group	Timber Processing Group
North	62	35	56	61
Centre	42	25	40	74 <sup>6</sup>
South	62	4	4	34
Total	166	64	100	169

### 3. Main findings

#### 3.1. Timber Growing Households

##### 3.1.1. Overall situation

There were 166 timber planting and tending households surveyed (Table 2), of which 72% of interviewees were male and 28% were female. Of the households, 45% are of ethnic minority people (75 households) and the rest are Kinh people (91 households). The majority of interviewees (90%) are local people (those living in the area since before 1990) and all are permanent residents. There are usually 4-5 people per household, with 2-3 workers.

Of the forest planting households, 45% have a main livelihood in agriculture and 33% have a main livelihood in forestry. The proportion of those living on any other income source is low. On average, 80% of households have high school education or above, but only 55% in the Central provinces. Overall, the proportion of forest planting households under the poverty line is 8%, with 13% slightly above the poverty line mainly in the Centre.

On average for this group, revenue from plantation and scattered trees consists of 41% of net income, ranging from 29% in the Centre to 37% in the South to 48% in the North. Households in the North can earn gross revenues of 70-80 million VND per hectare, in the South 50-60 million VND per hectare, and 42-45 million VND per hectare in the Centre, given a planting density of 2,500-3,500 trees (acacia) per hectare.

A household's net income after excluding those costs are about 50-60 million VND per hectare in the North, but only 25-30 million VND in the Centre. Timber revenue accounts for a higher proportion in middle income households (42%), than in poor and nearly poor households (31.5%). Although average annual income from forest plantation is not high, the money comes as a large sum altogether so that households can afford their costly needs such as weddings, investment, machine purchases, or construction.

---

<sup>5</sup>A total of 373 household took part in (499) interviews of different stages, among which 281 households were engaged in one stage, 68 in two stages, 14 in three stages and 10 in all four stages of the timber chain.

<sup>6</sup>Including 30 processing households in Binh Dinh

---

The ability of households engaged in timber growing, harvesting, buying, transportation and processing to meet requirements on timber legality

Timber grown is mostly from fast growing species such as hybrid acacia, acacia, plus “bo de” (*Styrax tonkinensis*) planted in the 1990s in the North. It takes 6 years in the North, 4-5 years in the Centre, and 5 years in the South to harvest the key plant – acacia (keo).

The household’s timber plantations cover an average area of 5.1 ha, from 2.1 ha in the Centre to 7.0 ha in the South. Trees can be planted on zoned forestry and agricultural lands, and in scattered small areas, and on levees. Plantation forests on agricultural lands cover a large area in the North (56 households, 5.8 hectare per on average) and in the South (36 households, 2.8 hectare per). The households in the Centre plant the largest areas of scattered trees, with 0.86 hectare per household on average.

**Table 2: Some features of interviewees in the timber plantation group in 3 regions**

	North	Centre	South
Percentage of ethnic minorities (%)	79.0	57.1	3.2
Percentage of new residents (arrived after 1990) (%)	9.6	0	17.7
Percentage of timber-derived revenue (%)	48.4	28.5	37.2
Percentage of poor and nearly poor households (%)	16.1	52.3	6.4
Percentage of people graduated from high school and above (%)	93.5	54.7	82.2

Authorities’ support for forest plantation households differs from one province to another. Most of the households do not have to pay any taxes or costs, with only 16% having paid such taxes as forest harvesting tax and harvesting and transport fees<sup>7</sup>. In some regions, households are assisted with consultation, planting techniques and capital (seedlings).

Forest growers do not harvest themselves but timber harvesters and log traders are in charge. During harvesting and transporting, in some areas local authorities assist them with required documentation but in some others, households may not receive such assistance. In the Centre region, people have to deal with low-productivity plantations, forest thefts, and natural disasters and floods.

### 3.1.2. Current legal status in compliance with legal requirements

Evidences on wood legality relating to forest growers are mainly land use rights or forest use rights in the forms of various documents including Decision on Land Allocation (Prior to 15/10/1993); Land Use Rights Certificate (since 15/10/1993); Decision on Forest Allocation; Forestry Book; Decision on Leasing Land; or other legal documents under the Land Law.

Out of 166 households, 143 plant plantations only, 20 plant both plantations and scattered trees, and three only plant scattered trees. In general, the percentage of households holding legal documents is high (83.7%) (Table 3). Yet among households who plant plantations, only 73.6% have sufficient legal documents for their lands, the rest only have documents for some plots or no documents. Most households that plant scattered trees have legal papers (82.6%).

The most common documents verifying land use rights for plantation households are the Land Use Right Certificate (since 15/10/1993) (58%); the Decision on Forest Allocation (Decision on leasing land with other forest title holders) (17.8%); Decision on Land Allocation (since 15/10/1993) (7.6%) with other documents in small numbers. Among scattered tree planting households, the Decision on Land Allocation (since 15/10/1993) is the most common document (46.2%), followed by the Decision on Forest Allocation (from 15/10/1993 to 1/7/2004) (30.8%).

<sup>7</sup> As these charges are not obligatory, they do not represent households’ compliance with the law.

**Table 3: Legal status on Land use right certificate**

	Have Land Use Rights for all plots/areas	Have Land Use Rights for some plots	No Land Use Rights
Plantations (no. of households)	120	26	17
Scattered planting (no. of households)	19	2	2
Percentage (%)	83.7	16.9	11.4

Lands zoned for agriculture make up half of the lands without land use right documents, and the rest are zoned forestry lands. Households that lack documents due to the fact that they do not need them, or they are in the middle of administrative procedures, or they operate on undisputed inherited lands account for 57% of the households; 30% of the households lacking documents have encroached on lands, and for the rest (13%) the reason is overlapping land mapping, changes in administrative boundaries etc. So, among 166 forest growers, only 7% have lands without legal documents facing impediments, due to disputes, changes in administrative boundaries, overlapping mapping, etc. There are no significant differences in ethnic or economic status between households who possess land use right documents and those who do not.

Thus, the majority of plantation and scattered tree planting households have the right to operate on their lands formally or informally (without documents). Incomplete documentation is not currently a big problem in timber harvesting and selling in many areas due to the support and flexibility of local governments. However, this legal document shortage and the flexibility of local authorities to support these cases could be a serious problem that affects the effective and transparent implementation of a VPA.

To many forest growers, a Land Use Right Certificate is of high importance in securing loans and being able participate in local support activities in afforestation. Although difficult, it is crucial to advance procedures to issue certificates for lands currently without land use rights and on disputed and encroached-upon lands.

Weighing both pros and cons, nearly 30% of the timber growing group think that the biggest advantages at present are the high economic benefits from plantations and the benefit of the money in a lump sum, high quality land, available seed plants, and pest-free plants. About 19% of the group says they have received advice and support from local authorities in planting and harvesting, in dealing with lands without legal documents and in required procedures, especially in the North. The disadvantages involve the shortage or mismanagement of capital, especially to major forest plantation households in the North and the South (32% of the group). Difficulties in timber transportation force people to pay more for road construction or cut off their trade profits (14% of the group).

Timber growing households, especially in the North and the Centre making up 32.3% of the group, expect more material support (seeds and fertilizers) and technical assistance including simple harvesting and management plan. Households in the North and the South (31% of the total) wish to gain access to capital assistance or get loans at a preferential rate. About 15% of the households expect assistance in addressing land disputes and stable and long-term land allocation.



## 3.2. Timber Buying and Harvesting Households

### 3.2.1. Overall situation

Harvesting requires means, skills, documentation and networks, so most plantation households do not conduct harvesting themselves, but engage harvesting households or the owners of processing factories for harvest and transportation, and to manage legal documentation as well. Then timber was harvested by a professional team. Scattered tree households often manage harvest and transport themselves, as the amount of timber logged is small and mainly provided to their family or local people.

We surveyed 64 harvesting households, comprising 35 households in the North, 25 in the Centre and 4 in the South (Table 4). These are typical of the local area, with 4-5 people per household, including 2-3 workers. A majority of households are local residents (97%). 64% of the households interviewed are ethnic minorities (mainly in the North and Centre) and only 17% are poor households largely in the Centre. This group not only enjoys relatively prosperous income, but also has high education level: 70% graduated from high school and above. Of the interviewees, 19% were female.

Unlike timber growing households that depend heavily on agricultural livelihoods in addition to forestry, many timber harvesting households primarily live by forestry (50%), followed by those primarily living via agriculture (37.5%), then other means such as wages and private business. Timber-derived revenue accounts for 52% of the households' income on average (Table 4). Kinh people have a higher percentage of timber-derived income (61%) than ethnic minority groups (46%).

**Table 4: Some features of timber harvesting group**

	North	Centre	South
Percentage of ethnic minorities (%)	88.5	40.0	0.0
Percentage of immigrants (arrived after 1990) (%)	2.8	4.0	0.0
Percentage of income from timber (%)	51.7	55.6	42.5
Percentage of poor and nearly poor households (%)	20.0	40.0	0.0
Percentage of people graduated from high school and above (%)	91.4	36.0	100.0

Many households of this group also plant and harvest forests by themselves. There are 15 households doing seasonal harvesting hired by major harvesting households. Harvesting households harvest 960 m<sup>3</sup> of timber per year on average. Yet the amount households harvest fluctuates in a wide range, from several m<sup>3</sup> to 10,000 m<sup>3</sup>. Up to 84% purchase and harvest plantation trees, and 16% focus on scattered trees and very small harvests, including natural wood.

### 3.2.2. Ability to meet legal requirements

Timber harvesting households have to comply with many regulations and procedures<sup>8</sup>. Forest or Land use right certificate and harvesting documentation are required, depending on the type of forest and timber. Common documents include the harvesting design, the packing list of timber, an environmental protection commitment, a table of expected products (Table 5). Many of these procedures need to be certified by the District PC, and some by the Commune PC.

Around 73% of harvesting households have applied for one or more forest harvesting permits from local authorities, principally the Commune PC. There are two particular cases that require households to obtain permits from forest title holders or Department of Environment and Natural Resources of the districts<sup>9</sup>.

---

<sup>8</sup>Many households in this group are also engaged in trade and transportation activities, but in this section, we only consider their ability to meet requirements on forest harvesting.

<sup>9</sup>Under the regulations, the People's Committee (of commune, district or province) and local rangers consider the harvesting level and forest types in order to identify and certify the related documentations. Environment and Natural Resources Department or forest title holders do not issue harvesting permits.

---

The ability of households engaged in timber growing, harvesting, buying, transportation and processing to meet requirements on timber legality

**Table 5: Some required documents for timber harvesting households**

Type	Requirements/ Evidence
Lands/forests legality	One type of land use right certificate
Natural forests	1) Harvesting project, 2) Harvesting design, 3) Harvesting design area map, 4) Tree marking list, 5) Minutes on appraising the harvesting design, 6) Harvesting design dossier, 7) Forest harvesting permit, 8) Checking-and-acceptance record of timber, 9) Packing list of timber, 10) Minutes of placing forest hammer marks (for valuable and large-sized round timber <sup>1)</sup> , 11) Environmental assessment report or Environmental Protection Commitment (to harvesting areas <200 hectares), 12) Taxes and fees.
Plantations funded by State budget	1) Harvesting design, 2) Harvesting design area map, 3) Harvesting design dossier, 4) Forest harvesting permit, 5) Packing list of timber, 6) Minutes of placing forest hammer marks (for valuable and large-sized timber), 7) Environmental assessment report or Environmental Protection Commitment (to harvesting areas <200 hectares), 8) Taxes and fees.
Plantations invested by own capital	1) Harvesting registration, 2) Table of expected products, 3) Packing list of timber, 4) Minutes of placing forest hammer marks (for valuable and large-sized timber), 5) Environmental assessment report or Environmental Protection Commitment (to harvesting areas <200 hectares), 6) Taxes and fees.
Timber harvested from farms and scattered trees.	Harvesting registration, 2) Table of expected products, 3) Packing list of timber, 4) Minutes of placing forest hammer marks (for valuable and large-sized timber), 5) Taxes and fees.

In the Centre where many households harvest from natural forests, some of them believe that these are public forests under the Decision on Land or Forest Allocation. None of the 10 natural forest harvesting households holds the required documents on land or forest use rights and harvesting natural forests, shown in Table 5. Natural forest timber may be mixed with timber from household gardens, farms and scattered trees.

Households state that timber cut from farms, burnt-out lands, and scattered trees are all legal, but they lack permits or any documents (Table 5). Only three of eight households comply with two out of five requirements (Harvesting registration and Table of expected products), but fail on other requirements, such as the Packing list of timber and Minutes of placing forest hammer marks for endangered and large-sized timber (even though they do harvest these types<sup>1)</sup>). This is because they think the amount

<sup>1)</sup>Where round timber is of regulated species, with the large end diameters are  $\geq 25\text{cm}$  and length  $\geq 1\text{m}$ . Timber sawn, shaped into box in forest are  $>1\text{m}$  in length,  $>5\text{cm}$  in thickness and  $>20\text{cm}$  in width (Decree 44 on placing hammer marks, on 01/06/2006 of Ministry of Agriculture and Rural Development). Including *Dalbergia Oliverii*, *Pterocarpus pedatus* Pierre, *Sindora maritima* Pierre, *Dalbergia cochinchinensis* Pierre, *Xylia dolabriformis* Benth, *Hopea pierrei* Hance, *Homalium caryophyllaceum* Benth, etc.

of natural forest timber harvested is insignificant, and often provided to families or local factories, thus the transportation distance is short. It is clear that illegal natural forest harvesting still happens in the areas where natural forests remain, but as the households harvest in small scale and by various ways, it is hard to monitor.

Households harvest largely from household-invested or state-subsidized forest plantations<sup>12</sup>. Eleven households harvest from plantations invested by state budget. The compliance of forest plantation group to legal land ownership is high: above 90% harvest from legal lands, and the majority of them have Land Use Right Certificate or Decision on Land or Forest Allocation. Among those households harvesting from their own capital investment or from state-subsidized forest plantations, the percentage of those holding these two documents are 69% and 29% respectively, compared to 27% and 72% respectively from those harvesting from plantations funded by the state budget. Other documents are insignificant numbers.



*Figure 2: Rosewood used in fine arts in the Centre*

However, very few households meet other requirements on harvesting plantations. Among those harvesting from forests invested by the state budget, none of 11 households has Harvesting design, Harvesting design area map, Harvesting design dossier, Forest harvesting permit, Packing list of timber and Environmental Protection Commitment documents. The compliance rate is also rather low and insufficient among households engaged in harvesting from household-invested forests. Of the 47 households harvesting from self-financed plantations, 70% acquire Harvesting Registration and 67% have Table of expected products certified by the Commune PC. Compliance is highest in the South, followed by the Centre and the North. 71% of the households in the North and 50% in the South have Packing list of timber (not belong to the regulated wood). No household in the Centre has this document, although it is issued only by forest title holders.

Of 10 households harvesting from self-financed plantations/trees of regulated species, only 20% have Minutes of placing forest hammer marks, and 30% have a Packing list verified by local forest rangers (all in the North). The percentage of households that have Environmental Protection Commitment certified by local authorities is even lower, at only 9% of 23 related households. None of the households in the South and Centre has these documents.

When being asked about advantages and disadvantages of the current situation, 65% of forest harvesting households highly appreciate the role of local authorities and relevant departments in assistance to follow procedures. Of the households that harvest from natural forests, farms and scattered trees, half cite an advantage in high market demand and abundant and cheap labour. The major disadvantages to harvesting households involve challenging traffic and transportation, which make them invest in roads (31.9%) and lack capital (27.6%). Of those who harvest from scattered trees, farms and natural forests, 71.4% face challenges of shortage in labour having technical knowledge.

Plantation harvesting households wish to gain access to capital assistance or get loans at a preferential rate (stated by 30.7% of households); get investment support for transport roads (23%); obtain materi-

---

<sup>12</sup>In many areas, people were subsidized with state seedlings

**Table 6: Compliance of households harvesting from self-funded plantations**

Requirements	North (%)	Centre (%)	South (%)	Total (%)
Harvesting registration approved by Commune-level PC	59.2	81.2	100.0	70.2
Table of expected products verified by Commune-level PC	56.0	81.2	75.0	66.6
Packing list of timber (for non-regulated wood) certified by forest title holders)	71.4	0.0	50.0	50.0
Packing list of timber (for regulated wood i.e. need hammer marks placed and certified by Forest Rangers)	100.0	0.0	0.0	30.0
Minutes of placing forest hammer marks	100.0	0.0	0.0	20.0
Document on accepting the Environmental Protection Commitment (harvesting areas < 200 hectares)	12.5	0.0	0.0	8.7

al support for forest plantations<sup>13</sup>, technical guide and advice, administrative procedures completed (Land use right certificate), and resolution for disputed lands (23%). Of households harvesting from family farms, 85.7% state that material support for forest planting, and technical guide and advice focused on local trees can support their livelihood.

Generally, households tend to meet requirements that are simple, easy to understand and suitable for their capability. The documents issued by forest or timber owner may have a higher compliance rate as the households take the initiative (for example the Packing list of timber from plantation forests). Households often make decisions that favour them most, regardless of the legal regulations.

Households harvesting from plantation forests and scattered trees largely meet requirements on Forest Use Right Certificates, but do not fulfill well requirements on keeping harvesting documentation and the environmental protection commitment. Some requirements for planted forest, farm and scattered trees are complicated and not practical at household level, such as those on Harvesting design, and Minutes of placing forest hammer marks. Some of these requirements are of low obligation, and even if met it is just a procedure, because of the flexibility of authorities, and thus are not effective.

It is difficult to monitor and cope with mixtures of timber from plantation forests, farms, scattered trees and illegal timber harvested from natural forests. The low compliance rate to some requirements (Minutes of placing forest hammer marks and Packing list of large-sized and valuable timber) is partly due to timber illegality.

Two parallel objectives are needed: i) simplify the procedures for harvesting from plantations, farms and scattered trees; and ii) prevent the mixture of timber from planted, scattered trees and illegal natural forest timber. Managing timber harvesting by groups of households collectively can solve some of

---

<sup>13</sup>In addition to the fact that many harvesting households are also forest growers, they think that the expansion of forest area can secure their career.



*Figure 3: Harvesting hybrid acacia in Nam Dong, Thua Thien – Hue*



above challenges. In addition to forest allocation to communities and groups, the households might group themselves to manage and harvest in large-scale to reduce cost. Group working allows to build simplified and sustainable forest management plans. A simple harvesting management plan for grouping households in table form should be built to replace current formal documentations.

### **3.3. Timber Buying and Transportation Households**

#### **3.3.1. Overall situation**

We surveyed a total 95 households for whom timber buying and transportation is the major profession and an additional of 5 household for whom it is a minor activity (they live on timber plantations). Most households in this group both trade and transport timber, with few majoring in either trading or transportation (16%).

Trading and transportation households purchase harvested timber and transport it to processors, so are important in connecting plantation and processing households. After reaching an agreed price, the buyers have the harvesting team conduct the work as quickly as possible, and the plantation and title holders can restart the plantation cycle.

Almost all households are local (95%) and permanent residents (99%), of which 41 households are ethnic minorities living in the North and the Centre (Table 7). Female interviewees accounted for 21% of the total. There are 4-5 people on average per household, including 2-3 workers. The majority of transportation households are prosperous (86%), run private businesses and are graduates of high school or above (87%). Only 2 households are at a poor household level (Table 7).

Timber trading and transportation is the major livelihood of most this group, with 70% of the households living mostly on forestry, making up 58% of their income. 17% of the households largely live on

agriculture. Kinh households are more dependent than ethnic minority households, with timber income accounting for 63% and 50% of their total respectively. There is a correlation between timber-derived revenue and household income. The percentage of timber-derived income per poor, nearly poor and prosperous household are 20%, 44% and 61% respectively.

A high proportion of timber transportation households work with planted trees. Of this group, 88 households principally transport and trade timber from plantations, four trade timber from scattered trees or in small lots, and eight trade and transport all kinds of timber. The amount traded by each household averages >1600 m<sup>3</sup> per year.

**Table 7: Some features of timber buying and transportation households**

	North	Centre	South
Percentage of ethnic minority people (%)	66.0	10.0	0.0
Percentage of timber-derived income (%)	60.0	54.6	57.5
Percentage of poor and nearly poor households (%)	23.2	2.5	0.0
Percentage of people graduated from high school and above (%)	92.7	82.0	100.0

These households largely take charge of documentation on transaction and transportation. In many areas, local authorities relax procedures for households to harvest from plantation forests. Households' compliance is incomplete and discontinuous. There are cases where households prepare the required documentation once for a certain amount of timber, then use these documents repeatedly when they pass forest ranger stations, especially for natural forest timber.

### 3.3.2. The ability to meet requirements on timber transportation and trading

Timber buying and transportation activities are regulated by rules that depend on the source and type of timber, such as whether the timber is from registered businesses or households, sourced from natural forests or plantation, or before or after processing or treatment. There are various kinds of trading documents (plus documentation on the means of transport and other traffic-related regulations, which is not included in this study). The documentation required for this group are VAT invoices (if the timber is from registered businesses), the packing list of timber certified by forest title holders or forest rangers, and minutes of placing forest hammer marks for large-sized and endangered timber.

For transporting unprocessed natural forest timber, the majority of households have legal documentation such as VAT invoices when purchasing timber from registered businesses (75%), a packing list certified by forest rangers (93%) and minutes of placing forest hammer marks (100%). While harvesting households do not fully obtain all the documents for natural forest timber, households engaged in natural forest timber transport largely comply with requirements. Many households think that the documents on natural forest timber transportation and trade often originate from auctioning confiscated illegal timber. Additionally, natural forest timber trade households may use one set of documents for multiple shipments (also known as colloquially as the "prescription", only to be used when being "examined").

Households incompletely meet the regulations on trading and transporting processed timber and products from natural forests. Among 29 surveyed households (including those trading valuable and large-sized timber), 90% do not have VAT invoices while buying from registered businesses, and 83% do not obtain a packing list of timber. In trading logs of large-sized and regulated species separately, up to 97% of households do not obtain Minutes of placing forest hammer marks, as well as Packing list certified by forest rangers. This shows natural forest timber transport is hard to monitor.

Households comply rather well with the regulations of VAT invoices, Packing list, Minutes of placing forest hammer marks on unprocessed natural forest timber, yet in reality, their compliance is just a formality, except for illegal timber that is confiscated and auctioned. A large amount of natural forest timber is traded but the majority is without documents, due to illegal harvesting from natural forests and sourcing from scattered trees on farms and mountain fields. In the Centre, many households store timber for multiple purposes or to trade from small quantities to lots of 5-7 m<sup>3</sup>. Except a small proportion of this amount is allocated to ethnic minority people<sup>14</sup>, the rest is timber harvested by households from natural forests, then gathered all, or stored. All these kinds of timber are without legal documentation, partly due to illegal harvesting, and to complicated and challenging requirements on trade and transportation, which make people to hesitant to spend time and money and potentially face legal problems.

There are 62 households surveyed from all regions engaged in transporting raw logs from plantations, farms and scattered trees. Of these, 40% have acquired VAT invoices when purchasing timber from registered businesses, 44% have not (but know about the regulation), and 16% do not know about the regulation. In fact, household traders are not required by law to provide invoice for a transaction (however, they can buy VAT invoices for each batch of goods at the Tax Department of the District when necessary), and they are unwilling to provide them unless buyers request invoices. So on one hand, VAT invoices are required for timber purchased from organizations; on the other hand, the law does not require the households to present the invoices. This contradictory fact makes the use of VAT invoices as a verifier of timber legality less meaningful. Regarding the Packing list of timber verified by forest or timber owners, 74% of the households have this document, 23% do not have, and 3% do not know about this requirement.

For households transporting large-sized and valuable round timber, only 14% of households have Minutes of placing forest hammer marks, 11% do not have the records and 75% are unaware of it, mainly in the North. Around 37% have the Packing list of timber, 23% do not have it and 40% do not know about the requirement.

Regarding trading and transporting processed timber and wood products from plantations, farms and scattered trees, of 53 households surveyed, only 36% have VAT invoices as required, 40% do not have and 25% do not know about the requirement. Around 51% have a Packing list issued by timber owners, but the rest are aware of this requirement.

Regarding trading and transporting round timber which required hammer marks, up to 97% of 30 related households do not obtain Minutes of placing forest hammer marks, and 74% do not have Packing list issued by the harvesting team or forest title holders and certified by local Forest Ranger.

Of 100 trade and transportation households, at least 93 households have business registration and pay business tax, even though registration is not required by law. The rates of paying tax are 92% in the North, but 50% in the Centre and the South. Apart from business tax, 60% of households have records of VAT invoices, 26% do not and 15% do not know of the requirement. However, only 48% have dossiers on declaration of business tax payment and 39% are not aware of this. Only 25% of households have VAT payment receipt, and only 12% have natural resources tax receipt on round timber harvested from natural forests for the domestic market.

When being asked about advantages and disadvantages of the current status, 45% of natural forest timber trading and forest households find the biggest advantages in high timber supply (both legal and illegal), easy sales in an available market and simple transportation, while 18% of them favor the abundant labour forces. The most challenging disadvantage is competition, unstable prices (36% of interviewees) and poor traffic conditions (27%).

To households working with plantation timber, the main advantages are abundant timber supply, easy sale and transportation (40% of those trading unprocessed timber and 69% of those trading processed

---

<sup>14</sup>to abolish temporary houses under Decree 134/2004/QĐ-TTg

timber); procedures being assisted by relevant parties (34% of households trading unprocessed timber and 17% of those trading processed timber).

Overall, the biggest challenge to households transporting plantations timber is increasingly inadequate supply. Due to unfavorable local planning for production, processing factories can outgrow local supply, leading to unfair competition (by non-registered low cost traders) and forcing households to purchase materials from further away, which raises costs, lowers profits, and makes it harder to manage the materials (30% of interviewees). Another 30% find the road conditions difficult. Households are also have limited access to stable long-term capital. In the Centre, the biggest challenge is to obtain the documents verifying timber legality. A total of 52% of households look forward to improved roads into harvesting areas, and 20% want to access to capital loans at a preferential rate and assistance to expand their business.

The survey data on the households buying and transporting timber from plantation forests, especially specialist harvesting households, indicates they comply rather well with business activity requirements, such as business tax payment and VAT payment. However, they meet other requirements, such as VAT invoices dossier, packing list, and minutes of placing forest hammer marks more poorly. Simplified procedures and better communication with the households may encourage better compliance. Timber from plantations and scattered trees should be seen as normal goods, and the requirements on receipts, packing lists, minutes of placing forest hammer marks should be replaced by a timber legality certificate issued by the communal PC or local Forest Ranger.

### 3.4. Timber processing households

#### 3.4.1. Overall situation

A total number of 169 households were surveyed, including 61 in the North, 74 in the Centre and 34 in the South (Table 8). The majority are Kinh people (80%), and female interviewees accounted for 15% of the total. Around 83% of households are local people and 95% are permanent residents. Like other groups, there are 4-5 people on average per household, of which two are working.

Timber processing is the main livelihood of 78% of households in this group and agriculture the main livelihood for 13%. Timber-derived income accounts for about 73% of their net income overall, but the proportion for poor households is lower (60% of net income). Most of these households are relatively prosperous (92%) and are graduates from high school and above (83%). Apart from processing, 18% also take part in plantation development, and about 5% in timber transportation.

**Table 8: Some features of timber pre-treating and processing households**

	North	Centre	South
Percentage of ethnic minority people (%)	49.1	4.0	0.0
Percentage of immigrants (after 1990) (%)	13.1	9.4	38.2
Percentage of timber-derived profits in net income (%)	72.9	73.7	69.2
Percentage of poor and nearly poor households (%)	11.4	2.7	14.7
Percentage of people graduated from high school and above (%)	90.1	77.0	82.3
Percentage of business registration (%)	93.4	79.5	79.4



Overall, 84.5% of households have registered their timber businesses with local authorities (Table 8). Registered households are relatively big, with stores and factories and pay annual business tax and fixed tax<sup>15</sup>, and other fees such as road fees, harvesting fees and transportation fees. Of the 169 households surveyed, 51 use natural forest timber, 52 use plantation timber, eight use timber from farms and scattered trees and 58 process many types of timber. The majority of timber processing households also engage in timber buying and retail (84%).



**Figure 4: Corner of a factory processing rotary veneer in Yen Binh, Yen Bai Province**

The households processing plantation timber (mainly in the North and the South) use about 1100-1200 m<sup>3</sup>/ year from forest plantation households to produce wood chips, rotary veneer. Processing households in the Centre largely produce furniture such as cabinets, beds and chairs. These households usually work to order and use natural forest timber (90%) and scattered trees. The average timber consumption per household is 61m<sup>3</sup>/ year. Timber processing households often purchase natural forest timber from a number of sources, including illegal harvesting households, or use timber supplied by the customer. In this case the processing households work as contracted or hired labor. The supply sources are various, but the common feature is valuable natural forest timber without legal documents.

Owners of the timber plantation factories do not engage in direct processing, yet act as the managers cum supply and customer hunters. Each factory has 5-10 permanent workers to manage machines and hire many seasonal workers, the majority of whom are women and children drying the timber products. The main workers are often from the families or neighbours. In contrast, in furniture processing workshops, the owners are also main labor working besides other 2-5 workers.

As most workers are relatives, neighbours or locals, households do not provide required benefits like labour contracts, accident insurance and social insurance. In many areas, seasonal labourers are paid by the working day. Processing households use simple machines made locally or in China (especially factories in the North). They are unsafe and wasteful of timber. Generally, small processors and those in remote areas with little access to information on requirements have poor and subjective compliance.

### **3.4.2. The ability to meet requirements on timber processing**

The households engaged in timber processing have legal obligations on environmental protection, fire prevention and fighting and labour safety and hygiene, as well as requirements on legal timber origin documentation and taxes (Table 9).

Up to 84.5% of processing households hold a Record of business registration for timber processing, which is a prerequisite to operate the business. The rest are aware of the requirement, but are mostly small scale or operate in a remote area with little supervision by authorities.

Regarding environmental protection, 47% of households have PC-issued documents on accepting an Environmental Protection Commitment. However, fewer households comply with requirements on FPF and labor safety and hygiene: only 41% have FPF Regulations ratified by the FPF Office and only 35%

---

<sup>15</sup>An average 400,000 VND per month per household in the Centre.

The ability of households engaged in timber growing, harvesting, buying, transportation and processing to meet requirements on timber legality

---

make labour safety regulations ratified by the Labour Safety and Hygiene Department. Overall, households in the North do better than in the Centre and the South. Only 20-25% households in the Centre fulfil these requirements. Households do not see the need for these requirements, although the majority are aware of them while local authorities are not strictly supervising and ensuring implementation. Most timber processing households have difficulty in proving timber legality. Of 95 households using timber harvested from community forests, 45.2% have a Commune PC-certified Packing list for natural forest timber. The rate is higher for timber harvested from community plantation forest. Among the 153 plantation timber processing households surveyed, 55.5% have a Packing list of timber from plantation forests certified by the forest owner (Figure 5). The compliance rate is high in the South (100%), followed by the North (77%) and is low in the Centre (24%).

**Table 9: Some requirements for preliminary treating and processing households**

Type	Requirements/ Evidences
Legality of production activities	Record of Business Registration for private timber processing
Environmental protection	Environmental Protection Commitment signed by households, approved by District or Commune PC
Fire prevention and fighting	FPF Regulations ratified by FPF Office
Labour safety	Regulations ratified by Labour Safety and Hygiene Department
Documentation on timber legality	1) Packing list of timber (certified by timber owners, Commune PC or forest rangers), 2) VAT Invoices (if timber purchased is from registered businesses), 3) Minutes of placing forest hammer marks (for large-sized and endangered trees) 4) Taxes and fees.

Of 140 households surveyed who purchase timber from registered businesses, only 28% have VAT invoices as required. While 100% of the households in the South comply, only 10% in the North and 25% in the Centre do so. Of households using natural forest timber, 38.8% have a Packing list certified by the local forest rangers, but only 31% in the Centre where high proportion of natural forest timber is used. For plantation timber, 38.9% of processors have a Packing list and 13% of them are unaware of this requirement.

The compliance rate is even lower when it comes to timber purchased from households and individuals. Among 78 households surveyed using natural forest timber, only 33% have a Packing list certified by the local Forest Rangers or the Commune PC (depending on whether it is for before or after processing timber) (Figure 5). In the Centre the compliance rate is less than 19%. However, of 147 surveyed households using plantation timber, 53% have Packing list certified by timber owners, and 100% households in the South all have this document.

Households poorly meet requirements on trading large-sized and endangered timber. Of 106 households processing this kind of timber, only 28.3% own Minutes of placing forest hammer marks, and 29.4 have a Packing list of timber. About 20% do not know of the requirements.

The majority of processing households fully comply with paying taxes, as this is an important condition for their production. Of 168 surveyed households, 80% pay taxes regularly. Of 135 households that have their business registered, 95% keep dossiers on declaration of business tax payment. But only 40% keep dossiers on declaration of VAT, and 18% do not know about this requirement. Only 14% of 95

The ability of households engaged in timber growing, harvesting, buying, transportation and processing to meet requirements on timber legality

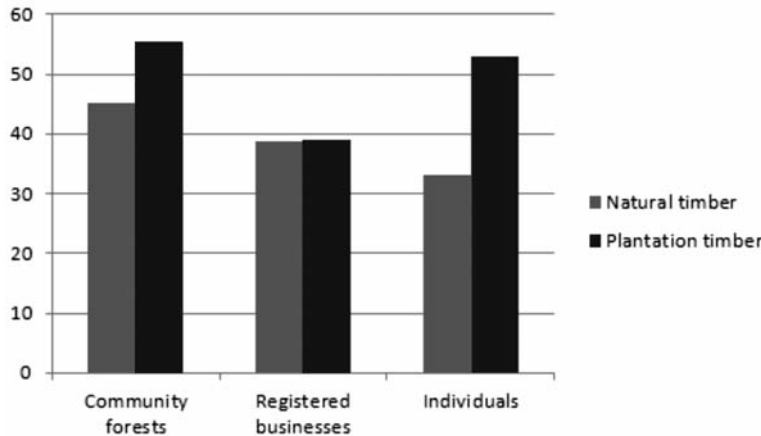


Figure 5: Chart (%) on compliance rate of packing list of timber from different sources

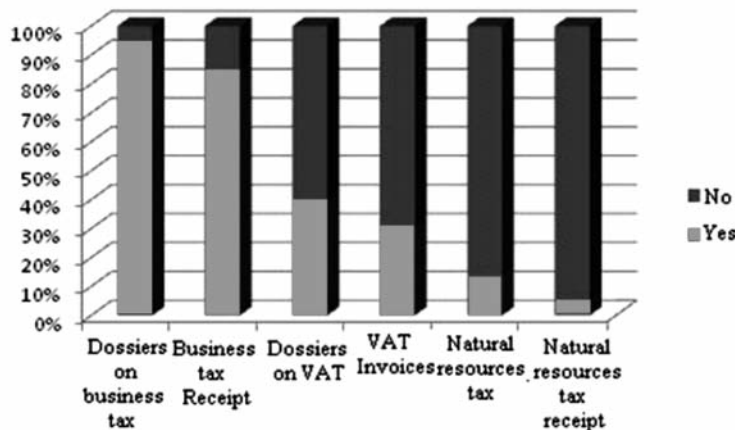


Figure 6: Percentage compliance rate for paying tax and keeping dossiers by processing households

applicable households say they have dossiers on Declaration of natural resources tax payment needed for processing round timber from natural forests, and 32% were not aware of this regulation (Figure 6).

Of 133 households, 85% have business tax payment receipts and 31% have VAT payment receipts. Only 5% have natural resource tax payment receipts on natural round timber, and 33% (30 households) do not know about this requirement.

When being asked about advantages and disadvantages, 38% of 133 processing households think they benefit most from a cheap and skilful labour force and 27% suggested the purchasing of raw materials from various sources. They suggested three equally challenging disadvantages: A capital shortage with slow circulation and high interest rates; an unstable and highly competitive market for their products; and increasingly scarce and unreliable raw materials. Among these three challenges, the issue of lack of capital is the most pressing in the North and South and raw materials and markets matter more in the Centre. Raw material origin is the most pressing problem to households in the Centre as they largely use timber

from unverified sources. Improving procedures of harvesting and transportation and increasing supply will partly solve the problem. Of 133 households surveyed over the three regions, 50% hope for access to loans at a preferential rate to boost production and favours in tax payment.

With the exception of the requirements on business licences and business tax, it is difficult for timber processing households to comply with current requirements on environmental protection, FPF, labour safety and hygiene. There is a very low proportion of households with legal documentation, including VAT invoices and Packing list of Timber except in the South. It is especially so in the Centre for households using natural forest timber.

Some have documents proving timber legality only for a small amount of auctioned confiscated timber purchased from forest rangers, forest management boards, and from timber companies. Even legal documents from plantation forests, private farms and scattered trees is lacking. Many processing households do not obtain these documents to save costs, and only pursue them when forced or as requested by customers. There are some requirements that households will only implement temporarily. This is partly because local authorities lack monitoring capacity or are flexible to enable these households to continue running their businesses.

## 4. Conclusion and Recommendations

### 4.1. Conclusions

In general, the chain of verification in the timber chain is of low consistency at the household level. The inheritance can be observed in the certification of land/forest use rights between people who plant and those who harvest and trade. Yet other important verifiers seem to be interrupted throughout the chain<sup>16</sup>. Households often obtain legal documentation only when necessary. Therefore, identifying the original source of wood products is a challenging issue, at least at the household level and in the context of current governance.

Households engaged in different stages of the timber chain abide by the regulations at different levels. There is almost no notable difference in most issues and indicators between Kinh people and ethnic minority people or among households of different wealth, however there are regional differences in the ability to meet requirements. Generally households are intent on fulfilling simple requirements, but not really for more complicated, challenging and risky regulations. They often make the decisions that favour them, regardless of legal requirements.

Most households planting plantations and scattered trees own formal or informal land use rights. Those who do not have Land Use Right Certificates receive most assistance from local authorities in forest plantation establishment and selling. However, formal land use rights is of high importance for strict compliance, and is also a high hope of households for the rights and benefits it might bring with a VPA. Although the majority of forest harvesting households obtain Land or Forest use right certificates. Still, they have not fulfilled many requirements on harvesting planning for natural forests, on harvesting large-sized and endangered timber, and even for harvesting from plantations, farms and scattered trees. The lack is with Tables of expected products, Harvesting registration, Packing lists of timber and Minutes of placing forest hammer marks and on environmental protection commitments. These requirements are relatively complicated, resulting in their low compliance rate. It is necessary to build simpler harvesting management plans otherwise the requirements, if met, are just temporarily for the formal procedures.

Tree buying and transportation households, especially major ones, mostly comply well with requirements on business activities, such as business licence and dossiers on taxes. Yet they mostly fail to meet other requirements such as VAT invoices, Packing list and Minutes of placing forest hammer marks on valuable and rare timber. Simplified procedures and better communication with the people is needed. Timber from plantations, farms and scattered trees should be considered normal goods, and the requirements on receipts, packing list, and minutes of placing forest hammer marks should be replaced by timber legality verified by the Commune PC or local Forest Ranger. Simpler procedures could encourage the people to plant valuable timber if it is easier to harvest, so as to increase supply, decrease uncertified timber and reduce the problem of mixtures of legal and illegal timber.

Timber processing households may meet requirements on business licences and business tax, but they have a much poorer ability to meet regulations on environmental protection, FPF, labour safety and hygiene. Also, they do not fully meet timber supply requirements, including VAT invoices, Packing lists of timber, and Minutes of placing forest hammer marks for regulated wood. Some households do not know or care about the regulations, others are complying incompletely or just for the procedure.

The compliance rate of some requirements for timber harvested from plantations, farms and scattered trees such as Minutes of placing forest hammer marks and Packing list is low partly due to the illegality of natural forest timber and also complicated procedures. Indeed, there are various ways uncertified timber or timber illegally harvested from natural forests are traded and processed, and it can be mixed

---

<sup>16</sup>Note that this research was not carried out on every legal timber certification.

with legal timber from plantation, farms, and scattered trees, especially in forested, ethnic minority areas, resulting in challenges in monitoring timber legality. This highlights the importance of simplifying procedures to realize a high-quality and legal timber supply.

## 4.2. Recommendations

*Some recommendations follow from the study:*

*At the national level:*

### 1. Review regulations for households:

#### i) Remove too formal and impractical regulations.

Such regulations on harvesting natural forest timber as Forest harvesting plan, Harvesting dossier, Harvesting large-sized and endangered timber and Report assessing environmental impacts are not practical at the household level.

The regulations on environmental protection, packing lists of timber and minutes of forest hammer marks should be reviewed and adjusted to be more practical for households using self-invested forests, farms and scattered trees. Harvesting design dossiers should be simplified for plantations funded by the state budget. Monitoring timber harvested from plantations, farms and scattered trees should be flexibly administered and certified under by commune authorities and local forest rangers.

For transportation and trade households, the requirements on timber from plantations and scattered trees should be simplified, tracking the verifiers of timber legality from the harvesting stage (e.g. verification by local authorities of timber origins to replace minutes of placing forest hammer marks). Authorities should allow the trade of timber from plantations and scattered trees as normal goods, in order to enable households to improve their livelihoods and plantation forests. Recommendations on the verifiers in the draft TLAS are presented in Appendix 2.

#### ii) When regulation is necessary, but is currently too difficult for household's capabilities, these solutions might be considered:

a) Amend or develop a specific set of regulations for households. Officials could consider separate TLAS for domestic and EU markets.

b) Develop a roadmap for households to change and adapt;

c) Develop programs to support the people (e.g. training, and communication about regulations).

### 2. Build simple forest management and harvesting planning models for households, household groups, and communities. This planning could be in table form, coordinating important verifiers (e.g. timber origin instead of forest hammer marks), and administered and responded by the Commune PC and local forest rangers.

### 3. Build the index and appropriate verification process to measure the ability of households to meet the regulations (e.g. TLAS). As households can currently meet the regulations only at a certain level, we should develop indicators for each criterion/requirement (which can have its own weight number) to determine whether households are eligible or not. This will also help evaluate the progress of how the households and districts achieve compliance.

### 4. Develop decentralized mechanisms for local authorities, departments and third parties (e.g. local communities and CSOs) to be responsible for monitoring and enhancing the implementation of legal regulations, decrease costs and attract external resources.

The ability of households engaged in timber growing, harvesting, buying, transportation and processing to meet requirements on timber legality

---

*At provincial and district level:*

1. Speed up procedures for issuing land/forest use right certificates. Review unassigned lands to ensure the ownership of every forestry area, which will support people's legal rights, and help guarantee timber legality and sustainable development goals.
2. For timber processing households: Add supplementary requirements to ensure timber legality, the environmental protection commitment, FPF as well as labour safety as conditions for licensing; and allow local authorities and stakeholders, including civil society, to have rights and responsibilities to monitor these issues. Supplement and reinforce the monitoring certification of timber legality, especially for timber supply and finished products.
3. Encourage households to plan and participate in vocational training and develop models of planting non-timber forest products and scattered trees in rural areas for timber supply. Encourage the use of trees that are appropriate locally, such as neem tree (xoan), jack tree (mit), acacia (keo), sao den (*Hopea odorata*).
4. Assist households to form collective groups in timber plantation, timber buying, transportation and processing for more efficient production and better legal implementation.
5. Encourage interest groups (including CSOs) to support people (with information, training, livelihood development, etc.) to enhance their ability to comply and adjust to new regulations and contexts.

*Civil organizations:*

1. Interested independent stakeholders, including civil organizations, should assist households with training, especially on legal regulations, to more actively and voluntarily implement these regulations in timber production and processing.
2. Coordinate households with relevant interest groups, relevant departments, information sources and capital investment avenues to access more advanced technologies to improve productivity.
3. Assist piloting the indexes and appropriate verification process and communication and training activities on them.









Sustainable Rural Development

**Centre for Sustainable Rural Development (SRD)**

Address: No 56, Lane 19/9, Kim Dong Street, Hoang Mai District, Ha Noi.

Tel: 04 3943 6678 /76 \* Fax: 04 3943 6449

Web: [www.srd.org.vn](http://www.srd.org.vn) \* Email: [info@srd.org.vn](mailto:info@srd.org.vn)

**Design: 0904 267 080**