



CONSULTATION REPORT

ON THE ROLE AND POSITION OF VPA/FLEGT FOR VIETNAM'S FORESTRY AND THE REQUIRED ADJUSTMENTS

Hanoi, January 2022

ACRONYMS

CARTEN	Center for Application Research Transfer Science and Technology in the Northwest
CEBR	Centre for Environment and Biological Resources
CED	Center for Education and Development
CITES	CITES Office
COPE	Center for People and Environment
CORENACCA	Consultative and Research Centre on Nature Resource Management and Climate Change Adaptation
CRD	Center for Rural Development in Central Vietnam
EU	The European Union
EUTR	The EU Timber Regulation
EVFTA	The Free Trade Agreement between the European Union and Socialist Republic of Viet Nam
FAO	Food and Agriculture Organization
FCDO	Foreign, Commonwealth & Development of the United Kingdom
FFF	Forest and Farm Facility – Vietnam Farmers’ Union
FLEGT	Forest Law Enforcement, Governance and Trade
FSC	Forest Stewardship Council Certification
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
HAWA	Handicraft and Wood Industry Association of Ho Chi Minh City
JIC	Joint Implementation Committee
LADUSTA	Lam Dong Union of Science and Technology Association
MARD	Ministry of Agriculture and Rural Development
SRD	Centre for Sustainable Rural Development
VIFORA	Vietnam Forest Owner Association
VINAFOR	Vietnam Forestry Corporation – Joint Stock Company
VNGO-EVFTA	The Network of Vietnamese Non-governmental Organizations on the European and Viet Nam Free Trade Agreement
VNGO-FLEGT	The Network of Vietnamese Non-governmental Organizations on the Forest Law Enforcement, Governance, and Trade
VNTLAS	The Vietnam Timber Legality Assurance System
VPA/FLEGT	Voluntary Partnership Agreement on Forest Law Enforcement, Governance, and Trade
WWF	Worldwide Fund

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Background

The Voluntary Partnership Agreement between the Socialist Republic of Viet Nam and the European Union on Forest Law Enforcement, Governance, and Trade was officially signed on May 17, 2018 and took effect on June 1, 2019 (VPA/FLEGT). After two years of the Agreement entering into force, the EU has conducted a study on the impacts of the VPA/FLEGT process on preventing forest loss and degradation in VPA countries. In the beginning, the report indicated that the VPA/FLEGT processes have contributed to forest governance reform as well as a significant reduction in illegal logging.

Currently, there are two main streams of opinion related to the indicators evaluating the success of VPA/FLEGT. In particular, some argue that the reduction of illegal logging is the main indicator proving the success of VPA/FLEGT. Nevertheless, VPA countries tend to evaluate the success of FLEGT mainly through changes at the national level. These improvements include improved forestry governance, transparency, and the reduction in the volume of illegally produced timber entering domestic consumption as well as being exported.

Meanwhile, the EU places more emphasis on indicators related to the EU's role as a timber market, namely the volume of illegal timber and the number of FLEGT licenses entering the EU market. The second set of metrics has the advantage of being more accessible than 'governance improvement'. However, there is a limitation in assessing the impact of VPA processes on forests.

The EU intends to amend VPA/FLEGT and EUTR to interact with upcoming EU regulations related to agriculture causing forest loss, including forestry partnerships. However, adjusting the new FLEGT would face new challenges. Fern's report on "The Voluntary Partnership Agreement 2.0 on Forest Law Enforcement, Governance, and Trade (FLEGT) – Response to the European Council on the FLEGT Fitness check and FUTU options" was the subject of discussions on the role of the VPA/FLEGT in protecting forest to prevent forest loss and forest degradation globally.

There are several reform options recommended by countries. The EU is required to consider its ambitions regarding forests. All forest and community-related threats could not be addressed by a policy focused entirely on forestry. Illegal and unsustainable logging remains a major threat to the quality of forests and the livelihoods of local communities. This approach embodied in FLEGT processes has allowed the EU to have a positive influence beyond the scope of its timber supply chain. Therefore, the question is whether the EU desires to support the global transition to more sustainable and equitable use of forest resources or whether it would be limited to cleaning up its supplies. To answer such questions, the Centre for Sustainable Rural Development (SRD), as the coordinator of the Vietnamese Non-Governmental Organization on Forest Law Enforcement, Governance and Trade (VNGO-FLEGT) Network and the Chairman

of Vietnamese Non-Governmental Organization on the EU and Viet Nam Free Trade Agreement (VNGO-EVFTA) Network, consulted with the organization members, particularly several VPA/FLEGT and EVFTA experts to clarify *“The role and position of the VPA/FLEGT in Vietnam’s forestry and required adjustment in the coming period”*. This report is the result of a consultation study conducted in Quarter IV, 2021.

Study methods

Based on the Voluntary Partnership Agreement between Viet Nam and the EU on Forest Law Enforcement, Governance, and Trade, particularly the objectives as well as indicators to be achieved, the research team developed a set of questionnaires including 5 relevant 5 topics with 41 questions:

1.1. Perspectives of representatives of social organizations on the role and position of the VPA/FLEGT Agreement

1.2. Challenges for FLEGT

1.3. Solutions to improve VPA/FLEGT

1.4. Policy feasibility and overall impact of options

The questionnaires were designed on Google Form software (Appendix 2) and sent via email to Network members. After 15 days, the results are reviewed automatically. The results are to ensure authenticity, reflecting the requirements of each member.

In addition to the results from the questionnaires, the advisory group coordinated with SRD to hold a virtual consultation meeting with the participation of 36 participants from Civil Society Organizations (CSOs), associations, state administrative agencies, institutes, universities, and independent experts. Furthermore, 10 experts are also required to review the role of VPA/FLEGT and make recommendations related to the amendment of the FLEGT Action Plan. The results are completely objective.

The draft report was developed by experts and was sent to all organization members of the VNGO-FLEGT and VNGO-EVFTA Networks by the Centre for Sustainable Rural Development (SRD). The specific results are reflected in Chapter III.

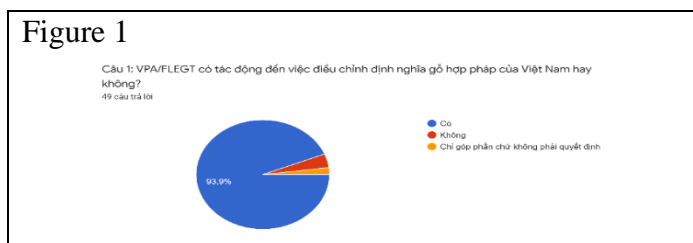
Study results

Results from questionnaires

The questionnaires were sent to all members of VNGO-FLEGT, VNGO-EVFTA, and VNGO-CC Networks. There was a total of 51 answers. The results showed that the majority of organization members had representatives answering questionnaires. The specific results are gathered into 18 major issues as follows:

1.1. Perspectives of representatives of social organizations on the role and position of the VPA/FLEGT Agreement

The Voluntary Partnership Agreement between Viet Nam and the European Union on Forest Law Enforcement, Governance and Trade (VPA/FLEGT) has had a great impact on the views and thinking of Vietnamese policymakers, particularly the definition of legal timber. Although there have been many regulations on legal timber in Viet Nam in the past, the VPA/FLEGT provided clear criteria for defining legal timber which has been approved by management agencies and technical agencies. This concept has been included in the Law on Forestry No. 16/2017/QH14¹ dated November 15, 2017 and the Decree. For instance, Decree No. 102/2020/NĐ-CP regulates legal timber, although Vietnam's plantation forest is not covered. There is also a perspective that holds that plantation forests have already been legal, and, therefore, could be considered equivalent to rice or corn and traded easily. Thus, the concept of legal timber is defined for the first time, in line with reality, and highly feasible in monitoring and management of Viet Nam timber legality assurance system. 93.9% of respondents agreed that the VPA/FLEGT impacts the definition of legal timber, compared to 4.1% of respondents who disagreed (Figure 1).



Vietnamese CSOs found that through the signing of the VPA/FLEGT, Viet Nam has accelerated the pace of establishing the framework for legal timber production as well as solving forest governance issues. During the negotiation period and the implementation of the agreement, a series of Vietnamese legal documents were amended or promulgated, particularly the Law on Forest replacing the Law on Forest Protection approved by the National Assembly dated November 15, 2017. This Law is not only for forest development, as it also provides a mechanism to manage forestry in a chain that encompasses producing, processing to exporting. After that, Viet Nam has implemented several adjustments related to wood origin management, such as the Decree No. 102/2020/NĐ-CP² dated September 1, 2020, the Regulation on the Timber Legality

¹ <https://thuvienphapluat.vn/van-ban/Linh-vuc-khac/Luat-lam-nghiep-367277.aspx>

² <https://thuvienphapluat.vn/van-ban/Thuong-mai/Nghi-dinh-102-2020-ND-CP-quy-dinh-He-thong-bao-dam-go-hop-phap-Viet-Nam-451590.aspx>

Assurance System, Circular No. 27/2018/TT-NNPTNT³ dated November 11, 2018 of the Minister of Agriculture and Rural Development (MARD) on management and traceability of forest products, Circular No. 21/2021/TT-NNPTNT⁴ dated December 29, 2021 of MARD on the classification of timber processing and exporting enterprises, Decision No. 2905/QĐ-BNN-TCLN⁵ dated June 30, 2021 of MARD announced the list of types of import timber species and Decision No. 4832/QĐ-BNN-TCLN⁶ dated November 27, 2020 announcing a list of the types of import timber species and the list of positive geographies (51 countries have been considered as active countries in importing timber into Viet Nam). Additionally, monitoring inspections are carried out more simply than in other countries and territories. Decree No. 35/2019/NĐ-CP⁷ dated April 25, 2019 on sanctioning administrative violations in the forestry sectors including the regulations on sanctions for deforestation and wildlife hunting. Decree No. 35/2019 NĐ-CP stipulated that if serious violations are committed, they would be considered for criminal treatment under Article 232 of the Viet Nam Penal Code. Thus, the Penal Code has also been amended to aggravate the level of violation for illegal logging, deforestation, hunting, and wildlife trade. It can be said that Vietnam's participation in the signing of the VPA/FLEGT and EVFTA has promoted the process of reforming and amending legal documents related to forest governance in Viet Nam. 66.67% of respondents agreed that the VPA/FLEGT has established an adequate framework for preventing illegal logging, while 17.65% of the respondents disagreed with this opinion (Figure 02). 78.43% of respondents agreed that the VPA/FLEGT has contributed to improving forest governance compared to 5.88% of respondents who disagreed (Figure 03). Thus, the agreement would assist Viet Nam in building a clean, transparent and legal timber platform to enter other markets, improving its forest management institutions, addressing illegal logging and trade, contributing to the sustainable development of the timber processing and exporting enterprises, and improving labor safety and health standards (Vietnam Timber and Forest Product Association).

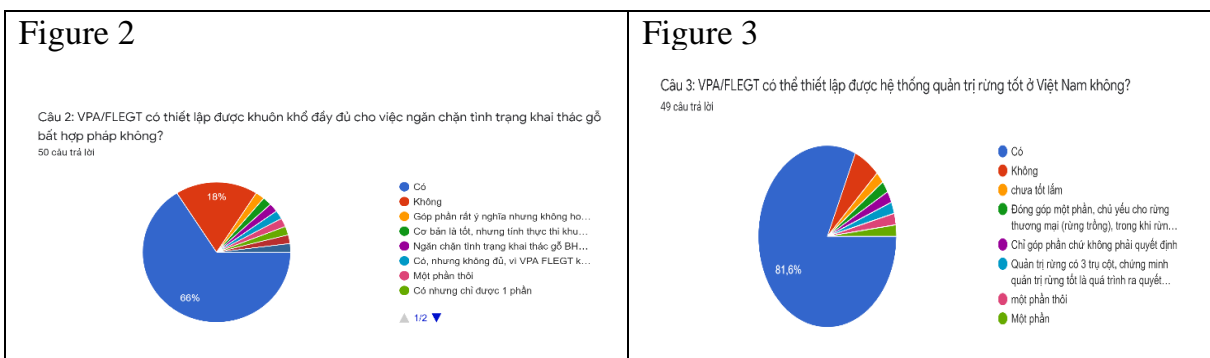
³ <https://thuvienphapluat.vn/van-ban/Linh-vuc-khac/Thong-tu-27-2018-TT-BNNPTNT-quy-dinh-quan-ly-truy-xuat-nguon-goc-lam-san-402849.aspx>

⁴ <https://luatvietnam.vn/xuat-nhap-khau/thong-tu-21-2021-tt-bnnptnt-bo-nong-nghiep-va-phat-trien-nong-thon-215227-d1.html>

⁵ <https://thuvienphapluat.vn/van-ban/Xuat-nhap-khau/Quy-dinh-2905-QĐ-BNN-TCLN-2021-cong-bo-Danh-muc-cac-loai-go-da-nhap-khau-vao-Viet-Nam-480967.aspx>

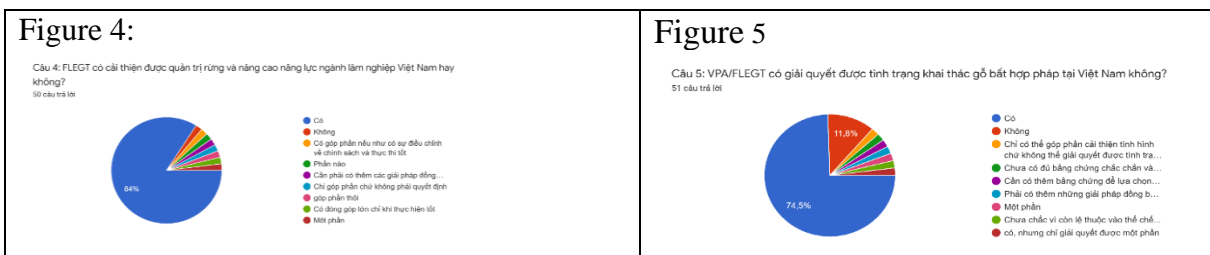
⁶ <https://thuvienphapluat.vn/van-ban/Xuat-nhap-khau/Quy-dinh-4832-QĐ-BNN-TCLN-2020-cong-bo-Danh-muc-cac-loai-go-da-nhap-khau-vao-Viet-Nam-458434.aspx>

⁷ <https://thuvienphapluat.vn/van-ban/Vi-pham-hanh-chinh/Nghi-dinh-35-2019-ND-CP-quy-dinh-xu-phat-vi-pham-hanh-chinh-trong-linh-vuc-Lam-nghiep-412440.aspx#:~:text=Mua%20b%C3%A1n%20tr%C3%A1i%20ph%C3%A9p%20ng%C3%A0,trong%20l%C4%A9nh%20v%E1%BB%B1c%20L%C3%A2m%20ngh%E1%BB%87p.&text=Ngh%E1%BB%8B%20%C4%91%E1%BB%8Bnh%2035%2F2019%2FN%C4%90%2DCP%20c%C3%B3%20hi%E1%BB%87u%20l%E1%BB%B1c,ng%C3%A0y%2011%2F2013>



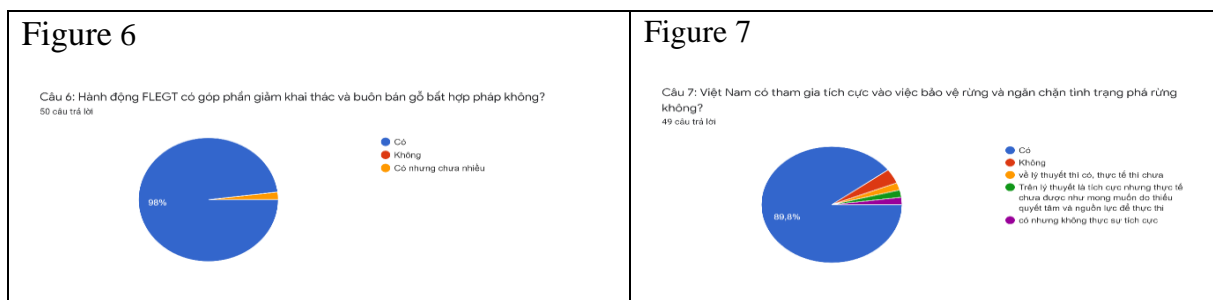
Regarding the role of the VPA/FLEGT in limiting illegal logging, through information from the activities of Vietnamese CSOs, it is found that the VPA/FLEGT has played a vital role in contributing to reducing the majority of illegal logging. By clarifying the legal origin of timber, illegal logging sources have not been able to enter the supply chain. Although the new agreement was signed in 2018, enterprises have expressed their interest in clarifying the legal origin and reducing illegal logging, particularly because the activity of logging from natural forests has been banned in Viet Nam. The sourcing of timber from Vietnamese tropical and natural forests greatly decreased. There has been not only a decline in illegal logging in Vietnam but also forests of bordering countries have been well-protected because of the decrease in timber trade between Viet Nam and Laos and Cambodia. The amount of timber imported from Cambodia has fallen sharply from 2018 to the present (From over 38.26 thousand m3 in 2018 to 1.49 thousand m3 in 2020). The amount of timber imported from Laos also decreased greatly, such as acacia or eucalyptus. In particular, it witnessed a decline in the amount of imported sandalwood, from 300.000 m3/year to 60.000 m3/year (in 2021)⁸. The survey showed that 84% of respondents agreed that FEGT has a large effect on the Forest Governance of Viet Nam (Figure 4)

The survey showed that 74.5% of respondents agreed that the agreement has significantly reduced illegal logging from Viet Nam's tropical forest. People who disagreed with this question accounted for 11.8% (Figure 5) and other opinions accounted for 13.7%.



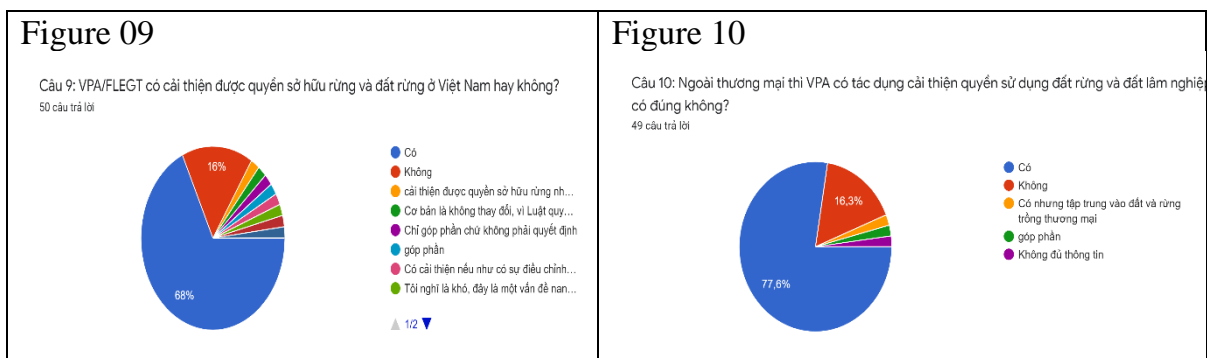
⁸https://goviet.org.vn/upload/acweb/content/FN_Viet%20Nam%20Nhap%20khau%20go%20nguyen%20lieu%208%20thang%202021.24.9.pdf

The FLEGT Action Plan has contributed to reducing illegal logging and trade. According to a report published by the Forest Protection Department/Ministry of Agriculture and Rural Development in 2017, there were 16,531 violations of deforestation and 12,954 cases of violations in 2018. In 2019, the percentage of violations of deforestation declined by 17% compared to the same period in 2018, reaching 10,731 cases.⁹ In 2019, the number of violation cases decreased by more than 50% compared to 2015, while the number of damaged areas decreased by 349 ha. Thus, the FLEGT Action Plan has had a positive impact on reducing the number of forest violations, since the state's administrative agencies have enhanced monitoring of compliance with FLEGT regulations. The survey showed that 98% of respondents shared that the FLEGT Action Plan contributed to reducing illegal logging and illegal trade, while the remaining said that it only contributed to reducing illegal logging (Fig 07). Additionally, the results of the survey of CSOs show that up to 89.8% of respondents think that Vietnam has been more active in forest protection after signing the VPA/FLEGT Agreement, only 4% said it has not changed much (Fig. 7).



It could be found that after signing the VPA/FLEGT, Vietnamese enterprises and people tended to be more interested in the export of timber products to the EU market, the land and forest land use rights as well as the issue of sustainable forest management. The reason for this is that the provisions of the VPA/FLEGT and land and forest land use rights are the criteria for timber products to be exported to the EU market. In addition to facilitating trade development, another goal of Viet Nam's is to develop the Vietnamese forestry system sustainably in the long term. 68% of respondents shared that the VPA/FLEGT has a role in improving land use rights (Figure 09) and 77.6% of respondents said that the VPA/FLEGT has an impact on improving forest and forest land use rights, in addition to trade (Figure 10).

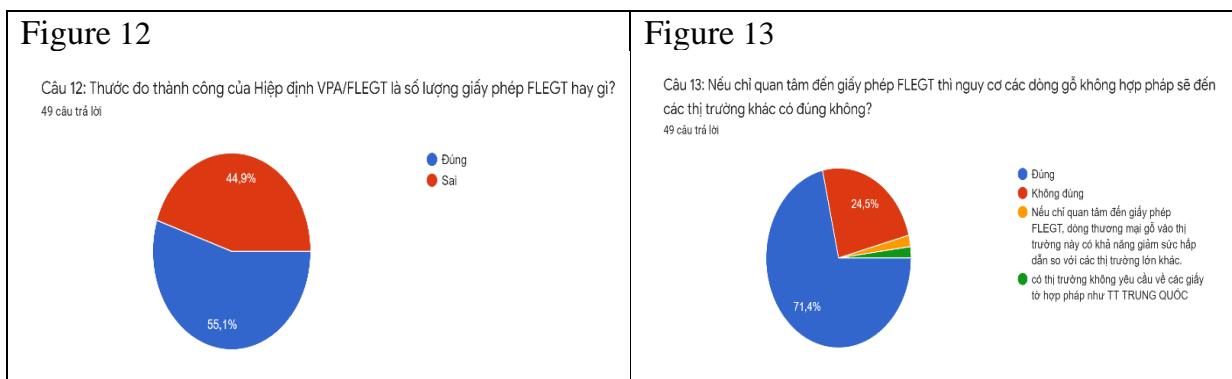
⁹ Muôn kiểu xâm hại rừng (Kỳ 1): Lâm tặc hoành hành (kinhtemoitruong.vn)



For Viet Nam, the state's public procurement has not been researched largely. According to a forecast, by the Vietnam Administration of Forestry, on the Viet Nam Forestry Development Strategy for the period 2021-2030, vision 2050 was approved by the Government (Decision No. 523/QĐ-TTg. dated April 1, 2021 approving the Viet Nam Forestry Development Strategy for the period 2021-2030, vision 2050)¹⁰, the public procurement market is currently valued at about US\$4 billion/20 billion in exported timber products. This is also a market that needs to be paid attention to and controlled in the coming period, though there are no specific regulations on this market, currently. The survey results of representatives of NGOs showed that 89.8% of the respondents thought that FLEGT regulations should be added to public procurement, not only in the Vietnamese market but also in the EU market. Only 10.2% of the respondents thought that there was no need to add more FLEGT regulations because the government was aware of this point (Figure 10). However, while up to 84% of the respondents were asked to link public procurement with VPA/FLEGT, only 8% disagreed (Figure 11 in Appendix 3). This is also consistent with Fern's view.

The VPA/FLEGT M&E Framework has been adopted by the JIC between Viet Nam and the EU with many criteria. One of the important criteria for monitoring and evaluating is the implementation of the FLEGT license. However, to develop sustainably and reduce forest loss and forest degradation, the number of FLEGT licenses issued does not fully reflect the success of the overall goal of the VPA/FLEGT. Although the FLEGT licenses were issued, they would not reflect whether the forests of a country are well protected. In addition to the source of timber exported to the EU, is a FLEGT license needed for domestic consumption? How do we manage? As a result, only 55.1% of respondents said that the number of FLEGT licenses is a measure of the success of the agreement, while 44.9% said that FLEGT licenses shall not be the only criterion to measure the success of the VPA/FLEGT (Figure 12). 71.4% of respondents expressed that there was a risk that illegal timber would be entered into other markets without management if we only paid attention to the FLEGT license (Figure 13).

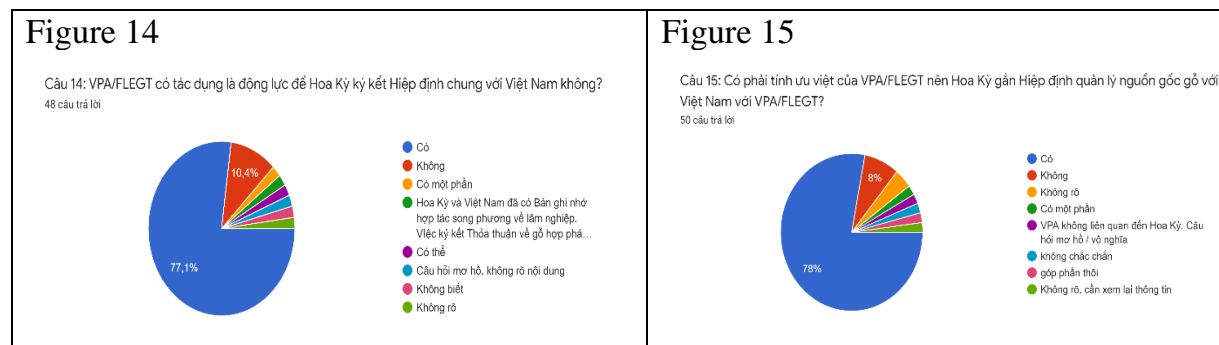
¹⁰ <https://luatvietnam.vn/chinh-sach/quyet-dinh-523-qd-ttg-chien-luoc-phat-trien-lam-nghiep-viet-nam-2021-2030-200559-d1.html>



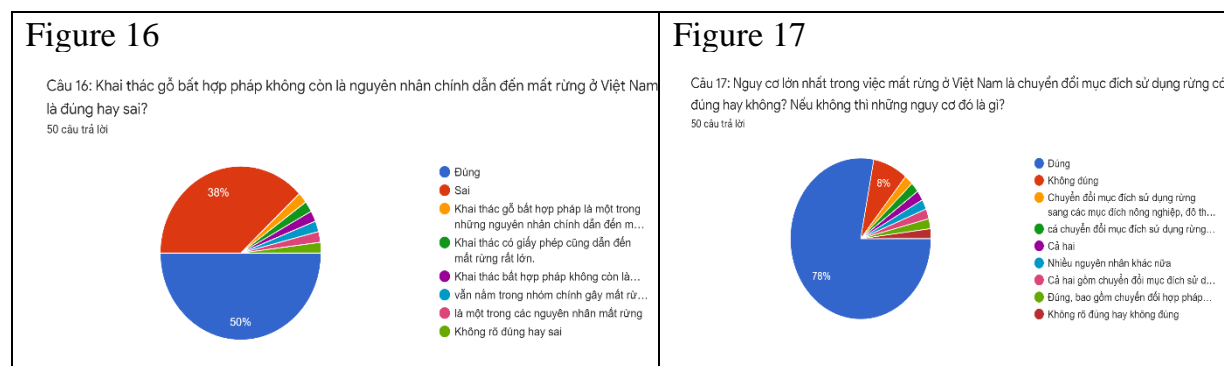
According to a report by Vietnam Timber and Forest Products Association in 2021,¹¹ Viet Nam exported nearly US\$15.87 billion in furniture and timber products to more than 100 countries, of which US\$9.1 billion was exported to the U.S. Vietnamese furniture dominates the U.S. market with exports of more than US\$8 billion and successfully competed with the U.S. timber processing companies. That leads to the U.S. intent to sue Viet Nam under Article IV, Section 421 of the Trade Facilitation and Trade Enforcement Act of 2015, commonly referred to as the Enforcement and Protection Act. According to Ambassador Katherine Tai, Not only does illegal timber in the supply chain harm the global environment and natural resources, but also leads to unfair conditions for U.S. workers and enterprises. The USTR's first use of Section 301 has led to the risk of Vietnamese timber exporters being sued by the U.S. To address this issue, on October 1, 2021, Viet Nam and the U.S. signed an agreement on illegal logging and trade. In addition to the regulations on preventing illegal logging and trade in Article 9, both sides agreed to continue implementing the FLEGT licensing. Thus, the U.S. also recognized FLEGT as one of the most effective solutions to preventing illegal logging and trade. 77.1% of respondents agreed that the VPA/FLEGT was a driving force for the U.S. to sign a joint agreement with Viet Nam on illegal logging and trade (Figure 14). 78% of respondents said that the superiority of the VPA/FLEGT, is reflected in the U.S.'s attachment of the joint agreement to the VPA/FLEGT (Figure 15). Vice-Chairman of the Vietnam Timber and Forest Products Association said "VPA/FLEGT assist us not only in increasing exports to the EU but also in contributing to boosting Vietnam's timber export into other markets in the context that the U.S. increasingly tightens Lacey Act enforcement, Japan adopts the Law on Clean Timber of South Korea enacted the Law on the Use of Sustainable Timber". Thus, the VPA/FLEGT has a greater influence than the export of goods to the EU. Some enterprises consider the VPA/FLEGT to be a vital tool to enhance the brand of Vietnamese furniture and create opportunities for market expansion. Although the number of timber products exported to the EU in 2021 was

¹¹ <https://vietfores.org/xuat-khau-nganh-go-va-lam-san-se-lap-ky-luc-156-ty-usd/>

US\$1.1 billion, increasing by 14.4% compared to 2020, it only accounts for 6.9% of the total export turnover of Vietnamese timber products.



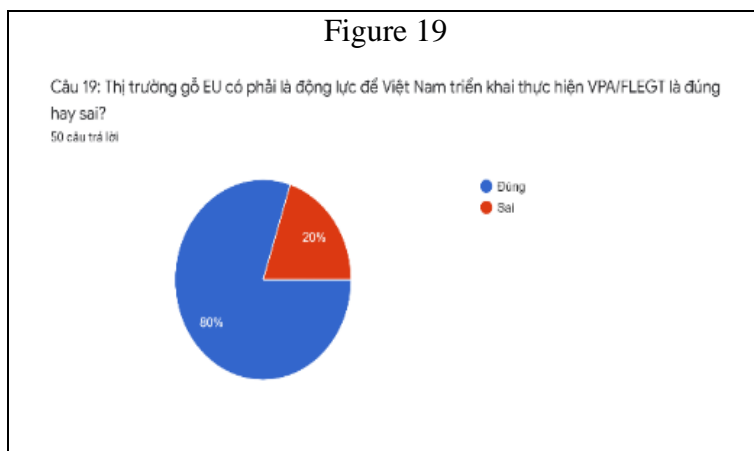
The main objective of the VPA/FLEGT is to prevent forest loss. It is believed that illegal logging is the main cause leading to forest loss. However, in some cases, illegal logging may only cause a reduction in forest reserves and forest quality. Although there has been forest area, the function of protecting against natural disasters is significantly reduced, leading to natural disasters and erosion as well as the reduction of carbon absorption. The survey results showed that 50% of respondents from CSOs, Non-governmental organizations (NGOs), researchers, and enterprises believed that illegal logging is no longer the main cause of forest loss (Figure 16) and 76% of respondents agreed with the conversion of forest use purposes such as building hydroelectric construction or expanding area for cultivation is the main cause of forest loss (Figure 17). Is the loss of forests caused by agriculture? 32.7% of the CSOs' representatives agreed that agriculture is the main cause of forest loss, compared to 34.7% of respondents who disagreed (Figure 18).

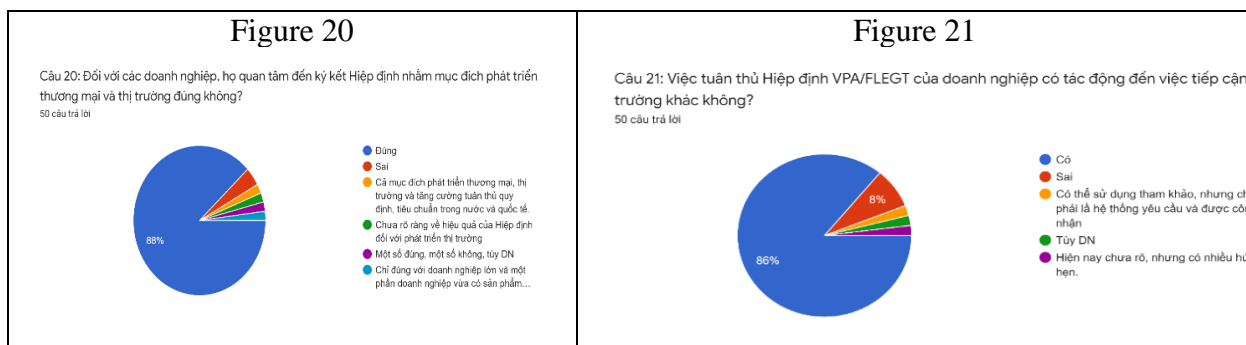


After taking effect on June 1, 2019, Viet Nam actively implemented relevant activities to quickly put the VPA/FLEGT into practice, namely Decree No. 102/2020/ND-CP regulating the timber legality assurance system, issued by the Prime Minister. There is hope that the agreement would help enterprises to export timber products to the EU market easily and avoid the risk of goods being returned. The EU timber market accounts for only 6.9% of the export of Vietnam's total timber products (In 2021, more than US\$1.1 billion/US\$15.87 billion worth of Vietnam's timber products were exported). However, the EU has always been a potential market for Vietnam's timber industry in the post-COVID period. The survey results showed that up to 80% of respondents said that the EU market is the motivation for Viet Nam to actively implement the VPA/FLEGT (Figure 19) despite many difficulties in the database conditions. Viet Nam would carry out a series of related activities as required by the agreement such as VNTLAS, the list of positive geographical regions, the catalog of timber imported into Viet Nam, and the list of rare species based on the appendix issued by CITES. It has been a great effort of the state administrative agencies of Viet Nam, since Viet Nam always actively implements its commitment to the EU despite the COVID-19 context.

For enterprises, the signing and the implementation of the VPA/FLEGT provided an opportunity to develop trade relations with not only the EU market but also other regional markets (88% of respondents agreed; Figure 20). Compliance with the VPA/FLEGT would reflect compliance with condition management to prevent illegal logging and trade. Timber processing countries have been asked to comply with other markets. 86% of respondents said that complying with the VPA/FLEGT would have a positive impact on accessing other markets outside the EU (Figure 21).

Actively implementing the VPA/FLEGT is also a sign of Vietnam's push to implement Article 13.8 – Chapter 13 (Trade and Sustainable Development) under the EVFTA. The inclusion of the VPA/FLEGT has demonstrated the important role of the VPA/FLEGT.



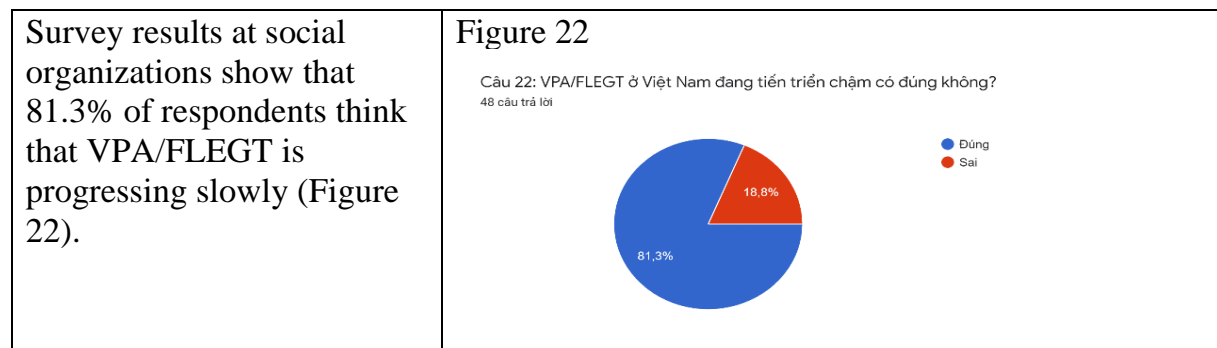


1.2. Challenges for FLEGT

People have long recognized that forests play an important role in protecting the environment, preventing soil erosion, reducing the impact of storms, etc. For a long time, however, humans have destroyed tropical forests, which are very rich and biologically diverse in terms of tree species and life forms, to get land to grow food crops, industrial plants, and the forest area has been lost for a long time. The trend of replacing forests with agricultural land could be attributed to the persistence of food shortages. Between 1975 and 1990, there was an annual loss of more than 100 thousand hectares, however, in the period between 1990 and up to the present, the forest area has been better protected and the coverage has increased gradually, reaching up to 42.1% by 2021 (Newspaper, forestry sector summary report in 2021). Currently, Vietnam loses forest area at about 2500 to 3500 ha/year, the cause of which is determined to be the conversion of specific forest use purposes nationwide. There are 429 hydroelectric dams and hydroelectric projects nationwide. At different scales, the water storage capacity is about 56 billion m³, contributing to a capacity of about 20 thousand MW. The forest area is flooded due to the construction of large hydroelectric dams. Illegal logging is, therefore, not the main cause of deforestation, but rather the conversion of forest use purposes when the government allocates it to enterprises. The survey results show that 78% of respondents believe that the risk of forest loss is due to the conversion of forest use purposes (Figure 17). The results also show that 50% of the respondents said that most of the forest loss was not due to illegal logging (Figure 16). Vietnam is a developing country, so the work of balancing development planning between economic fields related to land and forest use is not clear. This explains why forest areas are always the victim of deforestation. The country must determine the optimal solution for land use planning when considering its industrial and agricultural development in the coming period. This is also the biggest challenge in reducing deforestation in Vietnam.

The VPA/FLEGT Agreement took effect from June 1, 2019, however, after more than two years of entry into force, the Agreement could not be implemented, the reasons for which are many. The Government and ministries have also tried to implement activities to internalize the Agreement such as adjusting the Forestry Law in 2017,

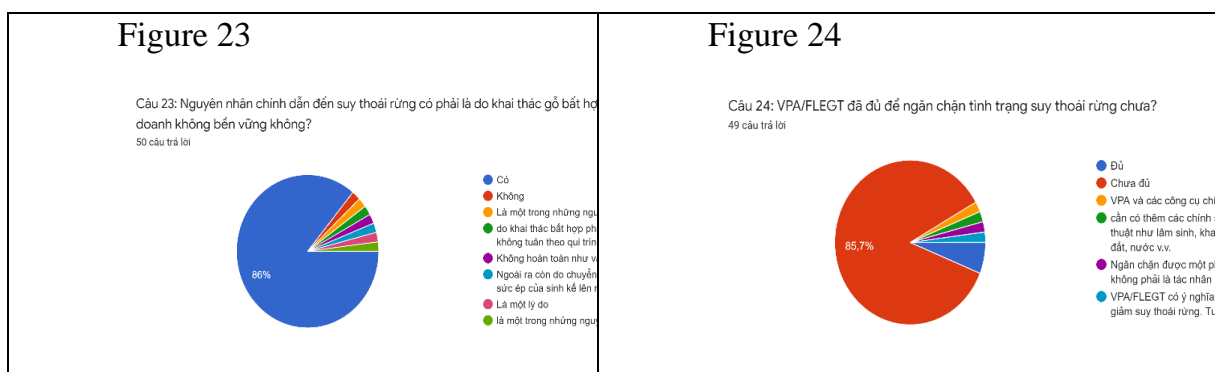
Developing a decree guiding the implementation of the Law in 2018, the Ministry of Agriculture and Rural Development issued Circular No. 27 guiding the management of the Agreement. Management of legal timber origin 2018, Decree 102 in 2020, Circular 21/2021/TT-BNNPTNT, Decision No....etc. So far, the FLEGT licensing will still take a long time to come into effect. The reasons are many, but one of the main reasons is that the Government has not had enough resources and has not adequately invested resources in completing legal documents, building databases, organizing training courses to improve the quality of life, and capacity building for management staff (the number of officers involved in enforcement and supervision reaching up to nearly 30,000 officers and employees of Forest Rangers and Customs). The financial resources for the implementation of these activities are mainly supported by international organizations such as FAO, FAO-VPA/FLEGT Program, or the EU's support from GIZ, FCDO...etc. However, according to the understanding, the financial support ends in the year 2021. The financial resources of organizations such as FAO have run out because GIZ only supports a few activities. Moreover, businesses struggle to self-advocate, so the progress of the Agreement implementation will be slower than planned (02 years of FLEGT license as originally planned). Currently, the database for business classification is still lacking, and the management software is not available, so the plan to license FLEGT this June will be difficult to implement.



Some of the reasons cited are Capacity or limited or unavailability of enforcement agencies such as forest rangers, CITES, and enterprises in the supply chain. Businesses need more time to get used to the new procedures and for the supply chain to gradually adapt to the new regulations. Businesses and people have not fully understood the regulations, and have not completed national legal procedures according to the provisions of VPA/FLEGT. There is a lack of awareness and understanding, among the relevant parties, about the requirements of the VPA/FLEGT Agreement. There is also a lack of human resources to implement and understand VPA/FLEGT. Such uncertainties vary from the traceability of wood, the origin of wood, complicated procedures, enforcement not being evenly distributed among the various levels of government, users

of illegal timber not fully understanding the harms caused...etc. The above objective and subjective persist conditions, despite many efforts from relevant agencies. Consequently, the implementation of the Agreement for the FLEGT licensing may still be delayed.

At the recent COP 26 Glasgow, countries expressed concern about forest issues, as reducing greenhouse gas emissions requires forests to have a full carbon storage function. Forest degradation will reduce the ability of forests to store carbon dioxide. Countries need to pay attention to where the causes of forest degradation come from. Is it because of illegal exploitation? Forest degradation greatly affects the ability to store carbon in forests. Forest degradation is the process of reducing productivity, biodiversity, and the ability to store carbon in forests. Forest degradation has many causes, but the main cause is still believed to be illegal and unsustainable logging. The IPCC considers it to be one of the greatest and most pressing challenges facing humanity. The survey results show that up to 86% of respondents believe that the main cause of forest degradation is illegal logging and unsustainable business. 12% believe that it is not only illegal logging but forest fires, drought, climate change...etc., that also lead to forest degradation (Figure 23). So, does VPA/FLEGT have enough legal conditions to prevent forests in this situation? The question was also asked the interviewees and as a result, 85.71% said that it is not enough, as more policies such as silviculture, exploitation, protection, etc. (Figure 24) are needed.



The sustainable development of forests plays an important role in climate protection and disaster prevention. Although many forest areas in Vietnam that have previously experienced deforestation have been restored, the main focus remains on the low protection of planted forest areas, leading to erosion and mountain landslides (Specifically, in 2020 the landslide in Quang Tri killed 22 people). Many natural forests have been restored to create a landscape environment for tourism development (forest-based tourism areas around Tam Dao Mountain, and Ba Vi, Bach Ma, and Na Hang Tuyen Quang are typical examples. The figure clarifies the role of forests in climate and environmental protection). The interview results also show that 91.8% of respondents

believe that protected and sustainable forests have an impact on climate change (Figure 25).

Well-developed and sustainable forests have a crucial role in climate protection and natural disaster prevention. Although the forest areas are restored in many areas in Viet Nam, erosion and landslides are still existing due to natural deforestation. For instance, 22 people died in a landslide in Quang Tri in 2020.¹² Many natural forest areas have been restored to create a landscape for tourism development. Tam Dao, Ba Vi, Bach Ma, Na Hang or Tuyen Quang¹³ are examples clarifying the role of forests in climate and environmental protection? 91.84% of respondents agreed that well-protected and well-developed forests have an impact on climate change (Figure 26).

1.3. Solutions to improve VPA/FLEGT

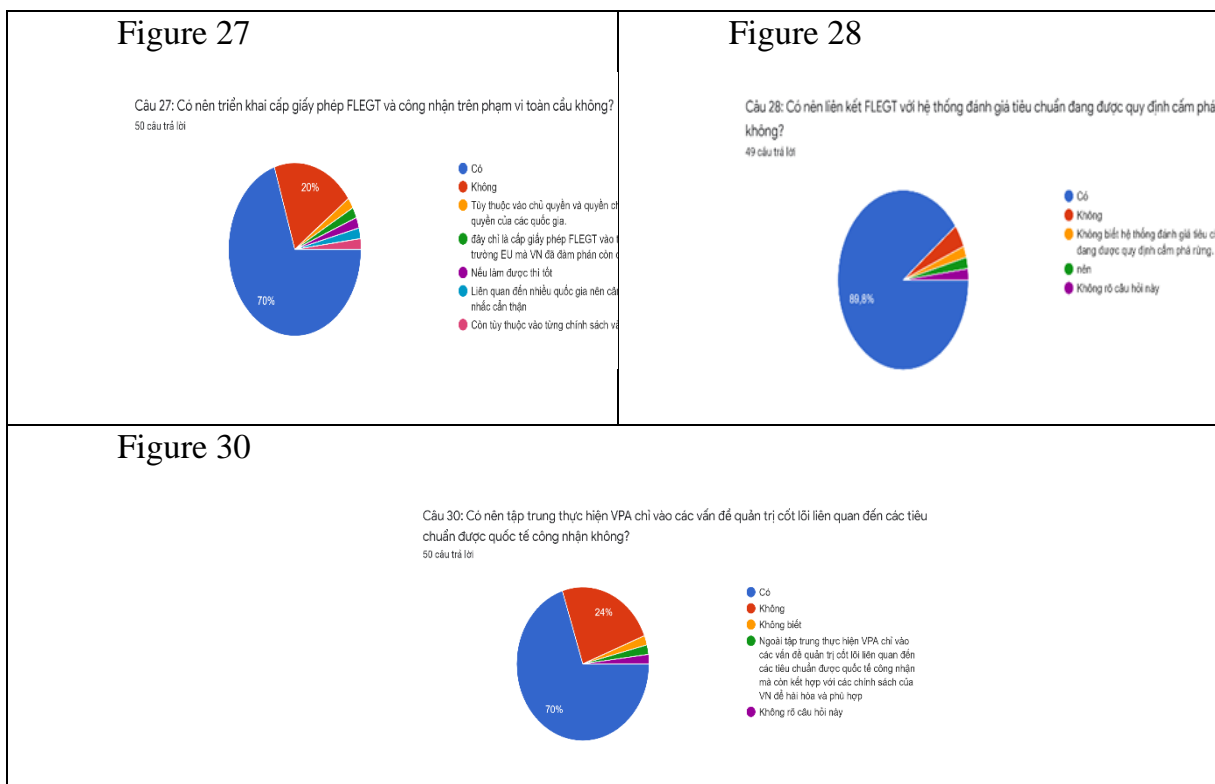
VPA/FLEGT in addition to providing technical solutions such as the Clear Definition of VNTLAS, must establish the necessary conditions for FLEGT licensing and monitoring the implementation of VPA/FLEGT, and add policies to strengthen support for communities living in and near forests, whose livelihoods are often dependent on forests. The survey results show that 91.84% believe that the community living near and in the forest needs a specific support policy so that they can have a stable life and contribute to the protection and care of the forest, thereby improving forest quality (Figure 26). In addition, it is also suggested that support be specific and needs to be clarified for each locality. The VPA/FLEGT Agreement has not yet stipulated that the targets of the VPA/FLEGT must be linked with the targets of livelihood development of forest people. Such linkages will enable forest people to better protect the forest, thereby improving the environment, improving the number of forest resources, and regulating the amount of carbon in the forest. Ultimately, the previously mentioned processes will reduce the impact of poor people on the forest, especially regarding forest degradation. Because it excluded forest communities, the VPA/FLEGT cannot be enough to prevent the current situation of forest degradation, as it fails to account for the forests' inhabitants. The CSO group proposed to expand the VPA/FLEGT conditions associated with livelihood support for people.

To avoid gaps in FLEGT licensing only in the countries participating in the VPA, in the coming period, it is advisable to promote the implementation of FLEGT licensing on a global scale (70% of respondents agree with the idea; Figure 27). FLEGT should be linked with a standard assessment system that is being implemented globally such as CFM, FSC, and PFC, because these systems focus on sustainable forest management including the prohibition of deforestation (89.8 % of opinions agree with this proposal;

¹² <https://www.youtube.com/watch?v=MX7I538JUkc>

¹³ <https://baotuyenquang.com.vn/media/megastory/bai-4-dua-vao-rung-de-phan-trien-du-lich-sinh-thai-151947.html>

Figure 28). Up to 73.5% think that minimum requirements should be considered in the VPA to establish sustainable development standards, only 16.3% disagree with this (Figure 29). In addition to making regulations related to FLEGT, there should also be standards for content related to the conversion of forest use purposes such as conversion to planting industrial crops, short-term crops, etc (70% of the total population). Respondents believe that it is necessary to link these activities to the VPA (Figure 30), though 24% think that this issue will cause difficulties for developing countries when the development planning work has not been defined).



Some countries, including Vietnam, wish to integrate deeply into markets as well as activities on a global scale, usually integrating national development policies into international climate protection policies. (92% of respondents think that it is necessary to integrate with international standards (Figure 31 in Appendix 3). Specifically, on November 1, 2021 in Glasgow, Vietnam has committed to implementing mechanisms under the Paris Agreement, to achieve net emissions of "zero" by 2050". 92% of respondents said that progress also takes time to implement. Forests play an important role in storing carbon in air conditioning and reducing greenhouse gas emissions. Given Vietnam's already strong potential for forest development, the country contributes to the reduction of greenhouse gas emissions by reducing deforestation, forest degradation, protecting biodiversity, and sustainable forest management (REDD+). By 2030,

Vietnam will reduce the total amount of greenhouse gas emissions by 9% compared to the B-Scenario, and increase the contribution by up to 27% with international support.

After a period of operation of JIC Vietnam, it was noticed that the EU also had many changes in leadership as well as changes in VPA/FLEGT management personnel. In the context of COVID, the EU is also less interested in urging the implementation of VPA/FLEGT. The annual meeting was postponed for nearly a year. Therefore, the CSO group proposed that the EU strengthen support for Vietnam to accelerate the implementation of the VPA/FLEGT. 75.59% of the respondents thought that the EU should require the staff of the Committees participating in the FLEGT to better understand the VPA/FLEGT Intervention Logic (Figure 32 in Appendix 3). 27% also believe that the EU is neglecting to support the implementation of VPA/FLEGT (Figure 33 in Appendix 3).

Large countries with large export volumes and sales in the world market have not yet joined VPA/FLEGT, so a few FLEGT participating countries may not be enough to prevent deforestation and degradation, on a global scale. Survey results show that up to 90% of the requirements of other countries (Figure 35 in Appendix 3), especially large countries with large export volumes, need to join VPA/FLEGT to ensure fair trade competition. commercial.

1.4. Policy feasibility and overall impact of options

Based on the results (Appendix 2), the majority of respondents believed that the FLEGT license linked with accountability was the most compatible with the non-deforestation policy and the impact on forests/forest governance, at the highest level., followed by the approach of the local and regional public procurement policies. In particular, encouraging global recognition is highly compatible with non-deforestation policy and the impact on forest/forest governance, at the average level.

Results of consultation with experts

The experts involved in the meeting agreed that:

+ The implementation of the VPA/FLEGT occurs through internalization. The role and position of the VPA/FLEGT are expressed through intermediary factors such as Decree No. 102, Circular No. 27, and amended the Law on Forest. The role and position of the VPA/FLEGT would change depending on what we do. There is a VPA/FLEGT Monitoring and Evaluation (M&E) Framework adopted by the JIC Committee that allows us to integrate these results into the overall results of the M&E Framework. Additionally, there are questions related to the benefits, difficulties, obstacles, and the relationship of VPA/FLEGT with international agreements, such as international commitments or the EVFTA. Why has the VPA/FLEGT not developed strongly? In

particular, we also need to answer the question: “What do we need to do to promote, enhance, and adjust the role and position of the VPA/FLEGT?” VPA is an agreement along with other international commitments and treaties and would be a vital part of forestry. As a result, paying attention to the role and position of the VPA is paying attention to the role and position of Vietnam’s forestry. (Deputy General Director of VNFOREST)

- + The VPA/FLEGT could be considered a crucial tool to enhance the brand of Vietnamese furniture.

- The agreement would assist Viet Nam in building a transparent and legal timber platform to enter other markets, improving its forest management institutions, addressing illegal logging and trade, and contributing to the sustainable development of the timber exporting and processing industry.

- The agreement is a motivation for state administrative agencies and enterprises to actively implement digitization and digital transformation in enterprise management as well as improve the awareness and skills of households in forest production.

- Transparency in land use management.

- The agreement contributes to reducing forest degradation and forest loss.

- The agreement contributes to creating a transparent labor market, by guaranteeing the rights of enterprises and employees, thereby improving the health of employees as well as occupational safety and health standards (Vice President of Vietnam Timber and Forest Products Association).

- + In terms of public procurement, the State must be exemplary at the forefront. It should be shown that precious types of wood are not allowed to be put into bidding and trading (VNFOREST).

- + Secretary-General of BIFA and Director of the Vietnam Academy of Forest Science expressed that we should directly pay attention to not only the size of the market but also to the spread of the agreement with other markets. For instance, if the VPA/FLEGT is well-performed by Viet Nam, the EU would assist us in ensuring the protection of the legal timber supply chain. Therefore, we would expand to other markets with Vietnamese timber brands. It is not necessary to expand the VPA for agricultural products since there has been a mechanism for the management of agricultural products.

- + The Vice President of VIFORA shared that the agreement which is the sub-agreement of the EVFTA would promote the implementation as well as the explanation for the provisions of the EVFTA. The VPA/FLEGT is considered a platform for us to

better understand the EVFTA. Small-sized forest owners have to tackle the difficulties and challenges of the VPA/FLEGT (more than 7%).

+ The VPA/FLEGT only mentions illegal timber which has an impact on forestry. However, this is not a decisive factor for sustainable forestry development. Limiting illegal timber is not enough. Sustainable forestry development and sustainable livelihoods are a process. We shall work towards sustainability in addition to eliminating illegal timber. Protecting the environment requires the consensus of the international community. Therefore, there is a need to be spread to other countries in different ways.

+ Secretary-General of BIFA shared that complying with commitments would be detrimental to other small-sized enterprises. The reason for this is that only large enterprises could afford full compliance, particularly American FDI enterprises with an export value of over US\$400 million/year.

+ According to the consultants of the FFF Programme (VFU), the VPA/FLEGT has a great impact on the terms of the policy. Without the VPA/FLEGT, sustainable trade could not be done. Without negotiations with the EU, our legal system could not have been improved or reformulated. This is an internal force for us to better manage and protect natural forests. However, Decree No. 102 and Circular. No 127 is more about enterprises without mentioning cooperatives or small-sized producing households. If the issue of forest land-use certificates is not solved, the supply chain and legal timber could not be managed effectively.

+ Director of CED said that the VPA/FLEGT has not yet eliminated illegal timber. The reason for this is that sanctions for illegal logging are facile compared to the financial sources they have achieved. Illegal logging is not yet considered to be serious. The general definition in Decree No. 102 is not clearly expressed in the VPA; the classification of enterprises applies only to processing and exporting enterprises while the VPA applies to all objectives in the timber industry, and the market scope is not clearly stated.

+ Experts agreed that if we implement only FLEGT, it is impossible to prevent illegal timber. In addition to the EU, the U.S., and Japanese markets, Viet Nam also exports timber products to many other markets, including large and non-strict markets. China is the world's largest importer of tropical timber as well as the largest buyer of timber products from Viet Nam. Most of the largest timber enterprises in Nghe An now are exporting timber products to the Chinese market, as a result, we might face the risk of forest loss and forest degradation.

Conclusion and Recommendations

Conclusion

Vietnamese CSOs have noticed:

- + The VPA/FLEGT has created a framework for the EU to contribute to tackling illegal logging in Vietnamese tropical forests;

- + The VPA/FLEGT has assisted Viet Nam in establishing a framework for legal timber production as well as addressing several extensive forest governance issues with the participation of many stakeholders, which is an integral part of the implementation of VPA/FLEGT;

- + VPA/FLEGT has been effective in clarifying the national definition of legal timber in line with the principles of good forest governance, sustainable ecology, and livelihoods and rights of local communities through the amendment of Vietnamese legal documents such as the Law on Forestry, Decrees, and Circulars related to forestry;

- + There is a need to control the flow of illegally produced timber products into the EU markets. The FLEGT Regulation shall be supplemented related to public procurement, private sector initiatives, finance and investment, and the promotion of global trade in legal timber;

- + FLEGT Action Plan has contributed to reducing illegal logging and trade as well as the reforming and capacity building of forest governance;

- + The improvement of forest and forest land use rights sustainably in VPA countries in general and Viet Nam, in particular, is considered the most important indicator for the success of VPA/FLEGT in addition to trade indicator;

- + The use of trade-related metrics measures the success of FLEGT in enhancing monitoring of the implementation of EUTR. Although these indicators have the advantage of being specific and accessible, they are not useful in addressing the basic conditions that allow illegal logging, or addressing the impact of VPA processes on timber flows that could not reach the EU market;

- + Viet Nam and the United States have announced a joint agreement on illegal logging and timber trade, which also requires Viet Nam to report to the “Timber Working Group” on the process of FLEGT licenses and changes in the timber legality assurance system. Therefore, the agreement mentioned and demonstrated the superiority of the principles of the VPA/FLEGT framework;

- + Illegal logging is no longer the main cause of forest loss in Viet Nam. The greater risk of forest loss in Viet Nam is the conversion of forest use purposes such as

building hydropower constructions and economic zone and the conversion to agricultural land;

- + The EU market is also a driving force for Viet Nam to implement the VPA/FLEGT, as enterprises hope to successfully implement the VPA/FLEGT. However, the process is still implemented slowly causing enterprises to face difficulties;

- + The Implementation of VPAs has proven that it takes time to receive a FLEGT license. Although the EU had anticipated this, the EU tends to pay less attention to the Agreement;

- + The participation of major timber-consuming countries shall be encouraged, at least with the restriction of illegal timber, to reduce illegal logging in timber producing and processing countries. The wider global recognition of FLEGT licenses would assist in establishing a framework for the new VPA if the EU is not the only market;

- + The signing of VPA/FLEGT for Vietnamese exporting and processing enterprises to develop timber trade and access to the EU market (as well as the U.S. market and the markets of other developed countries) is a driver to attract the participation of the private sector;

- + Well-protected and well-developed forests are crucial factors in addressing climate change. Therefore, policies shall focus on limiting the causes of forest loss. VPA/FLEGT shall take more measures, policies as well as stronger assistance for communities relying on forests;

- + Viet Nam has always and will continue to pursue the development and protection of forests through strengthening the management, preventing deforestation, converting natural forest areas to other objectives;

- + Strengthening assistance to forest-dependent local communities in implementing the agreement by improving their lives as well as their livelihoods. The VPA/FLEGT shall consider local communities as a component that needs to be supported to ensure that the agreement would be implemented in the best way.

Recommendation

- + The participants in the consultation meeting agreed that the Government shall pay more attention to ministries and agencies to fully implement the commitments in the Agreement as soon as possible;

- + International organizations have stepped up assistance for Viet Nam in terms of financial resources as well as human resources to speed up the implementation process;

- + NGOs need to strengthen research and detect loopholes to complete the legal documents and provisions of the Agreement, and assist the Government in putting the

Agreement into practice. Thereby, it creates conditions for enterprises to expand the market, improve capacity building as well as create prestige for the Vietnamese timber brands;

- + Relevant agencies of the EU and Viet Nam shall cooperate closely to implement VPA/FLEGT and EVFTA (Article 13.8 of EVFTA is on Sustainable Forest Management and Trade in Forest Products);

- + Strengthen the implementation of the M&E Framework, particularly concerning the issue of reforestation households, small- and micro-sized enterprises (SmEs), gender issues, and ethnic minorities in the M&E Framework;

- + Promote the implementation of carbon markets in forestry associated with the participation of stakeholders including forest-dependent communities and CSOs;

- + Link the monitoring of the implementation of the VPA/FLEGT and EVFTA with the implementation of the Glasgow commitment (Nov 2021) on completely ending the loss of natural forests by 2030 as the Vietnamese Prime Minister has committed.

Appendix

Appendix 1: List of interviewees

No	Name	Organization
1	Vu Que Anh	FSC Viet Nam Office
2	Le Van Bach	Vietnam Forest Owner Association
3	Do Van Ban	Independent Consultant
4	Dao Thi Minh Chau	Centre for Environment and Biological Resources (CEBR)
5	Pham Van Chuong	Vietnam National Forestry University
6	Cao Chi Cong	Vietnam Timber and Forest Product Association
7	Đo Van Cong	Ben Tre Young Creative Group
8	Ho Van Cu	Preferred by Nature
9	Nguyen The Cuong	Trafic
10	Luu Tien Dat	Vietnam Administration of Forestry
11	Doan Diem	Vietnam Institute Forest Association
12	Bui Ngoc Diep	Thanh Hoa Union of Science and Technology Association
13	Nguyen Van Doan	CITES Viet Nam
14	Tran Lam Dong	Silviculture Research Institute – Vietnam Academy of Forest Science
15	Nguyen Viet Dung	TGV Lab
16	Nguyen Huy Dung	Vietnam Institute Forest Association
17	Phan Trieu Giang	Center of People and Environment (COPE)
18	Tran Thi Thu Ha	Vietnam National Forestry University
19	Nguyen Thuy Hai	RECOFTC Viet Nam
20	Nguyen Bich Hang	WWF
21	Nguyen Xuan Hau	Lam Dong Union of Science and Technology Associations
22	Tran Thi Thuy Hoa	Vietnam Rubber Group
23	Truong Quang Hoang	Center for Rural Development in Central Viet Nam
24	Nguyen Viet Hung	Faculty of Forestry Khoa Lâm nghiệp – Thai Nguyen University of Agriculture and Forestry
25	Tran Le Huy	Forest Products Association of Binh Dinh
26	Duong Thi Lien	The Research Institute of Sustainable Forest Management and Forest Certification

27	To Kim Lien	Center for Education and Development (CED)
28	Nguyen Van Linh	Dong Nai Trade Promotion Center
29	Pham Van Luan	Ben Tre Young Creative Group
30	Nguyen Ba Ngai	Vietnam Forest Owner Association (VIFORA)
31	Nguyen Viet Nghi	CORENACCA
32	Nguyen Thanh Ngoc	Vietnam Association of Corporate Directors
33	Tran Dong Phu	Ben Tre Young Creative Group
34	Dang Viet Quang	Independent Consultant
35	Hoang Lien Son	Vietnam Academy of Forest Science
36	Thai Son	Ha Tinh Union of Science and Technology Associations
37	Nguyen Van Son	Viet Nam Union of Science and Technology Associations Viet Nam Union of Soil Science
38	Nguyen Van Thai	Forest Protection Department
39	Tran Ngoc Thanh	Dak Lak Union of Science and Technology Associations
40	Tran Ngoc Thanh	Agriculture and Rural Development Academy of Tay Nguyen
41	Nguyen Minh Thanh	Vietnam National Forestry University
42	Bui Huu Them	Handicraft and Wood Industry Associations of Ho Chi Minh City (HAWA)
43	Nguyen Kim Thu	Ben Tre Young Creative Group
44	Phan Xuân Tien	Ha Tinh Union of Science and Technology Associations
45	Nguyen Kim Trong	Center for Application Research Transfer Science and Technology in the Northwest (CARTEN)
46	Ngo Van Tu	Vietnam Forest Corporation (VINAFOR)
47	Nguyen Van Tuyen	Tien Dat Investment and Service Trading Production Company Limited
48	Le Cong Uan	Independent expert on VPA/FLEGT
49	Vu Le Y Voan	Forest and Farm Facility – Vietnam Farmers’ Union
50	Nguyen Thao Vui	CCD
51	Pham Thi Kim Yen	Ben Tre Young Creative Group

Appendix 2: Policy feasibility and overall impact of options

Policy	Compatibility with non-deforestation policy			Impact on forest/forest governance and policy feasibility		
	High (%)	Medium (%)	Low (%)	High (%)	Medium (%)	Low (%)
1. Integrate FLEGT into broader policy	28.125	56.25	15.625	28.125	56.25	15.625
2. Link FLEGT license with DDs accountability	50	40.625	9.375	50	37.5	12.5
3. Review of minimum sustainability standards in VPAs	28.125	59.375	12.5	21.875	62.5	15.625
4. Put the VPA at the central of the partner approach	25	56.25	18.75	18.75	68.75	12.5
Enhance the suitability of the VPA as the EU increasingly attaches importance to the timber market, the domestic and emerging sector markets as well.						
1. Encourage global recognition of licenses through equivalent programs	43.75	43.75	12.5	31.25	46.875	21.875
2. Transfer management and negotiations of VPAs and FLEGT into a global platform	37.5	43.75	18.75	34.375	46.875	18.75
3. Access to local and regional public procurement policies	53.125	28.125	18.75	40.625	40.625	18.75
Enhance the support for logic intervention						
1. Publicize the progress and adjust the monitoring system accordingly	40.625	53.125	6.25	21.875	68.75	9.375
2. Land use rights – the basis condition when implementing the VPAs	37.5	50	12.5	34.375	53.125	12.5
3. Establish stronger legacy systems in the EC	21.875	62.5	15.625	21.875	59.375	18.75

Appendix 3: Diagram and results of the questionnaire

