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# Impacts of the logging ban in Viet Nam

## Policy Brief

### Background

After decades of deforestation and over-exploitation of forest resources, the Government of Viet Nam began to pursue large scale forest recovery in the 1990s. As a result, not only the country's total forest cover recovered but also the natural forest cover increased from 26 % in 1993 to 29 % in 2016<sup>1</sup>.

Nevertheless, significant deforestation and degradation of natural forests continued – in particular in the Central Highlands and Southeast regions. In addition, much of the natural forests is of low quality and severely degraded. The share of natural forest classified as rich and medium in terms of quality is about 5 % and 17 %, respectively<sup>2</sup>.

Drivers of deforestation include the expansion of slash and burn cultivation by ethnic minorities, expansion of cash crops – in particular rubber – infrastructure projects and forest conversion. Underlying drivers include population growth and resettlement, and the

disruption of customary rights in the context of state appropriation of forest resources.

Government policy is to address deforestation and forest degradation through the implementation of a logging ban. In 2014, a ban on logging in natural forests was introduced, which exempted subsistence use and certified forest companies<sup>3</sup>. The policy as originally issued supported the goal of certifying 150,000 ha of natural forests until 2020. In 2016, the scope of the logging ban was expanded, now encompassing all forest users in the Central Highlands – no longer excluding certified companies or subsistence use<sup>4</sup>. Later in 2017, logging in natural forests was forbidden to all forest users nationwide<sup>5</sup>. According to VNFOREST, by 2017 the ban affected four companies with a total output of about 22,000 m<sup>3</sup> from natural forest management.

Generally, the effectiveness of logging bans is debated. Several studies have shown that logging bans have often been implemented without tackling actual underlying causes of de-forestation and forest degradation<sup>6</sup>. Hence, such policies may not address,

<sup>1</sup> Cochard, R, DT Ngo, PO Waeber & CA Kull (2017). Extent and causes of forest cover changes in Viet Nam's provinces 1993-2013: a review and analysis of official data. Environmental Reviews. doi: 10.1139/er-2016- 0050.

<sup>2</sup> MARD, 2014

<sup>3</sup> Decision of the Prime Minister 2242 giving approval on strengthening management over harvesting in natural forests for the period 2014-2020 (December 11, 2014).

<sup>4</sup> Conclusion 191/VT-VPCP, dated 22/7/2016 on solutions for sustainable forest restoration in the Central Highland region.

<sup>5</sup> Directive 13-CT/TW, dated 12/1/2017 of the Party Secretariat on strengthening the Party's leadership over the management protection and development of forest.

<sup>6</sup> Durst, P. and Enters, T. (2017). Contemplating the impacts and effectiveness of logging bans. <http://www.un-redd.org/single->

or in the worst case even contribute to further forest loss and / or forest degradation. In addition, logging bans entail negative socioeconomic consequences for the forestry sector and local communities' livelihoods.

The joint Technical Cooperation Project "Programme on Conservation and sustainable Use of Forest Biodiversity and Ecosystem Services in Viet Nam", financed by the German Ministry for Economic Cooperation and Development (BMZ) with counterpart funds from the Vietnamese Government, supports VNFOREST of MARD in the development of policies for the sector. Against the described background GIZ commissioned an assessment of the logging ban after three years of implementation. The study primarily tried to answer the following question:

- How has the logging-ban been implemented at the local levels?

And in addition tried to address the below:

- Has the logging-ban been effective in protecting natural forests?
- What are initial indications on socio-economic impacts of the logging-ban?

The assessment has been conducted through an analysis of the set of legal documents implementing the logging ban and interviews with national and provincial authorities, experts and state forest companies.

## Findings

### Implementation of the ban

The set of legal documents laying out measures planned to implement the logging ban address important drivers of de-forestation and forest degradation. This includes: i) halting all projects causing conversion except for national security; ii) strengthening forest monitoring and control; and iii) solving conflicts over land, controlling free migration and recovering encroached land. These legal documents have been translated into provincial action plans.

While immediate enforcement at provincial level has taken place, some aspects of implementation cast doubt over effectiveness and their long-term impacts:

- Lack of new institutional arrangements, long term goals and indicators for monitoring: Action plans

are limited to setting forth immediate goals and the distribution of operative tasks to different authorities. Hence monitoring and evaluation takes only place to a very limited extent.

- Insufficient resources provided to effectively protect the natural forest classified for production purposes: Provincial FPDs seek to secure resources for natural forest protection through the compensation policy of the logging ban (PM Decision 2242/2014 and Circular No. 330/2016/TT-BTC) in order to redistribute this to forest companies. Formally however, these policies only support forest protection in companies affected by the ban. Often, allocation has not followed standard procedures, as many provinces lack adequate budget planning.
- Another challenge is related to the costs norm of 200,000 VND/ha, which only covers about half the costs for forest protection, leaving a funding gap for required forest protection work under the logging ban.

### Effectiveness of the plan on natural forest protection

The study findings suggest that the logging ban has an immediate positive effect on forest protection by halting projects involving conversion. On the other hand, following unintended impacts on forests are likely:

- Degradation and depletion of the forests under the management of certified forest companies affected by the ban, encompassing around 86,000 ha. In the absence of additional re-sources or measures for protection, these forests may *de facto* become "open access".
- A shortage of natural timber may increase imports. If this gap is filled by sourcing from countries with poor forest governance, this may lead to further unsustainable exploitation of forest resources in the countries of origin. The extent of this impact is unclear. Vietnamese authorities estimate a shortage of 40,000 m<sup>37</sup> annually for the national industry. However, total domestic timber production from natural forests before the ban was estimated at 200,000 to 400,000 m<sup>38</sup>.

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[post/2017/03/31/Contemplating-the-impacts-and-effectiveness-of-logging-bans](http://www.vietnamnews.vn/economy/350348/lack-of-timber-threatens-wood-industry.html#GRrhykLVMGKKdY.97). Accessed Nov 1<sup>st</sup>, 2017

<sup>7</sup> <http://VietNamnews.vn/economy/350348/lack-of-timber-threatens-wood-industry.html#GRrhykLVMGKKdY.97>

<sup>8</sup> European Forestry Institute (2011). BASELINE STUDY 3, VIET NAM: Overview of Forest Governance and Trade. <http://www.euflegt.efi.int/documents/10180/23308/Baseline+Study>

The policy also discourages the adoption of Sustainable Forest Management and forest certification. In the absence of any further support, achieving the certification of 150,000 ha of natural forests by 2020 is extremely unlikely (Decision 83/2016/QĐ-BNN-TCLN).

## **Socio-Economic impacts**

The logging ban has negative socioeconomic impacts, including significant revenue loss of affected forest companies, which have shown to be in the order of 70 to 80% of total revenues. This also translates into decreased revenues for the government and loss of stable jobs, particularly in companies conducting forest management coupled to processing.

Possible impacts on communities to date are unclear. Findings suggest that communities adjacent to forest companies affected by the ban are impacted by the decrease in contracts for forest management and protection and general technical support. Actual enforcement of the current set of documents regulating the logging ban, which aim at strictly controlling illegal logging and encroachment, could lead to displacement and restrictive forest access, with the risk of exacerbating ongoing land use conflicts.

## **Recommendations**

Following policy recommendations could be drawn from this study:

### **An overall long-term strategy for the protection of natural production forests should be developed.**

The logging ban, in combination with other instruments for forest protection and management, should be aligned to this strategy. Long term goals and indicators should be developed for effective implementation and monitoring in order to develop a comprehensive approach for the regeneration and restoration of depleted forests.

### **Companies and communities with proven capacity for sustainable natural forest management and a sound management plan should be allowed to log accordingly.**

Sustainable Forest Management should be fostered as a viable alternative for forest protection, targeted at

protecting medium and rich natural production forests outside of protected areas. If properly implemented, Sustainable Forest Management could protect forest areas of good quality while generating revenues for the Government that support the protection of other areas and strengthens forest restoration.

### **Improve use and efficiency of forest protection budget lines.**

Sufficient resources should be targeted at depleted natural forest areas which are not viable to be managed through Sustainable Forest Management. Budget planning should be conducted on the national and provincial levels. Furthermore, clear criteria for the distribution, access and most importantly efficient use of these resources should be developed.

### **Enhance community support under migration and encroachment policies**

In the absence of wider support, restrictive policies could lead to increased conflicts, illegal logging and encroachment. Policies such as Decree 75/2015/ND-CP on supporting poverty reduction for local ethnic minorities, and Decision 38/2016/QĐ-TTg on supporting forest plantation and assignment of public service for forest companies, could potentially support forest dependent communities. However, these policies were not yet implemented by the time of the study.

### **Incentivize SFM and certification approaches to increase sustainable use of forest resources**

Given the existing logging ban to 2020, it is in line with other targets such as the SFM action plan or intentions to develop a national certification scheme. In order to achieve the expected targets such as the 150,000ha under certification (According to Decision 83) or the 500,000 ha managed under SFM principles additional legal and financial support is required to generate adequate incentives for forest owners to commit to both certification schemes or SFM implementation. In light of the logging ban such an incentive would most prominently be harvesting, hence a logging ban for hotspot areas rather than for all forest owners might be applicable.



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