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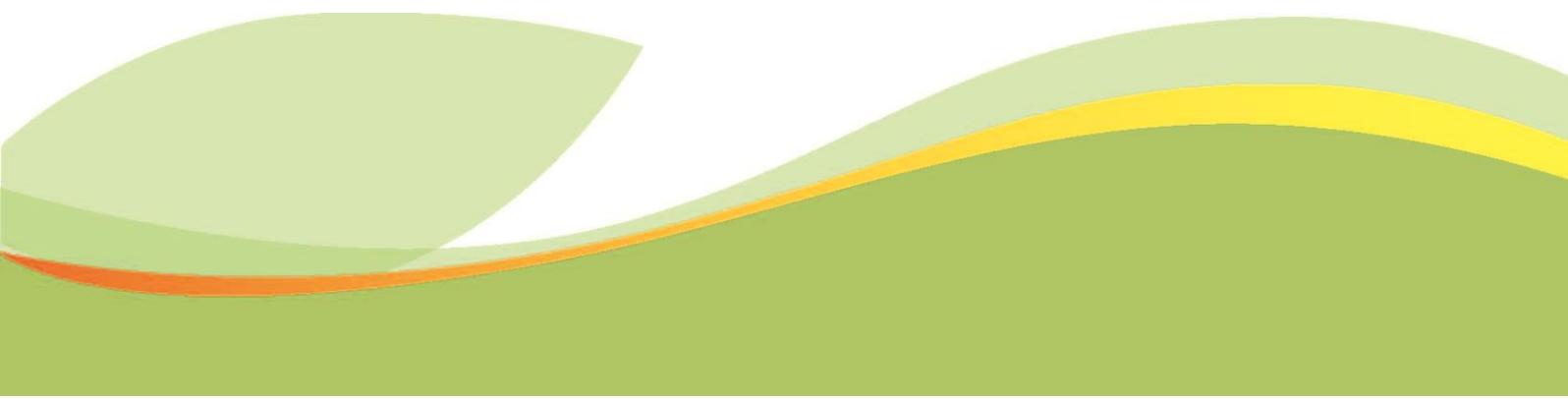


In cooperation with



Contributions to the Vietnam Forestry Development Strategy 2021-2030, with vision to 2050

CLIMATE CHANGE, BIODIVERSITY CONSERVATION AND FOREST RESTORATION



Imprint

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UNIQUE

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On behalf of the

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LIST OF ABBREVIATIONS

ACMA	Adaptive Collaborative Management Approaches
CBD	Convention on Biological Diversity
COP	Conference of Parties
DRR	Disaster Risk Reduction
FLEGT	Forest Law Enforcement, Governance and Trade
GCF	Green Climate Fund
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
GoV	Government of Vietnam
EbA	Ecosystem-based Adaptation
LULUCF	Land Use, Land Use-Change and Forestry
MARD	Ministry for Agriculture and Rural Development
MONRE	Ministry for Natural Resources and the Environment
MPI	Ministry for Planning and Investment
NbS	Nature-based Solutions
NBSAP	National Biodiversity Strategy and Action Plan
NDC	Nationally Determined Contribution
NRAP	National REDD+ Action Program
NRIP	National REDD+ Investment Plan
NTFP	Non-timber Forest Products
PA	Protected Area
PF	Protection Forest
PFES	Payment for Forest Ecosystem Services
PFMB	Protection Forest Management Board
PRAP	Provincial REDD+ Action Plan
REDD+	Reducing emissions from deforestation and forest degradation in developing countries, and the conservation of forest carbon stocks, sustainable forest management and enhancement of forest carbon stocks
SDG	Sustainable development Goals
SFM	Sustainable Forest Management
SFMP	Sustainable Forest Management Plans
SUF	Special Use Forest
UNCCD	United Nations Framework Convention on Combatting Desertification
UNFCCC	United Nations Framework Convention on Climate Change
VFDS	Vietnam Forest Sector Development Strategy
VNFOREST	Vietnam Administration of Forestry
VNTLAS	Vietnam Timber Legality Assurance System

VPA

Voluntary Partnership Agreement

EXECUTIVE SUMMARY

Vietnam's forest sector has developed rapidly since the 1990ies, and the concerted governance efforts of the Government of Vietnam (GoV) have resulted in significant achievements. During the last 14 years the Vietnam Forestry Development Strategy (VFDS) 2006-2020 has provided the general direction and a comprehensive guidance with specific targets for many stakeholders in the forest sector. While recognising the achievements under the VFDS 2006-2020, it has to be noted that old challenges persist, and new challenges as those related to climate change require new responses.

Since 2007, many processes at the international level have led to decisions and agreements, as well as national policy responses that should inform the new strategy. For the topic 'climate change', especially the UNFCCC Paris Agreement, REDD+, the NDC process and the GCF are of relevance. Concerning 'biodiversity', the Strategic Plan of the CBD of 2010 for the period 2011 until 2020, the related Aichi targets and the NBSAP process are of relevance as they highlight the role of forest conservation and restoration for addressing climate change mitigation and adaptation, as well as the loss of biodiversity. The GoV has responded with new and revised policies and legal documents of various sectors to the decisions and agreements of the two conventions.

The GoV has decided to develop the *Vietnam Forestry Development Strategy for the period 2021-2030, with a vision to 2050.* This process represents a unique opportunity to reconcile the various efforts and policies the GoV has taken for the sector since 2007. Taking stock and reorientation will help ensuring that Vietnam's forestry sector can further recover and strengthen its role in the near and the long-term future, including contributing to a 'green recovery' of the economy to address the impacts of the COVID-19 crisis.

VNFOREST is collaborating with GIZ to support the strategy development through thematic input for three topics: (i) biodiversity conservation, (ii) forest restoration and management of natural production forests and (iii) climate change. The main objective of this study is to propose contents and orientations for the three intricately linked topics, and thereby informing the policy process towards formulating the VFDS 2021-2030. The study assesses relevant national policies for all three topics, to ensure that proposed contents and recommendations are consistent and in line with recent policies and legal documents.

The three topics – biodiversity conservation, forest restoration and climate change – are intricately linked (Figure 1). Enhancing and conserving biodiversity plays a crucial role in all three forest types. At the same time restoration does not only mean increasing forest areas and biomass / stocks, but also enhancing forest quality and adaptive capacity. Therefore, restoration is a bundle of measures to ensure the provision of and higher value creation through important ecosystem services (such as timber, NTFP, carbon sequestration, coastal and watershed protection, or ecotourism). By actively restoring degraded natural forests and plantations, both standing volumes and the diversity, i.e. forest quality can increase significantly compared to current levels. Successful implementation of the proposed measures at landscape scale will help achieving economic, environmental and social objectives of Vietnam's domestic policies.

Rigorous efforts for SFM certification, and simultaneously continuing to address the persistent challenges of forest degradation, illegal logging poaching and encroachment, should receive priority in the new VFDS.

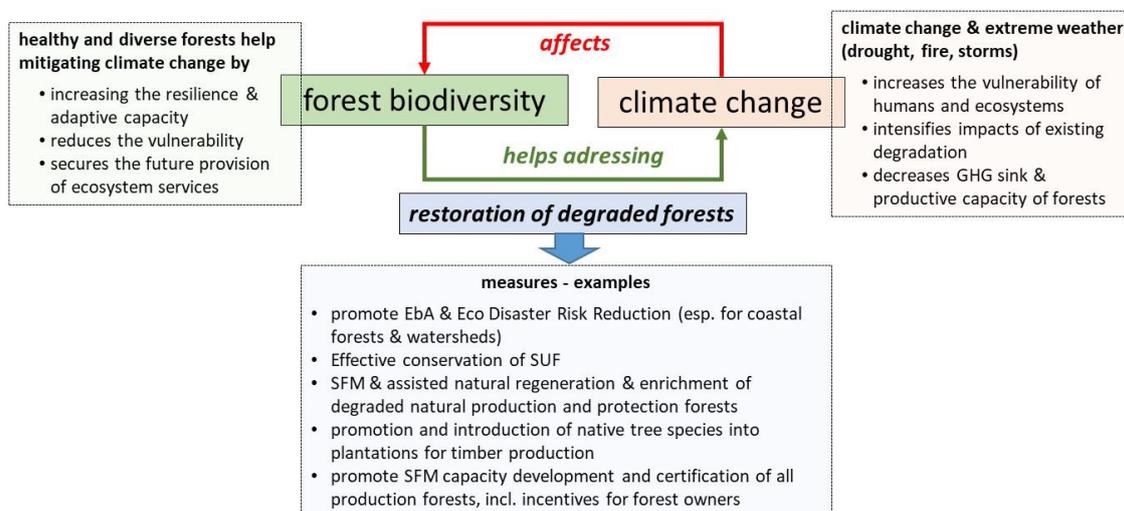


Figure 1: Relationship between the topics “biodiversity conservation, forest restoration and climate change”

With a view to the core problems of Vietnam’s forest sector, the main challenge during the next decade will be on tackling the persistently low level of quality of the different forest types. In the past, quality was mainly defined by stocking levels and measures in cubic meters (‘poor’, ‘medium’ and ‘rich’ forests). In the future, an equally important criterion for determining quality and improvement should include ‘diversity’ at genetic, species, and habitat levels, and include respective indicators to monitor progress.

Recommendation and key issues for the VFDS 2021-2030

The general and specific recommendations below align with the overarching international and national policy targets for the topics ‘climate change’, ‘biodiversity’ and ‘restoration’. The study at hand analyses achievements under the VFDS 2006-2020, relevant domestic policy developments since 2007, as well as international developments, such as climate change or access to markets (i.e. the Vietnam-Europe Free Trade Agreement or the voluntary partnership agreement on FLEGT). Based on this analysis, the recommendations for the development of the VFDS 2021-2030 are then outlined according to the three thematic areas and forest types. Furthermore, the specific technical section provides proposed measures on how to implement the below recommendations.

The recommendations base on the fact that climate change, continued loss of biodiversity and unexpected crises as COVID19 require sustained and increased efforts to ensure that forests can provide their ecosystem services in the future. Consequent restoration of all forest types – with respect to their different priorities – is an approach to reconcile the different interests and stakes to forests, including targets related to production or ecotourism. With such emphasis, the new strategy will guide

stakeholders and owners to ensure that Vietnam's forests continue developing in a way that greatly benefits the people of Vietnam.

General recommendations for the VFDS 2021-2030 are to focus on providing guidance the persisting bottlenecks and gaps¹. This includes revisiting the assumptions, achievements and pending issues related to several crosscutting themes (Setion **Error! Reference source not found.**): ensuring access of forest owners to finance, further enhancing governance, as well as integrating biodiversity and ecosystem services into land use planning at all levels and upscaling of technical capacity development. This will allow for guiding the main stakeholders towards achieving Vietnam's national and international targets for the sector.

The VFDS 2021-2030 should focus on giving clear, specific and consistent policy directions distinguished by the three different forest types. This includes highlighting and removing policy inconsistencies and institutional overlaps. All of these efforts should have a focus on the role of women and enhancing gender equality. The need to mainstream gender and address gender issues should therefore be recognized and clearly spelled out in the VFDS, in line with the GOVs well-established and comprehensive policy framework in the field of gender equality².

The understanding and the role of biodiversity is reflected in the GoVs overall objective for biodiversity: *“by 2030, significant areas of degraded natural forests (poor and medium quality) will be restored. Biodiversity shall be conserved and used sustainably, bringing major benefits and contributing significantly to the country's socio-economic development and the livelihood of local communities.”³*

We propose to integrate this objective into the VFDS, hence also strengthening coherence and cross-referencing of legal documents with relevant biodiversity.

Tapping and increasing different sources of forest funding⁴

Lack of funding for all forest types and insufficient access to finance for forest owners makes it necessary to increase efforts for tapping into or increasing new funding sources. Restoration, the introduction of SFM and certification require covering significant up-front costs or liquidity gaps. For example, to convince forest owners to invest into measures, which enhance carbon stocks, by e.g. increasing rotation lengths, will pay off only after years or decades. This requires tapping into new funding options independent of public budget lines.

Voluntary carbon markets represent an interesting option for all forest types, also to create incentives for active restoration activities. For forests that are dedicated primarily to ecosystem service provision, this option would complement PFES. While PFES is a great success, currently PFES contracts are not used for incentivizing active restoration activities in protection forests. Voluntary carbon markets are on the rise and represent another, so far untapped funding opportunity. Carbon projects could fund many of the proposed restoration and conservation activities. However, so far there are no

¹ See Section **Error! Reference source not found.** for Cross-Cutting Issues

² National Strategy on Gender Equality; Socio-Economic Development Plan 2016 – 2020; MARDs Gender Strategy

³ Ministry of Natural Resources and Environment (MONRE), 2010: National Biodiversity Strategy and Action Plan (NBSAP) 2010-2020, with vision to 2030

⁴ See Section **Error! Reference source not found.** on Cross Cutting Issues relevant to Funding forests and forest owner incentives

climate-certified carbon projects in Vietnam. Tapping into this source of forest funding requires creating the needed regulatory prerequisites, which allow forest owners for developing forestry-carbon projects.

Further enhancing forest governance⁵

A robust monitoring system allows for evidence-based management and policy making to address the loss of biodiversity or the reduction of carbon sequestration capacity that results from deforestation and degradation. For improving the effectiveness of forest governance, the availability of up-to-date data and reliable information for relevant parameters is key and enhances transparency. Decision and policy makers still lack robust monitoring and information system that provides information on key parameters needed for assessing the impact and effectiveness of policies and measures (e.g. the impacts of the temporary logging ban on forest degradation, forest owner income and the recovery of biomass / carbon stocks).

A rigorous improvement of remote sensing and IT-based technologies will allow responding faster and more effective to trends and challenges. A near-real time forest cover monitoring and information systems on biomass stock changes should integrate existing Protected Area Information Management Systems (ORS / SMART) and the national Forest Information Management Systems (FORMIS). Furthermore, it is necessary to establish and regularly update corresponding databases, e.g. for reporting on the development of SUF and PF systems, and to facilitate data sharing between relevant ministries.

Biodiversity and securing the provision of (forest) ecosystem services have to be actively promoted and considered on all planning levels. So far, biodiversity and ecosystem services have not received much attention in land use and economic planning. The revised planning law sets the fundament, but implementation requires a solid information basis, which can be improved through the above-proposed measures regarding data availability and monitoring as well as climate risk analyses. MARD, its line agencies and forest owners play a crucial role for providing evidence-based argumentation to streamline biodiversity and eco-system service into spatial planning.

Capacity building of forest owners⁶

Enhanced technical and managerial capacities allow for more sophisticated silvicultural management models and certification. Forest management requires good knowledge and long-term thinking of responsible managers. Despite many efforts and support programs, most forest owners still lack the necessary capacities for a transition from short rotation monoculture towards more sustainable forest management approaches.

A critical bottleneck for better meeting policy targets in forests concerns the lack of knowledge transfer from research organizations and universities to practice. Vietnam has established excellent research organizations and much theoretic knowledge, but it is not applied in practice. For example, for the restoration and

⁵ See Section **Error! Reference source not found.** for Cross Cutting Issues on Forest governance

⁶ See Section **Error! Reference source not found.** for Cross Cutting Issues on Further development of technical capacities

rehabilitation of degraded forests is the lack of incentives and regulation to produce sufficient high-quality seedlings. While Vietnamese research institutions have a wealth of knowledge on the wide range of diverse tree species, both quantity and quality of nurseries and seedlings remains low (except for few nurseries focusing on Acacia clones). In addition, many experts either stay in academia or make a career in other sectors – even though these experts are needed for changing and modernizing the management practices, especially in natural production forests and plantations.

Specific recommendations for Vietnam’s forest types

Special Use Forests (SUF)

Enhancing the connectivity of ecosystems: Climate change will increasingly force flora and fauna species to migrate. Connectivity of SUF and otherwise protected habitats are prerequisites for successful species migration, and thereby biodiversity corridors reduce the vulnerability of forest ecosystems. Biodiversity corridors can be created for example by establishing new biosphere reserves or restoring degraded forests. Such measures should be based on a thorough countrywide assessment of climate change risks and vulnerability, as well as international principles for forest landscape restoration.

Strengthening the legal framework for investments and tapping into appropriate new funding sources: Since increased financial self-sufficiency of SUF is expected, management boards need guidance and a certain degree of financial independence. This includes investment policies and plans, as well as options for tapping new funding sources (e.g. carbon markets, PFES, ecotourism) to ensure a more adequate funding independent of public budgets.

Ensuring safeguards and benefit sharing for investments in ecotourism: New funding sources as ecotourism come along with risks for social and environmental integrity of SUFs and surrounding communities, for example concerning infrastructure development. Risks and opportunities have to be carefully assessed for each site before embarking on large-scale investments for tourism. It is necessary to provide policy guidance, and to develop appropriate regulatory instruments to allow for tapping additional funding from new sources, while effectively safeguarding the conservation values of SUFs and ensuring equitable benefit sharing mechanisms.

Ensuring participation of communities in SUF management and fair benefit sharing: Improved stakeholder engagement and mitigating conflicts, e.g. through adopting Adaptive Collaborative Management Approaches (ACMA), can benefit PA effectiveness and management. Under such collaborative governance arrangements, SUF would work closer with forest-dependent communities and farmers. This includes corresponding legal documents and agreements on demarcation, land use types and use of NTFP, and joint implementation of sustainable livelihood options in buffer zones.

Streamlining of sector policies to further improve biodiversity conservation effectiveness. Cross-sectoral cooperation is required in order to prevent the decline of threatened wildlife and habitats prioritized for conservation. To improve the effectiveness of biodiversity conservation, the issues resulting from lacking cross-sectoral coordination (Section **Error! Reference source not found.**) need to be addressed. Therefore, protection of natural resources (MARD), protection and monitoring of biodiversity

(MONRE) and the integration of ecosystem services into development planning (MPI) needs to go hand in hand. The development of the VFDS & NFMP 2021-2030 (MARD), NBSAP & NBCMP 2021-2030 (MONRE) and expected revision of the Biodiversity Law are opportunities for MARD and MONRE to jointly identify common targets, key issues and measures while ensuring clear responsibilities and close cooperation on biodiversity conservation and PA management. y.

Protection Forests (PF)

Using proven EbA measures to restore degraded natural forests and plantations:

More diverse and close-to-nature systems with site-adapted native tree species would not only improve ecosystem service provision but also reduce vulnerability against climate change. The quality of forests in terms of stocks and species composition remains low, hence the restoration towards stable and therefore more biodiverse PF is key (e.g. enrichment plantings in degraded natural and coastal forests, establish and manage mixed-species PF plantations). In this regard, the VFDS should set ambitious yet realistic quantitative area targets for restoration of PF in watersheds and coastal forests.

Focusing on developing coastal protection forests: With a shoreline of more than 3,000 km, coastal forests play an important role for adapting to climate change and for EbA disaster risk reduction (DRR). Programs, regulation and capacity building for a massive upscaling of the pilot restoration of sandy areas, estuaries and other coastal forests are needed. Sufficient knowledge in Vietnamese research institutions and proof-of-concept exists to develop a significant restoration program for more than 700,000 ha of degraded coastal forests.

Develop PFES and provincial forest funds as funding mechanism to incentivize the measures of restoring degraded PF: Existing legal provisions have provided a firm basis for PFES disbursement options besides forest protection. In reality, the majority of the PFES budget is aimed towards forest protection and often not adequately incentivizing protection performance. The recent increase of funding allows for reconsidering the disbursement, e.g. it could be used to incentivize the development of nurseries for native trees species, reforestation, enrichment with site-adapted tree species or management in the first years (weeding, pruning, preventing overgrowth with vines). In addition to ensuring sufficient seedling production capacities, as well as technical expertise of forest owners and holders of protection contracts, existing financial incentives need modification and should be combined with collaborative management.

Fostering the knowledge base and availability of high quality native seedlings: A key bottleneck is to ensure the availability of high quality native seedlings (for both, upland and coastal areas). It is recommended to put emphasis on the promotion and establishment of nurseries for native tree species and providing the necessary legal fundament for using these species. Original coastal forests in Vietnam were highly diverse, with more than 200 native tree species, well-adapted to extreme site conditions on poor and sandy soils, and resistant to regular floods, droughts and fire.

Ensuring benefit-sharing and community participation in restored forests: Community-based management models with real incentives (including PFES and permission of NTFP use, based on SFMP) are key for an active protection, restoration

and management. Enhanced biodiversity holds many opportunities for communities to improve their livelihoods and to diversify their income through NTFP (e.g. essential oils, food, medicinal plants). National institutes and international projects have carried out a lot of research. This knowledge base needs to be tapped into in order to strengthen the legal framework for this sub-sector. Through the identification of species with market potential, value chain support, identification of sustainable harvesting levels and capacity building support through extension services. Women entrepreneurs should be the main target group and beneficiaries of such a program.

Production Forests

Clear guidance for the future priorities of natural production forests: Clear direction regarding the conditions under which natural production forests can be used in a sustainable manner have been lacking in the last decade, and certification targets have not been met. Forest owners need certainty if the temporary logging ban will be further extended and the priority of natural production forests will be the provision of ecosystem services, or if sustainable timber production based on SFMP and certification will be feasible. SFM and certification of natural production forests should remain key tasks in the coming decade if management for sustainable timber production is a priority. In this option, forest owners supposed to adopt SFM and certification must lift the level of their technical capacities and secure gradual achievements.

Enhancing the economic and environmental value of plantations for production: shifting short-rotation to long rotation and mixed-species plantations dedicated to timber production is a viable business model and qualifies as restoration: It reduces the vulnerability to climate change and contributes to mitigation through higher average sequestration – in line with the targets spelled out in the NDC. Despite the potentials and demand for sawn timber, enhanced value creation and mitigation benefits, the transition from short rotation (Acacia) plantations to sawn timber production is still lacking behind, creating an increasingly high risk for forest owners through climate change impacts and future revenue generation. In addition, the extremely limited genetic diversity of production plantations (very few clones) has not yet been addressed at all. The disproportionately strong use of only a small variety Acacia species and only few clones further increases risks through pests and climate change impacts (storms, droughts, fires).

Ensuring the availability of high quality native seedlings for enhancing natural production forests and plantations: The VFDS 2021-2030 should promote native tree species, the establishment of nurseries and training centers for native tree species. This requires a solid legal fundament for producing, planting and managing these species, incl. area targets for silvicultural models with increased rotation length, and models that diversify Acacia spec. plantations with commercially viable species (e.g. *Hopea odorata*, *Dipterocarpus alatus* or *Tarrietia*).

I. INTRODUCTION AND STUDY OBJECTIVE

For more than three decades, Vietnam's forestry sector has been highly dynamic and has developed rapidly, in line with the overall growth of the national economy. The

concerted policy efforts of the Government of Vietnam (GoV) since the 1990s have resulted in many forest-related successes. Main examples include the stabilization of forest cover loss and forest conversion, the massive reforestation of deforested lands and the establishment of a highly competitive and growing export-oriented timber industry, which provides significant employment and contributions to the gross domestic product (GDP).

Notwithstanding these successes, not all policy targets for the sector have been fully achieved yet. Old challenges persist, while new challenges require new responses to ensure that Vietnam's land use and forestry sectors can further recover and strengthen their different roles. This includes their importance as sources of livelihoods for many local people, and as a provider of sustainably produced timber and raw materials for domestic and export markets. Besides these key targets, the role and significance of biodiversity and the provision of further ecosystem services has further increased, especially in the context of mitigation and effective adaptation to climate change.

During the last 14 years, the Vietnam Forestry Development Strategy (VFDS) 2006-2020⁷ was among the most important and most cited Vietnamese policy documents for the forestry sector. In contrast to many legal documents (policies, laws and bylaws) that take specific perspectives and formulate corresponding detailed targets for their subject, this strategy has provided general direction and a comprehensive guidance for many stakeholders in the forest sector.

The rapidly changing domestic and international circumstances for the sector require balancing key trends and the different stakes in the ecosystem services of the different forest types. Examples include the demand for legally and sustainably produced timber, which has grown continuously over the last three decades. The majority Vietnam's production forest resources is still in a depleted state and cannot mitigate the high dependency on timber imports (logs and sawn timber), despite favorable domestic conditions for production. Forest conversion has notably decreased except for selected local contexts as the Central Highlands. Degradation and encroachment into Protection Forests (PF) and Special-Use forests (SUF) continue at varying levels throughout the country.

Reasons for these trends and not meeting fully all targets of the VFDS 2006-2020 include well-known barriers (Section **Error! Reference source not found.**), e.g. the lack of technical capacities, low incentives and difficulties for forest owners to access finance, limited land and decreasing labor availability, as well as unclear policy directions (e.g. related to certification and the temporary logging ban). These factors limit the development options for production forests.

Throughout the last decade, the VFDS 2006-2020 has partly guided the GoV in its continued efforts to streamline and improve its forest governance framework. Examples of policy developments include the revised Forestry Law, the new Law on Planning, the

⁷ Decision No. 18/2007/QĐ-TTg approving Viet Nam's Forestry Development Strategy in the 2006-2020 period.

revision of the Biodiversity Law, the upcoming Forestry Master Plan, most recently the Law on Environmental Protection and their ongoing specification through corresponding decrees and circulars.

The joint technical cooperation project “Conservation and sustainable Use of Forest Biodiversity and Ecosystem Services in Viet Nam” supports VNFOREST in component one in the development of the legal framework and respective policies for forest biodiversity. It is implemented by GIZ and financed by the German Ministry for Economic Cooperation and Development (BMZ), with counterpart funds from the Vietnamese Government.

Against this background, VNFOREST and the Ministry of Agriculture and Rural Development (MARD) have invited GIZ to support the development of the revised VFDS for the period 2021-2030, with a vision to 2050, through thematic inputs for three intricately topics: (i) biodiversity conservation, (ii) forest restoration and management of natural production forests, and (iii) climate change. ⁸ Our understanding is that biodiversity aspects play a role in all three forest types; restoration (enhancing extent in ha, biomass / stocks and quality) will ensure the provision of important ecosystem services – including related to the mitigation and adaptation to climate change impacts.

The objective of this study is to support VNFOREST by proposing contents and orientations for these three intricately linked topics while encouraging/ensuring participatory of and benefit sharing to local people (both men & women) and thereby to inform the current policy revision process. The available time does not allow for an in-depth study with respective consultations of preliminary and final results. A mixed team, consisting of five renowned national and international forest experts attempts to compensate this lack of different perspectives usually achieved through a consultation process. The methodological approach is a desk-based review of the consultant team. It focuses on the current situation of Vietnam's forests in relation to the three topics, including an identification of main trends and drivers, as well as implementation barriers, and opportunities.

The structure of the study is as follows: The Executive Summary points out key recommendations for the VFDS 2021-2030. In section 2, the team reviews international and national policy developments since 2007 when the GoV had endorsed the VFDS 2006-2020. Subsequently, the analysis focuses on specific developments, options and recommendations related to the three topics (sections 3 to 5). Based on this assessment and in line with the key recommendations of the Executive Summary, the team identifies potential contents, orientations and measures for the VFDS 2021-2030, including specific recommendations on the three subjects and crosscutting issues (section 6). It is important to point out that all three thematic topics are intricately linked, hence, recommendations in the specific chapters are applicable for all thematic topics, i.e.: restoring degraded natural forests with site-adapted native tree species at the same time

⁸ Topics No. 14, 15, and 16 respectively under ANNEX II, List of Themes, Activities serving the Forestry Development Strategy of the proposal for the development of the VFDS 2021-2030 with vision to 2050

improves biodiversity values and improves adaptive and mitigation potentials at the same time

II. INTERNATIONAL AND NATIONAL POLICY CONTEXT SINCE VFDS 2006 - 2020

1. INTERNATIONAL PROCESSES AND AGREEMENTS FOR FORESTS

Since 2007, various international policy processes of relevance to the topics climate change, biodiversity and restoration have significantly advanced and influenced subsequent policy development at the national policy development. As Vietnam is an official Party to both, the United Nations Framework Convention on Climate Change (UNFCCC) and the Convention on Biological Diversity (CBD), the GoV has responded with new and revised policies and legal documents to the decisions and agreements of the two global conventions.

The topic of restoration of degraded (forest) land is subject of all three Rio conventions, including the United Nations Framework Convention on Combating Desertification (UNCCD). Based on decisions and agreements of these three global treaties and their processes, several voluntary international initiatives for Forest Landscape Restoration (FLR) have emerged, focusing on implantation and tapping synergies between different the different perspectives on environmental and development benefits.

So far, Viet Nam (as other Asian governments) has not engaged itself yet actively in fora as the Bonn Challenge⁹ or the implementation of the UN Declaration on Forests of 2014.¹⁰ These voluntary processes are dominated by countries of Latin America (organized in the regional 20*20 Initiative¹¹) and African (AFR100 Initiative¹²). A similar regional FLR implementation initiative for Asia does not (yet) exist, despite significant opportunities and relevance for addressing climate change and enhancing the effectiveness of biodiversity conservation – and related, the opportunity to tap new public and private funding sources.

Forests in international climate change negotiations

Turbulent processes marked the period between 2007 and today and developments for international policy efforts to address climate change mitigation and adaptation: from the failure of COP15 in 2009 in Copenhagen to the unexpected success of the Paris Agreement at COP21 in 2015. Forests and natural carbon sinks played a key role in facilitating the negotiations for a post-Kyoto agreement. Especially the concept of results-based payments for developing countries through REDD+¹³ has influenced domestic forest governance and strategies.

However, even though the REDD+ negotiations began already in 2005 and COP13 in Bali (2007) encouraged pilot activities, it took Parties until 2013 to conclude on the “rulebook for REDD+”, the so-called ‘Warsaw Framework on REDD+’. This explains why

⁹ <https://www.bonnchallenge.org/content/challenge>

¹⁰ <https://forestdeclaration.org/about>

¹¹ <https://initiative20x20.org/>

¹² <https://afr100.org/>

¹³ International framework under the UNFCCC and the Paris agreement for “Reducing emissions from deforestation and forest degradation in developing countries, conservation of existing forest carbon stocks, sustainable forest management and enhancement of forest carbon stocks”

the topic “the role of tropical forests in climate change” has not been explicitly mentioned in the VFDS 2006-2020.

A major milestone of the global efforts to address climate change was the conclusion of the UNFCCC Paris Agreement (2015), the related Nationally Determined Contributions (NDC) and the ratification of the agreement in 2016 by its Parties. One key target of the Paris Agreement aims at carbon neutrality by 2050 in article 4.1. Climate neutrality can only be achieved by using and significantly upscaling nature-based solutions (NbS) and LULUCF to compensate the emission of other sectors (industry, traffic, energy). The land use sector in general, and LULUCF in particular, are thus key to achieving this target, and require significant efforts from all countries to protect, restore and sustainably manage all types of forests.

As in many other countries, LULUCF plays a key role in Vietnam’s NDC for both mitigation and adaptation. The specific NDC targets are distinguished by the level of international support for the implementation. The Green Climate Fund (GCF) will be a future key source for supporting countries in achieving their domestic targets for the sector. Thus, the level of ambition of targets to increase the forest area and biomass stocks, e.g. through promoting Sustainable Forest Management (SFM) and certification as formulated in the VFDS 2006-2020, is key for receiving further international support. With the support of the GIZ SIPA programme and others, the NDC targets are currently being revised and have to be submitted by the end of 2020. For ensuring consistency, it is crucial to reflect the targets in the VFDS development.

Forests in Biodiversity negotiations

The main development at the international policy level for biodiversity was achieved in 2010: At CBD COP10 in Nagoya / Japan the Parties to the Convention on Biodiversity (CBD) adopted the Strategic Plan for Biodiversity for the 2011-2020 period, including its 20 specific Aichi Biodiversity Targets. Also under revision, it represents until today the overarching framework for the conservation and sustainable use of biodiversity.

Strategic goals of particular relevance include efforts to reduce the direct pressures on biodiversity and promote sustainable use (B), improving the status of biodiversity by safeguarding ecosystems, species and genetic diversity (C), and enhancing the benefits to all from biodiversity and ecosystem services (D). The Aichi targets¹⁴ identify clear directions, and many are directly related to the conservation, restoration and sustainable management of forests – especially the following targets:

- Target 5: reducing rate of loss of all natural habitats, including forests [...],
- Target 7: managing areas for forestry sustainably [...],
- Target 11: at least 17% of terrestrial and inland water [...] are conserved through effectively and equitably managed, ecologically representative and well connected systems of PA [...],
- Target 15: ecosystem resilience and the contribution of biodiversity to carbon stocks has been enhanced, through conservation and restoration, including restoration of at least 15% of degraded ecosystems, thereby contributing to climate change mitigation and adaptation [...].

¹⁴ <https://www.cbd.int/doc/strategic-plan/2011-2020/Aichi-Targets-EN.pdf>

Parties agreed to translate this overarching international framework into their National Biodiversity Strategies and Action Plans (NBSAP) within two years. Vietnam submitted its updated NBSAP to the CBD secretariat in 2015.

Restoration of degraded (forest) landscapes

As a response to implementing REDD+ and the CBD Aichi Targets, as well as the UNCCD's land degradation neutrality (LDN) target, a global restoration movement of decision makers and practitioners emerged after 2010. The Government of Germany, together with IUCN and WRI, facilitated in 2011 for the first time a meeting of the high-level policy initiative for Forest Landscape Restoration (FLR), the so-called Bonn Challenge. The Bonn Challenge is a global high-level policy effort to receive voluntary commitments of at least 150 million ha of the world's deforested and degraded land into restoration by 2020.

So far, 63 countries made restoration pledges amounting to more than 172 Mio. ha and participated in the processes, which are managed by IUCN¹⁵. In 2014, the New York Declaration on Forests of the UN Climate Summit extended the Bonn Challenge target and raised interest from more governments and land use related institutions as well as the private sector to an extended target of 350 million ha under restoration by 2030. Several high-level Bonn Challenge meetings have taken place since, also at regional level with a specific focus on specific opportunities and challenges to the participating countries.

FLR is a broad concept and is defined as the “process of regaining ecological functionality and enhancing human well-being across deforested or degraded forest landscapes”. According to this definition, FLR seeks to restore entire landscapes with all their elements and appropriate solutions to meet present and future needs and to offer multiple benefits and land uses over time.¹⁶ Through its massive rehabilitation of forest areas, the GoV has taken a significant step towards restoration – however, according to this definition more efforts are required to regain ecological functionality and to ensure the provision of different provisioning and protective ecosystem services.

In contrast to “ecological restoration”, the focus of FLR is on enhancing and securing the provision of ecosystem services. FLR measures promote diverse systems, and they include a wide range of measures, including new tree plantings, mangrove restoration, managed natural regeneration, agroforestry, or improved land management.

In association with the Bonn Challenge process two regional and associated initiatives emerged, the AFR100 initiative for Africa and the 20*20 initiative in Latin America; however, despite the relevance and significant achievements as the successful reforestation in Vietnam and other Asian countries, there is until today no regional implementation initiative for Asia.

Restoration of degraded lands and forests is implicitly an element of the targets of many NDCs and NBSAPs. Its successful implementation in the national contexts contributes directly to the internationally agreed targets of the UNFCCC, the CBD and the broader SDGs.

2. KEY NATIONAL PROCESSES AND LEGAL DOCUMENTS

¹⁵ <https://www.bonnchallenge.org/>

¹⁶ <https://infoflr.org/what-flr>

The VFDS 2006-2020 has defined general targets for the forest sector, including on increasing the national forest cover, forest quality and improving biodiversity conservation and forestry production value. Since its endorsement in 2007, the GoV has revised many relevant general and specific legal documents to implement these targets and to respond to the rapid developments in the sector: new challenges arose, documents were outdated, or contained inconsistencies and overlaps.

In the following, we list the main general policy developments in the sector since 2007; policies with a specific relevance and focus on the three topics subject to this study (biodiversity, restoration, climate change) are presented in section 3 to 5. The policies issued often contain specific policy targets; for ensuring consistency the qualitative and quantitative targets, and the actual level of accomplishment should also inform and guide the development of the contents and directions of the VFDS 2020-2030.

The most important legal document for the sector is new Forestry Law¹⁷ (2017). Key contents that should be also reflected in the new VFDS include

- Management of natural forests and SFM;
- Role of different forest types for the provision of different environmental services;
- Promotion of forestry business, including the continued equitization of SFCs
- Improved forest tenure to clearly identify forest owners/users, their rights & obligations;
- National forestry planning;
- Strengthening financing and monitoring mechanisms for forests; and
- Control of forest products through Vietnam's Voluntary Partnership Arrangement (VPA).

The future direction for owners and managers of production forests are decisive for Vietnam's options related to biodiversity and the role of forest types in the provision of ecosystem services.

Concerning natural production forests, the most impactful policy development was temporary logging ban of 2014¹⁸, which Directive 1319 has even broadened in 2017: It has closed all natural forests for logging, even for FSC-certified companies with approved management plans. In addition, it has also strengthened the mechanisms to manage and closely monitor projects on conversion of forest use purposes, including for hydropower development and rubber plantations. It is therefore linked to decree 118 of 2014 which proposes the reorganization and equitization of SFCs which can either turn towards SFM and certification (serving Vietnam's forest industry as a supplier of legally and sustainably produced timber) or focus more on the provision of environmental service (water and carbon). The priority has significant implications on funding options and needs.

Concerning the domestic sourcing in production forests (natural production forests and plantations), the Vietnam-EU Voluntary Partnership Agreement-Forest Law Enforcement, Governance and Trade (VPA-FLEGT) is another key development of high

¹⁷ National Assembly Decision No. 16/2017/QH14 promulgating the new Law on Forestry

¹⁸ PM Decision 2242/2014/QĐ-TTĐ approving the scheme for strengthening management of natural forest 2014-2020

¹⁹ Directive 13-CT/TW issued by the Party Secretariat in 2017

relevance. The VPA was signed in October 2018 after eight years of negotiations. Tightening controls on forest governance, fighting illegal logging, and promoting trade in verified legal timber products will ensure a continued access of Vietnam's timber processing industries to the EU. Under the VPA, the GoV is committed to developing the Vietnam Timber Legality Assurance System (VNTLAS). To ensure and increase the levels of domestically and sustainably produced legal timber it is key to increase the efforts for restoring production forests and diversify the production of forest plantations dedicated to timber production – in line with the respective targets of the VFDS 2006-2020 and other policies promoting domestic production and sourcing. Rigorous implementation of the VPA can stimulate demand and significant investments into domestic timber production.

While applicable for all forest types, the Payment for Forest Environmental Services²⁰ (PFES) scheme is a particularly important success story for protection forests (PF). Operational since 2010, PFES is now a key source of finance for owners of protection forests as well as the local communities contracted for forest protection. The PFES system is implemented by 41 provinces through provincial forest funds, which have some flexibility in defining how it is carried out.

The new Planning Law (2017) provides the blueprint for a more integrated and sustainable planning that takes specific environmental services into account and integrates these new aspects into the regular top-down and bottom-up planning processes in Vietnam. The new law mandates the integration of climate change and environmental considerations into future planning. It aims at reducing the current overlap of planning activities in many sectors, creating a close connection in planning between the central and grass-roots levels and bringing greater transparency to the overall planning process.

The Government of Vietnam has recently concluded, signed and ratified a number of new-generation Free Trade Agreements (FTA) of which EVFTA with European Union and CPTPP with Pacific nations include principles and/or commitments to promoting environmental and biodiversity safeguards in support to increasing responsible trade. These FTAs require Vietnam to improve further the regulations and law enforcement for biodiversity conservation and mainstreaming its policy framework, including on topics as illegal wildlife trafficking, human rights and trade (e.g. indigenous knowledge and rights of local communities on genetic uses for health care). Furthermore, it creates the need of adopting and applying international standards for land use and commodity production to retain access to important export markets.

III. BIODIVERSITY CONSERVATION

1. REVIEW OF VFDS 2006-2020 IN RELATION TO BIODIVERSITY

Key studies and records of flag species and their conservation since the 1990s had placed Vietnam among those countries of the world's richness and abundance in biodiversity. At the same time, the studies also publicly highlighted Vietnam as a conservation hotspot where many endangered species and their habitats are exposed to various threats.

In fact, the massive land use changes during the last three decades in the context of socio-economic transformation have resulted in a continuing depletion of forest

²⁰ Decree No. 99/2010/ND-CP, dated September 24, 2010, on the policy on payment for forest environment services

biodiversity. The VFDS 2006-2020 acknowledged the reality that “though the forest area increased but the quality and biodiversity of natural forests continued to decrease, in some places, forests were destroyed”. It furthermore confirmed, that “the forestry sector plays vital roles in environmental protection, biodiversity conservation and poverty reduction particularly given to mountainous people, and contribution to the country’s social stability and security”.

This vision was reflected in the VFDS 2006-2020 targets as follows:

- “To establish, manage, protect, develop and use in sustainable manner over 16.24 million ha planned for forestry purposes;
- Increase the ratio of forested land to 42-43% by 2010 and 47% by 2020;
- Ensure wide participation of economic sectors and social organizations in forestry development in order to generate increasing contribution to socio-economic development, environmental and ecological protection, biodiversity conservation, supply of environmental services, supporting to poverty reduction, improvement of livings for rural and mountainous people, and maintenance of national security.”

By the time VFDS 2006-2020 was endorsed, the main efforts of biodiversity conservation in Vietnam covered a network of terrestrial protected areas (special use forests, SUF), a functional legal framework (e.g. Forest Protection and Development Law, 2004) and organizational settings for forest and biodiversity management from the central government to local levels. This broad institutional setup reflects the political will for effectively implementing its conservation agenda. For conservation in particular, the VFDS emphasis on sustainable development and strategic tasks focused on improved forest protection and increasing the size of SUF areas:

- Protecting forests, conserving nature and biodiversity in order to effectively contribute to watershed, coastal and urban protection, mitigation of natural disasters, prevention from erosion, retain of water resources, environmental protection, and generation of revenues from environmental services;
- Increasing forest cover to 42-43% by 2010 and 47% by 2020. Planting 0.25 million ha of protection forest and special use forest until 2010;
- Reducing forest related violations;
- limiting clearing forests for cultivation;
- Establishing, managing, protecting, developing and using three types of forests in a sustainable manner, including 5.68 million ha of protection forest and 2.16 million ha of SUF.

To achieve these strategic targets, the VFDS 2006-2020 has set two main approaches, which highlight milestones for biodiversity conservation:

- Forest and forestland planning, aiming to stabilize the national forestry territory [ổn định lâm phần quốc gia] and enable forest development, nature conservation and protection in combination with ecotourism, leisure and other environmental services.
- Forest management, protection, development and use, which for SUF pursued “in-situ conservation and enabling the most favor environment for conserving and developing endemic species, spectacular ecosystems, genetic resources and

biological diversity” and for PFs aimed to “advancing protection purposes and contributing to biodiversity conservation and ensuring balance of environmental components”

Table 1: Results linked to environmental objectives (VFDS review, MARD 2020, unpublished)

Programs	Tasks	Targets for 2020	Achievement by 2020	Percentage of achievement
Protection and conservation of biodiversity	1. Establishment of the system of protection forests	5.68 mio ha	4.646 mio ha	81%
	2. Establishment of the system of special-use forests	2.16 mio ha	2.161 mio ha	100%
	3. Contracting of forest protection	1.5 mio ha	6.3 mio ha	420%

The VFDS 2006-2020 has proposed different instruments for implementation, e.g. the program for Biodiversity protection, conservation and development of environmental services. This particularly prioritized more effective protection, improved stakeholder engagement as well as enhanced investments (both for infrastructure as well as forest protection, through the help of PFES payments).

Other programs of the VFDS complemented and benefited the efforts for biodiversity conservation, and the implementation of PFES: examples include the development of SFM, research, education and training, and/or the program on sectoral institutional, policy, planning and monitoring reforms. They also addressed the development of incentives for broader and effective engagement of local communities and households in forest protection and sustainable forestry development.

Stabilizing and strengthening management and protection of SUF and PF

Originally, the VFDS 2006-2020 intended to further increase the national forest cover to 16.24 million ha of allocated forestry-land. However, land is a scarce resource and this quantitative target had to be adjusted twice during the timeframe of VFDS implementation: to 15.1 million ha²¹, and to 14.4 million^{22, 23}, which corresponds to the current forest cover.²⁴

Similarly, while the initial area target for SUF of 2.16 million ha was achieved, the later increased targets of 2.4 / 2.359 million ha under the National SUF Plan 2014²⁵ and the

²¹ Decision 57/2012/QĐ-TTg dated 9 January 2012 by Prime Minister approving the forest protection and development plan for the period 2011-2020

²² Decision 419/QĐ-TTg dated 5 April 2017 by Prime Minister approving the national program on REDD+ to 2030

²³ Decision 886/QĐ-TTg dated 16 June 2017 by Prime Minister approving the [national] Target Program on Sustainable Forestry Development 2016-2020

²⁴ Decision 1423/QĐ-BNN-TCLN dated 15 April 2020 issued by MARD announcing the national forest status in 2019

²⁵ Decision 1976/QĐ-TTg dated 30 October 2014 by Prime Minister approving the [national] planning for special use forest to 2020 and a vision to 2030

National Congress' 2017 revision of the National Land Use Plan²⁶ respectively, have not yet been met.

Strengthening institutional arrangements, capacity building and law enforcement in SUF and PF management

1. Strengthening SUF management

In the period 2006-2020 the VFDS aimed at strengthening management of the system in order to improve forest quality and biodiversity values in protected areas. As a result and targeted by the VFDS, all 164 SUF/PAs have since established their management boards and protection units as. In the same period, community engagement in SUF protection expanded further through contracted-based forest allocation mechanisms. On an institutional level, there are two main legal frameworks for protected areas (PA):

- the Forest Protection and Development Law under MARD
- the Biodiversity Law under MONRE

For effective implementation, these overlapping legal frameworks create a need of continued (and sometimes challenging) inter-agency collaboration (see Section 6.2 on Forest Governance). Furthermore, an inconsistent sectoral approach on provincial level results in an unequal funding distribution between sites and PA in different provinces. Finally yet importantly, low incentives (salaries, allowances) and high workload of forest managers and their staff pose risks for their integrity and motivation.

2. Rearranging PF management and capacity building

Following the VFDS target, all 231 protection forest management boards (PFMB) were established nationwide, now overseeing and responsible for 3.01 million ha among the total of 4.6 million ha. Understaffed and chronically underfunded, PFs became more vulnerable and depleted from illegal logging, land encroachment, forest fire or conversion to production forests in recent years. Against this background, biodiversity conservation is still seldom a priority in the agenda of many PFMBs.

The VFDS 2006-2020 targeted 100% officials and staff responsible for forest protection and development to receive capacity building. While there is no reliable evidence available determining how these objectives have been achieved, VNForest (2019)²⁷ pointed out, that in the period from 2014-2019 a total of 87.7% SUF staff have been trained one way or another, whereas only 6.8% of PFMB staff received capacity building.

3. Law enforcement in forest protection and management

Forest degradation is a key driver for the loss of biodiversity – in all forest types. The VFDS 2006-2020 targeted to reduce forest violations by 80%. Based on recorded data, it is estimated that between 2005 and 2019 number of violations has dropped to 62.8% compared to the 2006 baseline. In conclusion, improved law enforcement has effectively reduced forest violations, in both, the absolute number of cases and the scale of damage.

However, during the same period, a remarkable conversion of (degraded) natural forests for other purposes (hydropower, rubber, mining, and infrastructure) was observed. In order to address and halt this trend, since 2014 the GoV has rigorously implemented a “temporary logging ban”. While this has effectively reduced further conversion²⁸,

²⁶ Resolution 134/2016/QH13 by the National Congress [in 2016] on amendment to the national land-use planning to 2020

²⁷ VNForest (2019) A summary report on the management status of special use forests and protection forests in 2019 and solutions towards sustainable development

²⁸ UNIQUE (2017): Assessment of the policy impacts of the ‘Temporary logging ban’ in Viet Nam’s natural forests. Study under the GIZ Programme “Conservation & sust. Use of Forest Biodiversity and Ecosystem Services in Viet Nam”

persisting land uses conflicts between communities and forest owners continue to threaten natural forests and biodiversity.

SUF and PF development and biodiversity conservation

The VFDS 2006-2020 targeted a restoration of 0.25 million ha of SUF and PF by 2010. This target was well implemented with 253,265 ha (101%).²⁹ In addition, more than 57,480 ha of new plantings were carried from 2014-2019³⁰, mainly in PFs; as a result of SUF planning 16 SUF sites were newly established and/or expanded, increasing the SUF area by 95,700 ha³¹. It is realistic that the target of increasing SUF by 100,000 ha by the end of 2020³² will be achieved.

During the same period also 21,060 ha of degraded natural forests were successfully regenerated, almost reaching the corresponding target of the sustainable forestry development program (Decision 88633). These developments illustrate the emphasis of the VFDS 2006-2020, which focused on area targets and did not provide specific targets for conserving endangered, endemic, precious and rare species and their populations. However, the topic gained importance, and several biodiversity action plans for species conservation were submitted in recent years to MARD.

Social inclusion/engagement and impact

The VFDS 2006-2020 targeted to continue demonstration and expansion of community forest management. This would help generate more jobs in the forestry sector, raise their income and contribute to poverty reduction, and reduce the over-proportionally large amount of poor people in rural areas. The implementation process has engaged and benefited local households, individuals and communities mainly through the mechanism of contract-based forest allocation and management with SUF and PF management boards. According to VNForest (ibid.), annually these forest owners used to contract with them to protect 402,490 ha at average, of which 178,513 ha as SUFs and 223,977 ha as PFs, equivalent to 8.3% and 4.8% of the total area of SUFs and PFs respectively.

Mobilizing and diversifying funding for SUF and PF management and conservation

The VFDS 2006-2020 targeted to transform SUF and PF management boards to self-financing public service institutions, based on increased revenues from PFES and eco-tourism development. With thereby enhanced budgets and investments, they should strengthen infrastructure, equipment/facilities and expenses for forest protection, for the prevention of forest fires and diseases, and other tasks.

Throughout the VFDS implementation process, different financial instruments around contract-based payments for forest protection were developed and operated, with PFES eventually emerging as the most sustainable and substantive financing option for strengthening collaborative/community based forest protection in SUFs, PFs and their buffer zones.

²⁹ Report No.243/BC-CP dated 26 October 2011 by the Government on the Synthesis of the 5MHRP Performance and the FPDP for the period 2011-2020

³⁰ VNForest (2019) Summary report on the management of special use forests and protection forests in 2019 and solutions toward sustainable development.

³¹ MARD (2020) Preliminary assessment on the performance results of the Target program on Sustainable Forestry Development 2016-2020; national workshop on REDD+, 16 June 2020

³² Decision 886/QD-TTg dated 16 June 2017 by Prime Minister approving the target program on sustainable forestry development for the period 2016-2020

³³ Decision 886/QD-TTg dated 16 June 2017 by Prime Minister approving the target program on sustainable forestry development in the period 2016-2020

In summary, The VFDS 2006-2020 was successful in developing policies and a legal framework for supporting and strengthening protection and biodiversity conservation in SUF and PF. It has stabilized the forest cover at 42% and triggered institutional reforms for a more sustainable management of SUFs and PFs, as well as promotion of multi-stakeholder engagement in forest protection and biodiversity conservation. However, evidence for the effectiveness of conservation efforts is still lacking, having resulted in negative international press on the decline in biodiversity³⁴. The GoV has sustained investment budgets and capacity building efforts over the last 10 years, in particular PFES increasingly contributes to forest owners' income and to the decline of forest violations. Notwithstanding these successes, not all targets are achieved: PF remain underfunded, and their overall area has declined by 1 million ha, mostly due to conversion into production forests or other land uses. Uncompleted demarcation has further fueled land use conflicts. In the same context, the institutionalization of stakeholder engagement and multi-stakeholder processes has notably improved. Despite this progress, pending issues relate to benefit sharing or to apply co-management approaches on a larger scale (Section 6).

2. OTHER RELEVANT POLICY DEVELOPMENTS

Legal framework for biodiversity conservation

Since 2010, a multitude of legal documents as taken force, reflecting on the direction of the VFDS 2006-2020. Key examples include:

- Stabilizing the national forestry territories [lâm phận quốc gia] for conservation purposes based on land use planning for special use forest (by National Congress in 2011, 2016); setting national strategy and planning for system management of protected areas (2014);
- Strengthening PA/SUF organizational structure and management (Decree 117, 2010) and institutional capacity (e.g. professional forest protection force, Decree 01, 2019), and capacity building for PA/SUF system management (2017), or for protection forest management (2015);
- Mobilizing finance and investment in support to enabling PA/SUF operation and development, particularly providing incentives to engage local communities in SUF protection or collaborative management (Decree 99, 147 on PFES as 2010; Decision 07 and 24 as 2012)
- Initiating action plans for protecting and conserving several flag endangered species such as elephant (2013), tiger (2014) or primates (2017)
- Linking or mainstreaming biodiversity conservation and PA/SUF management as safeguards in mitigation policies toward climate changes (NRAP as 2012, 2017); off-set plantation;
- Terminating conversion of natural forests into commercial production or other non-conservation land-uses (Directive 13-CT/TW)

Realizing international commitments

Vietnam aligns with the post-2020 Global Biodiversity Framework, the 2030 Agenda for Sustainable Development, and the UNFCCC Paris Agreement: "Protection and

³⁴ <https://www.nytimes.com/2019/04/01/travel/vietnam-wildlife-species-ecotravel-tourism.html>

sustainable development and restoration of forests, conservation of biodiversity, development of ecosystem services, in the light of the continued degradation of natural resources.” The GoV intends to achieve this vision through benefit sharing and equal access, increased efforts in protection, restoration and sustainable use of forest ecosystems, particularly pointing out the need for EbA to climate change and the utilization of indigenous knowledge.

Implementing these international agreements, Vietnam has translated its international commitments in the Law on Biodiversity³⁵, the National Biodiversity Strategy³⁶ (NBS) and National Biodiversity Action Plan.³⁷ This action plan aims at strengthening and increasing biodiversity conservation efforts. It acknowledges the decline of biodiversity and emphasizes the need to preserve restore and sustainably use ecosystems – through enhancing landscape connectivity, landscape-level planning and FLR.

Realizing political commitments and existing targets of current policies

Taking reference to the existing policies related to forest and biodiversity conservation, the following points out some 2030 targets, as well as some uncompleted/pending 2020 targets, that could be considered for the VFDS 2021-2030:

- The national strategy on biodiversity to 2020³⁸: increasing forest cover to 45%; improving population quality and quantity of endangered, precious and rare species; securing no increase in number of species being threatened to extinction; improving the conservation status of some endangered, precious, rare, nearly extinction species; by 2030, 25% degraded natural ecosystems of international and national importance are restored; biodiversity conserved and sustainably used, providing vital benefits for people and contributing to the country’s socio-economic development;
- The national strategy on system management of SUF, marine and inland water protected Areas to 2020, issued in 2014: it foresaw “by 2030 the system of SUFs, MPAs, and inland water PAs is consolidated and developed to effectively manage and conserve important natural landscapes, species and genetic resources; to conserve and maximize values of natural landscapes, historical and cultural relics, scenic landscapes, turn to a significant factor contributing to adaptability to climate changes and with natural extremes; leverage the country’s sustainable socio-economic development and strengthen international integration and cooperation”.
- The national planning of SUF system to 2020, a vision to 2030: some targets were not achieved by 2020, such as the area (2.4 million ha) and number of SUFs (176 sites), could be considered for the VFDS 2021-2030 with the re-classification of high conservation valued PFs to SUFs;
- The national program on REDD+ intends to strengthen the effectiveness of biodiversity conservation: “by 2030 the area of natural forests stabilized at least as that area already achieved in 2020 and forest cover increased by 45%, contributing to implement the national target of reducing 8% of total emission by 2030 in comparison to the business as usual (BAU) scenario, in accordance to the country commitment to the Paris Agreement on Climate Change”. The area

³⁵ NA Law No. 20/2008/QH12 dated Nov. 13, 2008 on Biodiversity

³⁶ PM Decision No. 1250/QĐ-TTg dated July 31 2013 approving The National Biodiversity Strategy to 2020, vision to 2030

³⁷ PM Decision No. 79/2007/QĐ-TTg dated May 31, 2007 approving The National Action Plan on Biodiversity to 2010, orientation to 2020

³⁸ Decision 1250/QĐ-TTg dated 31 July 2013 by Prime Minister approving the national strategy on biodiversity to 2020, a vision to 2030

of natural forests by the end of 2020 could be at least as the same as the area in 2019 (10.3 million ha) if no reduction recorded.

More recently, the Prime Minister has stated officially, “Vietnam will not trade off the environment to gain economic growth”. This view has been translated into recent environmental legislation, e.g. the revised Environmental Protection Law (LEP). The draft LEP includes a chapter on “Management of natural landscape and biodiversity”, which stresses regulations and policies to prioritize a landscape approach for conserving biodiversity and its values. In the view of compliance to the new Planning Law 2017, this strategy needs to be consistently reflected in the national biodiversity conservation planning (MONRE), and the national forestry planning that is being prepared for the period 2021-2030 with a vision to 2050 (MARD).

3. RECOMMENDATIONS FOR BIODIVERSITY CONSERVATION

Based on the above review on the VFDS 2006-2020 and respective policy developments, this section aims to provide recommendations on specific solutions for implementation under the VFDS, based on the three forest categories. The below section should be considered with reference to the recommendations in the Executive Summary and in light of the crosscutting issues of Section 6. It provides specific options & recommendations for integration into the VFDS, particularly focusing on Special Use Forests. Furthermore, it is important to keep in mind the direct linkage and relevance to restoration and climate change in Chapters 4 & 5 respectively, as recommendations in these chapters have been designed to also provide benefits to biodiversity conservation.

The recommendations below are particularly proposed in the frame of the VFDS sections on “*Part IV: Solutions for Implementation*” and seek to contribute to the formulation for a dedicated programme for “*Biodiversity Conservation, Forest Restoration and Climate Change*” under Part “*V: Programmes*”.

Special-Use Forests

- Strengthening connectivity of eco-systems:
 - Establish biodiversity corridors connecting natural habitats of endangered, rare and precious species prioritized for protection, e.g. through additional biosphere reserves;
 - Engaging in transboundary landscape and biodiversity conservation initiatives between Vietnam, Laos and Cambodia, e.g. through additional biosphere reserves;
 - Develop and mainstream integrated/multifunctional biodiversity landscape approaches in the national forestry [development] planning for the period 2021-2030, with a vision to 2050 (including land-uses, environmental protection, biodiversity conservation planning)
- Strengthening the legal framework for investments and new funding sources:
 - Develop new (simplified) investment policies for SUF and PF development for the period 2021-2030, with a clear allocation of investment resources for specific purposes, especially the restoration of degraded natural forests, implementation conservation action plans for endangered species, and support of community participation and benefit sharing in forest management;

- Further mainstreaming of ecosystem service valuation into development and investment strategies; development of public-private dialogues to increase multi-stakeholder partnerships and engagement with policy makers in order to enable/increase private sector engagement in conservation (through direct investments/partnerships or biodiversity partnership trust funds)
- Development of a legal basis for forest owners to receive voluntary certification (i.e. for carbon or biodiversity) as a form of revenue;
 - Ensuring safeguards and benefit sharing for investments in eco-tourism:
 - Further the development of ecotourism to increase direct tourist revenues and to increase eco-tourism investment (i.e. through setting joint program between General Departments of Tourism Administration, Forestry Administration, and Environment Administration, Education and relevant associations);
 - Ensuring benefit-sharing and participation of communities:
 - Assess lessons learnt and further pilot mechanisms benefit-sharing and participation of communities in forest management with particular focus on strengthening the role of women;
- Ensure engagement of and collaboration with all relevant stakeholders towards a model of participatory governance of SUF and PF: actively engage stakeholders (including vulnerable groups such as ethnic minorities or women) in planning, decision making, implementation and benefit sharing of conservation and restoration measures, further ensuring the integration in relevant management plans
- Development of legal guidance for implementation of transparent and equitable benefit sharing mechanisms, ensuring the integration in relevant management plans;
- Strengthen linkages between SUF/PF forestry development and ethnic minority support and poverty reduction through institutionalization of stakeholder dialogues, increased benefit-sharing and the participation of communities in implementing SFM Plans; to improve resource coordination for better job creation, livelihood support, gender equity and forest co-management;
- Strengthen monitoring:
 - Development and implementation of a joint program on biodiversity monitoring, database and reporting throughout SUF and PF systems between MARD and MONRE as a part of the implementation of the new laws for biodiversity and the new forestry law, law on environmental protection;
 - Development of a legal document for the implementation and countrywide upscaling of the Online Reporting System (ORS) / the 'Spatial Monitoring and Reporting Tool' (SMART)

Protection Forests

In addition to the above section on SUF, which is mostly also applicable to Protection Forests, the below points are particularly relevant for PF:

- Develop and pilot new models of forest management and business at PFs, by which forest owners are allowed to reclaim or use land to invest commercial

plantation and landscape regeneration, generating income and supporting to self-financing adoption;

- In line with the restoration specific recommendations from Chapter 4.4, promote the application of EbA approaches for the restoration of degraded protection forests towards more biodiverse forests, while increasing resilience and ecosystem service provision

Production Forests

- Strengthen nursery development and the production of high-quality seedlings (Section 4.3)

Natural Production Forests

- Restore degraded natural production forests with appropriate site-adapted native tree species enhancing the species richness and adaptive capacity to climate change;
- Promote sustainable use natural production forests through the integration of species richness thresholds in the national certification standard;

Plantations

- Successively transform the current monoculture short rotation plantations towards more biodiverse mixed-age and mixed-species close-to-nature forest stands;
- For remaining Acacia plantations promote increased genetic diversity to reduce the risks related to pests and climate change.

Objectives and indicators for evaluation

- No net loss of important biodiversity values in forest conservation hotspots as results of critical reduction in threats to biodiversity,
- To improve the quality and increase the area of protected ecosystems, development of quantifiable indicators for SUF/PF area as part of total forest area in line with the master plan on the SUF system³⁹
- Strengthen protection activities in primary forests, ensuring the primary forest remains at the status quo, coupled with effective protection plans, and take measures to prevent deforestation and illegal logging in natural forests
- By 2025, a methodology on forest and biodiversity valuation that SUF and PF management boards can utilize; and guidelines on benefit-sharing from SUF and PF management and conservation; is developed
- By 2025, clear and innovative mechanisms that motivate and enable private sector and social institutions to cooperate, invest and generate co-benefits from SUF and PF management and conservation are legally in place
- By 2025 SMART and ORS have been implemented nationwide and relevant capacities have been built in both SUF and PF Management Boards, propose to develop and quantifiable indicator on application and capacities

³⁹ Decision No. 1976/QĐ-TTg dated October 30, 2014 of the Prime Minister approving the master plan on the national special-use forest system through 2020, with a vision toward 2030

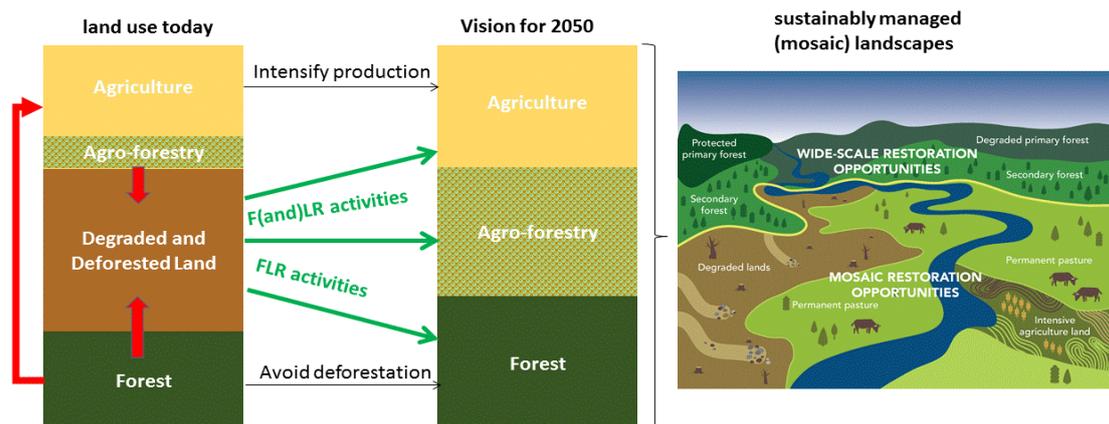
- Develop a target (date or quantifiable indicator) for SUF management boards (or selectively, national parks, nature reserves, species and habitat reserves) and PFMBs (selectively, high conservation valued sites) to have completed their updates on biodiversity status, biodiversity database management and respective online reporting under national guidelines provided by MARD (and in collaboration with MONRE)

IV. FOREST RESTORATION AND MANAGEMENT OF NATURAL PRODUCTION FORESTS

In the context of FLR, the focus on landscapes (jurisdictions or agro-ecological zones) provides a new lens to manage the environment in a holistic way to reconcile competing land uses and balance environmental, economic and social benefits. Landscape approaches provide “tools and concepts for allocating and managing land to achieve social, economic, and environmental objectives in areas where agriculture, mining, and other productive land uses compete with environmental and biodiversity goals.”⁴⁰ They seek to reconcile conservation and development trade-offs through a comprehensive multi-level approach to land-use planning. The Global Partnership on FLR defines FLR as follows (GPFLR 2016):

“a long-term process of regaining ecological functionality and enhancing human well-being across deforested or degraded forest landscapes, focusing on strengthening the resilience of landscapes and creating future options to adjust and further optimize ecosystem goods and services as societal needs change or new challenges arise.”⁴¹

Degraded lands and forests differ regarding the extent and degree of degradation, pressures and drivers, capacity to recover, importance for livelihoods, institutions and governance system, and stakeholder motivations for restoration. Accordingly, programs and strategies as the VFDS 2021-2030 should distinguish measures based on the existing natural, economic and social conditions, and respond to local priorities and needs.



⁴⁰ Sayer, J., Sunderland, T., Ghazoul, J., Pfund, J. L., Sheil, D., Meijaard, E., Venter, M., Klintuni Boedhihartono, A., Fay, M., Garcia, C., van Oosten, C., Buck, L.E. (2013): Ten principles for a landscape approach to reconciling agriculture, conservation, and other competing land uses. Proceedings of the national academy of sciences, 110(21): 8349-8356.

⁴¹ GPFLR, Global Partnership on Forest Landscape Restoration. 2016. What is FLR? Available online: <http://www.forestlandscaperestoration.org/what-forest-and-landscape-restoration>

Figure 2: International perspective on the restoration of forested landscapes

Source: Adapted from de Dewitt (2015)⁴² and IUCN & WRI (2014)⁴³

1. REVIEW OF VFDS 2006-2020 IN RELATION TO FOREST RESTORATION

The VFDS 2006-2020 is based around four main development objectives for the sector:

- i) the holistic management of forests taking into account raw materials and processing, businesses and environmental services;
- ii) ensuring forestry makes a significant contribution to economic growth, poverty reduction and environmental protection;
- iii) recognizing that sustainable management, utilization and development of forests are the foundation for the sector's development; and,
- iv) the identification and inclusion of multiple stakeholders and investment sources for forest protection and development.

Main targets of the VFDS 2006-2020 related to a successful rehabilitation and restoration of degraded forests were to:

- increase the forest sector's share of Viet Nam's GDP to 2-3%,
- provide 20-24 million m³ of timber per year, of which 10 million m³ is sawn logs,
- harvest 25-26 million m³ of firewood per year for the use in rural areas,
- increase the export value of forest products to over US\$7.8 billion per year,
- produce US\$2 billion revenue per year from environmental services,
- create 2 million additional jobs,
- improve the income and reduce poverty for 70% of households in the key forest areas.

For forest management, the VFDS 2006-2020 had set general targets: to establish, manage, protect, develop and sustainable use of 16.24 million ha forestlands planned for forestry and to further increase the forest cover to 42-43% by 2010, and to 47% by 2020. To achieve these targets, the following measures were identified:

- to manage sustainably and effectively of 8.4 million ha production forests, of which 4.15 million ha plantations and 3.63 million natural forests,
- the area for natural regeneration and agroforestry reaches 0.6 million ha;
- at least 30% of natural production and plantation forests are certified by 2020; new planting 1.0 million ha by year 2010 and 1.5 million ha in the next period;
- replanting after logging 0.3 million ha/year;
- zoning and regeneration 0.8 million ha; and
- planting of 200 million scattered trees/year.

⁴² Dewitt, S. 2015. Global Restoration Initiative, World Resources Institute, Internal Presentation, Washington DC.

⁴³ IUCN & WRI, International Union for Conservation of Nature and World Resources Institute. 2014. A guide to the Restoration Opportunities Assessment Methodology (ROAM): Assessing FLR opportunities at the national or sub-national level. Working paper. Gland, Switzerland

All of these targets relate to the international and national objectives related to restoration at scale, with the aim of regaining ecological functionality and securing the provision of different ecosystem services.

Forest restoration

Over the past 20 years, even before the time period of the VFDS 2006-2020, about 2 million ha of natural forests have been rehabilitated through national programs on forest rehabilitation; in particular through the 5 million hectares reforestation (661 program). Due to large-scale conversion of natural forests (e.g., into rubber and Acacia plantations - Figure 3), and continued depletion, most of Vietnam’s natural forest areas have a low quality.

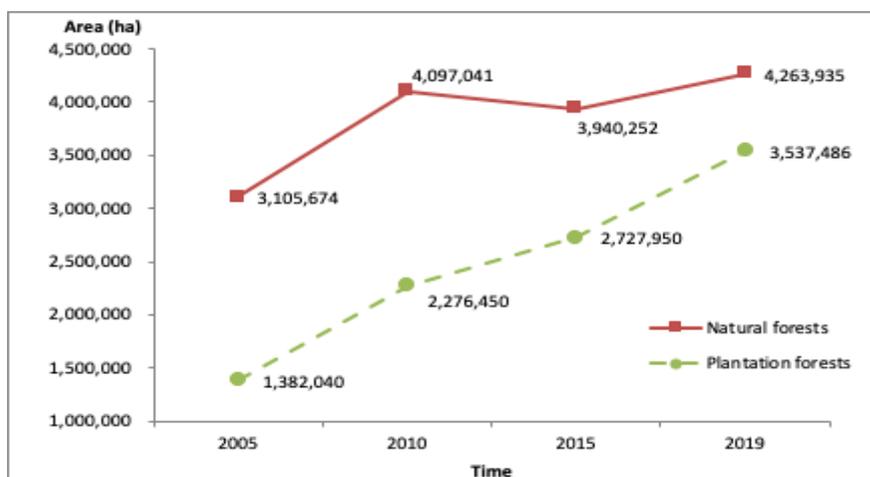


Figure 3: Areas of natural production forests and plantations

Source: MARD Forest status statistic data (2019)

Table 2 describes some of the targets with relevance for mitigation and adaptation to climate change, and their level of achievement. Area targets are especially important for increasing sequestration rates of CO₂ emissions.

Table 2: Results linked to environmental objectives (VFDS review, MARD 2020, unpublished)

Programs	Tasks	Targets for 2020	Achievement by 2020	Percentage of achievement
Sustainable forest management and protection	1. Classification, planning, identification of permanent forestry	16,24 mio ha of forest and forestland	14.609 mio. ha of forest -	There is not enough information on forestland

	estates on map and field			
	2. Tending	360,000 ha/yr	360,000 ha/yr	100%
	3. Planting of protection and special-use forests	250,000 ha	427.3 ha	0.17%
	4. Forest enrichment	500,000 ha	N/A	
	5. Scattered plantings	200 mio trees/yr.	53.7 mio trees/yr	27%

Since the 1990s, forest cover has increased continuously, mostly in form of plantations (for production and protection, classified accordingly). However, due to land scarcity the VFDS 2006-2020 target of 47% has not been met. Although the forest cover continued to increase during the implementation period of VFDS 2006-2020, the quality continued to deteriorate, both, in terms of biodiversity and standing stocks.

Figure 4 depicts the low biomass-levels of Vietnam’s natural forests, which is an indicator of the actual sequestration: More than 73% of natural forests have been classified as degraded and poor forests, with very low levels of stored CO₂ and actual sequestration rates, and with significant opportunities for enhancement.

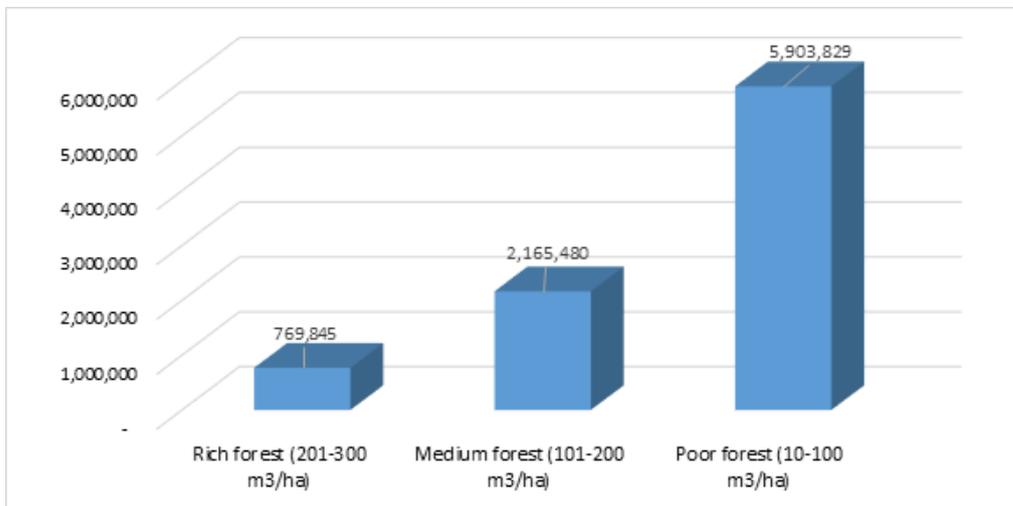


Figure 4: Quality of Country’s Forests

VNFOREST (2016). Final Report on National Forest Inventory for the Period 2013–16. (to be updated)

Main restoration approaches, which align with the VFDS 2006-2020 targets and other forest policy objectives include enrichment planting and assisted natural regeneration,

native species introduction into production and protection forests, and further soil and water conservation measures.

In the past, a number of barriers have limited or hindered consequent natural forest rehabilitation and restoration of forests in Vietnam:

- (i) low forest quality creates difficult starting conditions for restoration (requires massive efforts and investments, with relatively long pay-back periods of 10 – 15 years)
- (ii) high production costs (including taxes and capital costs) and lack of access to finance
- (iii) lack of technical and managerial capacities, as well as lack of incentives for forest owners to deviate from business-as-usual practices;
- (iv) unclear forest governance and insufficient law enforcement;
- (v) overlaps of land allocation and conflicts in land use rights;
- (vi) lack of adequate monitoring efforts on forest restoration;

Management of natural production forests

Production forests cover nearly half of the forest area in the country, of which 4.2 million ha are natural forests and 3.5 million ha are plantations (MARD, 2020). Production forests are primarily dedicated to provide timber, biomass and NTFP for domestic and export markets. However, the volume of timber harvested in natural forests has steadily declined and then halted following the nationwide logging ban in natural forests (WB, 2019).

The policy-makers at national level in Vietnam have been committed to SFM in natural production forests at least since the adoption of the Law on Forest Protection and Development in 2004. This commitment is reflected in a series of legal documents (see Section 4.2) and was reaffirmed in the new Forest Law adopted by the National Assembly in 2017. However, the specific targets for SFM in natural production forests as per national plans and programs has steadily decreased (as measured by area to be certified). In latest Prime Minister Decision #1288 on SFM and Certification (October 2018) the certification of additional natural production forests is not an objective anymore at all, reflecting the GoVs efforts to focus of SFM and restoration for all forest types, rather than only obtaining certification.

The VFDS 2006-2020 has set a target by 2020 of at least 30% of the forest area certified. It is generally assumed that SFM in natural production forests in Vietnam is only practiced by certified forest owners (i.e. SFM is not practiced outside of certified forests), with the exception of some areas covered by development projects. Economic organizations (mainly State Forest Companies) are managing approximately 1.2 million ha of natural production forest (MARD, 2020). However, ca. 2% of the roughly 4.3 million ha of natural production forests (about 86,982 ha) have been certified, hence largely missing the originally proposed VFDS target.

Moreover, this area is managed by only four former SFCs⁴⁴ operating in natural forests and 3 of them have been terminated due to unable to maintain the forest certification status because of logging ban. In sum, despite the policies and plans to promote SFM issued in the last two decades, extremely few owners of natural production have actually

⁴⁴ Now titled as Limited Liability Company (LLC)

adopted SFM in natural production forests (see Section 6.3). SFCs now manage approximately 1.8 million hectares of forest (natural forests and plantations) (MARD, 2020), in which 73% of the natural forests are poor secondary forests, due to deforestation and over exploitation prior to the 1990s (McNally, 2019)⁴⁵. There are numerous interrelated barriers to the sustainable management of natural forests. Central to them is poor governance and the national policy on logging (WB, 2019)⁴⁶.

Furthermore, the GoV had invested considerable resources into reforestation (Programme 661) and the maintenance of existing forest cover (through forest protection contracts). Yet, rarely conditional to either incentivize effective protection or stipulate sustainable management or forest restoration⁴⁷ (see Section 6.1).

Despite their large extent, rapid growth and increasing importance at the local, national and regional levels for the products and services (biodiversity & climate change adaptation/mitigation) they provide, degraded and secondary forests are not afforded adequate prominence in forest policy, planning and research. There is a general lack of policies regulating and encouraging their management, use and conversion (see Section 6.2). Furthermore, existing implementation experiences have not yet influenced policy development.

2. POLICY DEVELOPMENT

Legal framework for forest restoration and natural production forest management

Long before its commitments to climate change mitigation and biodiversity conservation, Vietnam has been committed to forest restoration: Strengthening sustainable forest management (SFM) was a key policy objective since the adoption of the Law on Forest Protection and Development in 2004. This commitment is reflected in a series of legal documents and was reaffirmed in the new Forest Law adopted by the National Assembly in 2017. Up to now, a number of policies promote forest restoration, development and SFM, prominent examples include:

- The plan for forest protection and forest development for the period from 2011-2020⁴⁸: The objectives of this plan are to sustainably manage and restore 13.4 million ha of forests and to increase forest area by 15.1 million ha by 2020.
- The Prime Minister Decree 118⁴⁹ (December 2014) outlines the re-organization of state forest companies (SFCs) into either “timber exploitation”, which require SFM Plans, or “service provision” based on the quality of their forests
- The National SFM Action Plan 2016 - 2020⁵⁰ and Vietnam SFM and Certification Scheme for 2016-2020⁵¹ to create a domestic certification for sustainable managed forests further aimed at certifying an 500,000 ha of forests by 2020. (150,000 ha natural forests)
- Target Program for Sustainable Forest Development 2016-2020⁵² abandoned the area target natural production forest restoration and regeneration and

⁴⁵ McNally, Nguyen, 2019: Review of Vietnam's National REDD+ Action Programme and its implementation

⁴⁶ World Bank, 2019: Country Forest Note

⁴⁷ Stanclulescu, 2018: Effective protection and regeneration of natural production forests in Vietnam, Policy Brief

⁴⁸ Decision 57/QĐ-TTg dated 9th January of the Prime Minister

⁴⁹ Prime Minister Decree No. 118/2014/NĐ-CP of December 2014, on restructuring, development and improvement of agriculture and forestry companies

⁵⁰ MARD Decision 2810/2015/QĐ-BNN-TCLN approving an action plan to implement SFM for the period 2016-2020

⁵¹ MARD Decision 83/2016/QĐ-BNN-TCLN Approving the Scheme of implementation of SFM and forest certification in the period 2016-2020

⁵² Prime Minister Decision 886/2017/QĐ-TTg Approving the Target Program for Sustainable Forest Development 2016-2020

introduced restoration of SUF and the transition of short rotation plantations to large size diameter plantations.

Realizing international commitments

- National Determined Contributions (NDC): According to the commitment of Vietnam to the Paris Agreement, the protection and regeneration of natural forests is expected to contribute 19% of Vietnam's overall "unconditional" reductions in greenhouse gases by 2030 (i.e. without international support), and 27% of Vietnam's "conditional" reductions (i.e. with international support)⁵³. This extremely high proportion of the country's overall emission reductions is to be achieved, as per the NDC Technical Report, by protecting 1 million ha of natural forests in an effective manner and regenerating 200,000 ha of natural forests unconditionally by 2030 (with international support the numbers are 2,2 million ha protected and 200,000 ha regenerated). Considering that natural production forests represent > 40% of natural forests and that these are amongst the most depleted and vulnerable forests, it is fair to say that the success of Vietnam in meeting its international pledge to contribute to mitigate climate change depends on the regeneration and protection of natural production forests. The NDC is currently under revision, and the LULUCF sector is expected to keep a key role.
- National Action Plan for the Implementation of the 2030 Sustainable Development Agenda: It formulates the objective to "strengthen the implementation of sustainable management of forests of various types, halt deforestation, restore degraded forests, promote afforestation and reforestation, increase the forest cover to approximately 44-45% of the country's land area by 2030" (Target 15.2).

Realizing political commitments and existing targets of current policies

- Law on Forestry (2017) considers SFM one of the "principles of forest management" as per the Law is that forest owners shall conduct sustainable forest management, requiring all forest owners to develop and implement sustainable forest management plans. Thus far there is no legal guidance on the development of SFM Plans.
- The Sustainable Forests Management and Certification Program 2018 – 2030⁵⁴ recognized the lack of guidance and implementation support, hence aims at developing legal documents, developing SFM models, training and capacity building and establishing the national certification schemes.
- National REDD Action Program by 2030⁵⁵: One of the Policies and Measures (PAM) is to "pilot, evaluate, and replicate sustainable management models of natural production forests." As key output is foreseen that 400,000 ha of natural production forests are "enhanced" (PAM 4.2.2 (a)). Another PAM is to "support civil society organizations, professional associations linked to forest owners, farmers and local communities to organize and access information in order to manage, protect, develop and use forests effectively, and prevent forest law violations" (PAM 4.1.4 (e)).

Despite the various legal documents, strategies and plans espoused by policy makers at national level to encourage sustainable management of natural production forests in

⁵³ Relative to business as usual

⁵⁴ Prime Minister Decision 1288/2018/QĐ-TTg Approval for sustainable forest management and certification

⁵⁵ Prime Minister Decision 419/QĐ-TTg Approving the national REDD+ Action Program

recent years, Vietnam has fallen short of its objectives. Perhaps these legal documents did not sufficiently address the barriers and (dis-)incentives which forest owners and managers consider when they ultimately make a decision to adopt (or not to adopt) SFM practices and certification (see Sections 6.1 and 6.3). While the above described policies successfully laid out different area targets for sustainable forest management and restoration of (natural) production forests, significant investment needs that come with such a paradigm shift; have not been addressed adequately.

3. RECOMMENDATIONS

Based on the above review on the VFDS 2006-2020 and the described policy developments, this section provides recommendations and specific solutions for the VFDS, distinguished by the three forest types. They reflect the direct linkage and relevance to biodiversity conservation and climate change in Sections 3 & 5, and should be considered with the recommendations summarized in the Executive Summary and Section 6.

The recommendations below are proposed in the context of the VFDS sections on “*Part IV: Solutions for Implementation*” and to contribute to the formulation for a dedicated programme for “*Biodiversity Conservation, Forest Restoration and Climate Change*” under Part “*V: Programmes.*”

Special Use Forests

- Restore ecological integrity and connectivity in and around SUFs and PFs, through reintroducing and/or recovering species to their former ecosystems, particularly using native tree species for site-adapted forest restoration measures.
- Reduce forest degradation through
 - Strengthened law enforcement to combat illegal logging, encroachment and poaching by increasing incentives for forest rangers (increased salaries, allowances for overtime/night time or working in hardship areas), increased capacity building through thorough implementation of the National Capacity Plan for SUF and increased accountability of rangers and managers;
 - Further implementation and scaling of collaborative management & protection approaches (ACMA) with local communities by targeting protection payments for high conservation value areas; integrating local knowledge and community participation in development and implementation of management plans;
- Improve information systems for all forest types to monitor restoration efforts, developments in forest quality, natural regeneration as well as protected area effectiveness

Protection Forests

- Promote EbA approaches for the restoration of degraded protection forests towards more diverse and mixed close-to-nature systems with site-adapted native tree species in order to improve ecosystem service provision and resilience to climate change (Section 5.4)
- Ensuring benefit-sharing and community participation in restored forests (also relevant for SUF in Section 3.3):

- Increase community ownership by enhancing community participation in the decision-making process during the development and implementation of forest management plans, forest protection regulations, and development regulations.
- Promote sustainable use and development of NTFPs in the forest areas by identifying potential species with market value and sustainable harvest levels. Scale up existing best practices. Women entrepreneurs should be a target of such a program
- Accelerate Forest Land Allocation to create ownership and reduce land use conflicts. Development of a streamlined and participatory approach to identify and demarcate suitable land and develop SFMP.
 - In line with adaptation targets and in order to maximize the contribution of restoration to enhancing resilience, identify priority restoration areas on landscape level, particularly for watersheds & coastal protection forests.
 - Strengthen investments into restoration of degraded forests through allowing a share of PFES revenue to be reinvested into forest restoration.

Production Forests

- Strengthen nursery development and the production of high-quality (and more diversified) seedlings:
 - Revise legal provisions for permissible species in nursery development and production forest management towards the integration of more high value native tree species.
 - Development of a legal guideline and ensure capacity building on nursery development, in particular integrating plant quality indicators

Natural Production Forests

- Incentivizing certification and SFM by allowing certified forest owners to be exempt from the logging ban and harvest in natural forests based on annual allowable cuts.
- Protecting and assisting natural regeneration to increase forest quality and volume, strengthen the use of site-adapted native tree species for restoration efforts.
- Applying silviculture measures to planted or assisted natural regeneration in order to ensure value added to timber produced in natural production forests.
- Developing management plans in the direction of multi-purpose and close-to-nature forest management to ensure sustainable forest management and improve biodiversity conservation as well as mitigation of and adaptation to climate change.

Plantations

- Gradually transform of forest plantations towards more biodiverse mixed-age & species stands, reducing risks from pests and negative climate change impacts, while diversifying supply, improving productivity and ecosystem service provision:

- In order to meet the country's raw material output targets and to reduce import dependency, increase rotation cycles of plantation forests (Acacia) to produce large size timber
- Diversify production models of forest plantations and introduce both agroforestry models and high-value native tree species/increased rotation periods
 - Implement international certification requirements for plantations, in particular the protecting and assisting natural regeneration along watercourses and buffer zones.
 - Development of budget lines particularly targeting plantation transition in order to cover short-term liquidity gaps of forest owners.

Proposed objectives/milestones (by 2030/2050) for the VFDS

- Natural forests will be well managed, protected, enriched and sustained over time. Development of a quantifiable indicator for the area of degraded natural forest ecosystems to be effectively restored, with forests as a driver for green growth and sustainable development.
- Develop a quantifiable indicator to measure improved forest quality
- Increase the total area of (coastal) protection forests and develop a quantifiable target (area or share of total area) for the application of site-adapted native tree species in the restoration of protection forests.
- Develop a quantifiable target (area or share of total area) for the implementation of longer rotation cycles/planting of high value native tree species or the application of mixed-age close to nature forest stands under in protection and production forests.
- By 2030, SFCs are entitled to reinvest profits into their forest development operations.
- By 2023, an extended logging ban exempts forest owners with relevant certification for natural production forest management.
- By 2023, have set up a platform/center of excellence to provide business development support services for forest owners, providing capacity building services for SFM, certification, nursery development and silviculture

V. CLIMATE CHANGE

Deforestation and degradation are major causes of climate change. Restoration of forests and enhancing natural sinks for GHG in turn is essential for global efforts for climate change mitigation. Prevention of the loss and degradation of forest ecosystems and promoting their restoration have the potential to contribute more than 30% of the total climate change mitigation required by 2030 to meet the objectives of the UNFCCC Paris Agreement of 2015.

The intensifying climate change impacts create new challenges for all types of forests and their biodiversity, which provides all ecosystem services. Forests play a key role in the response to increasing impacts by climate change, and are at the same time directly affected through climate change impacts, especially droughts, fire, floods and pests. The persistently low level of forest quality in Vietnam results in a low adaptive capacity and high level of vulnerability.

Quality in the context of climate change refers to biomass stocks (mitigation) and to the biodiversity of habitats, species composition, and genetic diversity (adaptation to climate change). Experience across the globe shows that higher diversity in forests reduces their vulnerability against risks as pests, storms and drought. Thereby, higher levels of diversity contribute to ensuring the provision of different ecosystem services (timber, sequestration and other services).

Tackling climate change using and promoting NbS and EbA under the new VFDS is directly linked to topics, which are not covered by this analysis. For example, activities as enrichment plantings, rehabilitation and forest restoration will contribute to the explicit aim of enhancing the future domestic sourcing of legally and sustainably produced timber for Vietnam's large and export-oriented furniture industry.

In order to effectively cope with different climate risks and to ensure the future provision of these ES it is crucial to further enhance the quality of all forest types – with a view to biomass and stocking levels (in m³ standing volumes) as well as by enhancing the conditions for biodiversity (genetic, species and habitats). The means to doing so is by giving a direction and specific targets for restoration and management approaches for SUF and protected areas, protection forests, natural production forests and plantations.

With its long shoreline and topographic structure Vietnam is highly vulnerable to different climate change impacts. Rising temperatures, droughts and increasingly unpredictable precipitation increase the risks for forests and their critical role for the resilience of local people. As climate change occurs at a rapid pace and restructuring forests takes time, it is crucial to not only look at the sequestration potential but to focus on resilience forest adaptation. Besides other important benefits, this will help to ensure the future role as sinks for GHG emission reductions.

With a total area of currently 14.61 Mi ha, (41.9% of the land area) forests are one of the key sectors for mitigating climate change and addressing its impacts. Healthy and diverse forests can address them through absorbing CO₂, reducing water run-offs, preventing landslides, regulate water flows and protect coastal communities from extreme events and sea level rise. Forests can be important for DRR strategies and ensuring sustainable national economic growth.

1. REVIEW OF VFDS 2006-2020 IN RELATION TO CLIMATE CHANGE

In 2006, at the time of the development of VFDS 2006-2020, climate change risks for the forestry sector and the contribution of forest to mitigate climate change was not in the center of attention. There was no clear understanding of the role of forests in the context of climate change. Forest development and biodiversity conservation were in the focus and provided with targets. Some of the targets were, as mentioned in previous sections of high relevance for the current and future sequestration potential, and therefore for the later agreed sector contributions to address climate change.

The general objective of the VFDS 2006-2020 was to establish effective forest protection, to develop and use the different forest types. The total area target of 16.24 Mio. ha was broken down into an increase of forest cover to 42-43% by 2010 and 47% by 2020. This was to be achieved while ensuring the participation of various economic sectors and social organizations in forest development, protection of biodiversity, and securing the supply of environmental services. The economic focus should contribute to poverty alleviation, to improve livelihood of mountainous rural people, and to maintain national security. The economic, social and environmental objectives were specified by specific targets for increasing forest product production, employment generation and forest cover as well as forest quality, respectively.

Even though the VFDS 2006-2020 did not address the topic of climate change and forests specifically, five key programmes⁵⁶ are of high relevance for addressing climate change

- SFM and development;
- forest protection, biodiversity conservation and environment service development;
- forest products processing and trade support;
- research, education, training and forestry extension;
- renewal of organization, policies, planning and monitoring.

2. POLICY DEVELOPMENTS

Realizing international commitments

The GoV submitted its first NDC to the UNFCCC in 2015;⁵⁷ this document and the currently revised NDC emphasize the key role of forests in the country's efforts to mitigate domestic GHG emissions.⁵⁸ The GHG reduction targets for the LULUCF sector are to mitigate 27% of Vietnams emissions (conditional target, i.e. with international support), or 19% as unconditional target.

The NDC targets for LULUCF are in line with many policy documents issued and endorsed since 2007. Shortly after the VFDS 2006-2020 the GoV developed in 2008 the National Target Program to respond to Climate Change⁵⁹ (NTP-PCC), followed by the National Strategy on Climate Change⁶⁰ (NSCC) in 2011. Both documents are general

⁵⁶ Details on their objectives and achievement can be found in the ANNEX

⁵⁷ [Prime Minister Decision No.2053/QĐ-TTg dated 28/10/2016](#)

⁵⁸ The Vietnams NDC is currently under revision and the LULUCF sequestration targets (50.4 million tons of CO₂e reductions in 2020, and 53.1 million tons of CO₂e reductions in 2030) are expected to be downscaled slightly, nevertheless remaining the second most important contributor to Vietnams climate change mitigation efforts

⁵⁹ PM Decision No. 158/2008/QĐ-TTg adopting the National Target Programme to Respond to Climate Change (NTP-RCC) Vietnam 2008-2015

⁶⁰ PM Decision No 2139/QĐ-TTg issued December 05, 2011 on approving the National Strategy on Climate Change

guiding frameworks. While advocating for low-emission and sustainable development, they clearly acknowledge the need to protect and develop forests in order to increase their GHG absorption capacity and to preserve biodiversity.

The NDC targets for LULUCF (Table 3) are expected to be achieved through a mix of measures and approaches, which however pend full implementation and are partly marked by slow progress: examples include REDD+, forest restoration, further increase of forest areas (e.g. in coastal areas), SFM including longer rotations and shift of managing plantations towards the production of sawn timber.

Table 3: Forest-related targets proposed for the revision of Vietnam’s NDC61

	Domestic area target	Proposed target with additional support
F1: Protection of existing natural forest in mountainous areas	3,500,000 ha	3,000,000 ha
F2: Protection of existing coastal protection forests	300,000 ha	-
F3: Restoration of protection and SUF	50,000 ha	150,000 ha
F4: Enhancing forest quality and carbon stock of poor forests	200,000 ha	500,000 ha
F5: Enhancing productivity and carbon stocks of plantations	90,000 ha	200,000 ha
F6: Upscaling agroforestry	10,000 ha	500,000 ha
F 7: SFM & certification	500,000 ha	3,000,000 ha

Realizing political commitments and existing targets of current policies

Vietnam has early on considered REDD+ as appropriate for its national context and has taken a lead role among non-Annex I countries in implementing REDD+ as soon as clarity was provided by respective UNFCCC decisions, e.g. 1/CP16 in Cancun (2010). Examples for Vietnam’s REDD+-related policies include the National REDD+ Action Program 2011-2020 (NRAP)⁶², the revised NRAP of 2016⁶³, the National REDD+ Investment Plan (NRIP), Provincial REDD+ Action Plans (PRAPs) in the 11 REDD+ pilot provinces, and the development of a pilot program for North Central Coast of Vietnam under the FCPF Carbon Fund.

For example, the NRAP identifies 11 work packages covering forest and non-forest interventions to address the key elements of REDD+. It also sets a target for natural production forests: by 2030, 400,000 ha of should be enhanced. This is in line with the

⁶¹ Vu, T.P., Merger E., and C.T. Luu (2018): Review and Update of the Nationally Determined Contribution for LULUCF. GIZ Technical report.

⁶² Decision No. 799/QĐ-TTg of 27 June, 2012, on Approval of the National REDD+ Action Program 2011 - 2020

⁶³ Decision 419/2017 on National REDD+ Action Plan (Phase 2), approved by the Prime Minister in April 2017

target of the Program for Sustainable Forest Development 2016-2020 to rehabilitate by 2020 15% of poor natural forests, and to reduce illegal logging and encroachment by 30-35% compared to 2011-2015 levels. Furthermore, Vietnam submitted in 2016 its Forest Reference Emission Level (FREL) to the UNFCCC.⁶⁴

Since 2015, the GoV has recognized in two decisions the role of forests to enhance climate resilience in coastal forests.^{65,66} These documents highlight the critical importance of coastal forests for adaptation to climate change, especially along Vietnam's highly vulnerable coastline. In this new focus, also the impacts of weather events linked to climate change on production forests (through droughts, forest fires or wind damages) have been recognized. These issues have been taken up through legal documents strengthening sustainable forest management⁶⁷, diversification of timber production through species and rotation periods⁶⁸ and the restoration of poor natural forests.⁶⁹

More recently, the importance of forests for mitigation and adaptation was further underlined through the implementation of the Action Plan to respond to CC in Agricultural and Rural Development Sector⁷⁰, the Support Program to Respond to Climate Change⁷¹ and the Plan for the Implementation of the Paris Agreement.⁷² These documents clearly point out the role of forests in contributing to climate change mitigation by increasing the sequestration / sink capacities of Vietnam's forests, as well as EbA measures for reducing climate risks and vulnerability.

The temporary logging ban since 2014 aimed at halting further conversion of degraded natural production forests and allowing them to regenerate naturally. The rigorous enforcement of the logging ban was successful in preventing further forest loss (and respective carbon stocks). However, it did not address the continuing degradation and illegal logging; certification and SFMP would be means to address these issues, and provide an incentive for the necessary investments (see Sections 6.1 and 6.2). There is no appropriate monitoring in place to monitor the effects of the logging ban on the recovery of biomass stocks; however, there is reason to believe that especially heavily degraded forests will require significant investments and management efforts to restore their sink capacity.

In summary, Vietnam has many existing forward thinking and relevant policies, which provide a basis to deliver on its ambitious sector targets for climate change mitigation. However, progress remains slow because legislation, policies and plans do not always align well or lag behind concerning funding and implementation.

3. RECOMMENDATIONS

⁶⁴ https://redd.unfccc.int/files/2016_submission_frel_viet_nam.pdf

⁶⁵ Decision No. 120/QĐ-TTg 2015, dated January 22 2015 on the development of coastal forests to cope with climate change over the period from 2015 to 2020

⁶⁶ Decree 119/2016/ND-CP, dated August 23 2015, on policies for sustainable management, protection and development of coastal forests to cope with climate change

⁶⁷ PM Decision 1288/2018/QĐ-TTg on the Approval sustainable forests management and certification, 2018 – 2030

⁶⁸ PM Decision 419/2017/QĐ -TTg National REDD Action Plan and the Emission Reduction Project Document (ER-PD) under World Bank Carbon Funds' Forest Carbon Partnership Facility (FCPF)

⁶⁹ PM Decision 886/2017/QĐ-TTg Target Program for Sustainable Forest Development 2016-2020

⁷⁰ MARD Decision No. 819/QĐ-BNN-KHCN issued March 14, 2016 approving Action plan to respond to CC for the period from 2016-2020 and a vision to 2050 in Agricultural and Rural Development

⁷¹ PM Decision No. 2044/QĐ-TTg issued October 27, 2016 by the PM on approving the policies framework on the support programme to Climate change

⁷² PM Decision No. 2053/QĐ-TTg issued October 28, 2016 promulgating the plan for implementation of the Paris Agreement on Climate change

Mitigation and adaptation approaches are equally important, and should be tackled simultaneously. Land-based mitigation can only succeed if climate risks are taken into account and appropriate adaptation measures are in place. Based on these justifications, specific options are provided for each forest type, followed by proposed milestones/objectives for VFDS development.

Based on the above review on the VFDS 2006-2020 and respective policy developments, this section aims to provide recommendations on specific solutions for implementation under the VFDS, based on the three forest categories. The below section should be considered with reference to the recommendations in the Executive Summary and in light of the Cross-cutting issues of Section 6, the below section provides specific options & recommendations for integration into the VFDS.

Furthermore, it is important to keep in mind the direct linkage and relevance to biodiversity conservation and restoration in Sections 3 & 4 respectively. The recommendations are particularly proposed for the VFDS sections on “*Part IV: Solutions for Implementation*” and to contribute to the formulation for a dedicated programme for “*Biodiversity Conservation, Forest Restoration and Climate Change*” under Part “*V: Programmes*”.

Many of the proposed solutions are similar as the ones proposed for biodiversity (Section 3) and restoration (section 4). In the following, we focus on particular aspects that directly relate to the topic of climate change.

Crosscutting over all forest types

- In line with recommendation under 3.3 and 4.4, develop and mainstream integrated/multifunctional landscape approaches in the national forestry [development] planning for the period 2021-2030, prioritizing restoration activities by taking into account the results of a thorough countrywide assessment of climate change vulnerability.
- Development and implementation of a functional real-time forest monitoring system that provides up-to-date information on forest cover and carbon stock changes.
- Strengthen nursery development and the production of high-quality native tree species seedlings: Revise legal provisions for permissible species in nursery development and planting to allow the use of native tree species.

Special-Use Forests

- Strengthening the legal framework for investments (Section 3.3):
 - Develop new investment policies for SUF in the period 2021-2030, with a clear allocation of investment resources for specific purposes, especially the restoration of degraded natural forests, preventing forest degradation and encroachment.
 - Expansion of the existing payment for forest environmental services (PFES) to Carbon-PFES to create stronger incentives for forest owners to protect and develop forests sustainably in association with improving the livelihoods of forest-dependent communities while contributing to the countries emission reduction targets.

- Certification and access to voluntary markets for forest ecosystem services (forest carbon sequestration, forest carbon conservation, Biodiversity, etc.).
- Forest carbon stock and biodiversity conservation from prevention of deforestation and forest degradation (effective management of SUFs and protection forests; protecting mature plants; sustainable forest management, etc.).
- Reducing vulnerability and strengthening adaptive capacity of forest dependent communities (buffer zone development; Diversifying forest products & employment – in line with recommendations for benefit sharing and participation under Section 3.3)

Protection Forests

- Promote proven EbA models for the restoration of degraded protection forests towards more diverse and close-to-nature systems with site-adapted native tree species:
 - restoration of degraded coastal forests (sandy areas and mangroves), promote mangrove-based poly-fishery systems as restored habitats for flora and fauna in estuaries; to increase the adaptive capacity of millions of local people living in the coastal areas.
 - Upland: restoration of degraded watersheds through enrichment plantings, reforestation, successive transformation of monoculture plantations into mixed stands with site-adapted long-living species;
- Mainstreaming of EbA solutions and ecosystem services in planning processes (through climate change risk and vulnerability assessments, subsequent site-adapted restoration, planting and management).

Production Forests

Natural Production Forests

- Actively invest, restore and manage degraded natural production forests with appropriate site-adapted tree species, improving both mitigation potential and adaptive capacity while providing increased benefits for local communities.
- Develop new funding opportunities related to climate finance and create the regulatory prerequisites – especially concerning voluntary and compliance markets for carbon credits.
- Forest carbon and biodiversity enhancement through increase forest areas, standing stock volume, forest carbon stock enhancement (afforestation with mixed-forest stand; forest rehabilitation; forest restoration; etc.).

Plantations

- Promote the transformation of short rotation plantations towards mixed-species plantations or – if technical capacities allow – even sustainably managed secondary forests, thus improving emission reduction potential of plantations and increasing resilience of forest stands against climate change impacts (storms, droughts & fires).

- For remaining Acacia plantations set quantified targets and promote longer rotations, based on a country-wide wind risk assessment.⁷³
- Propagate increased genetic diversity and native tree species to reduce the risks related to biotic pests and increase vulnerability to negative climate change impacts.

Objectives / milestones for the VFDS

General objective: Proactively responding to climate change, mitigation of- and adaptation to negative climate change impacts while reversing environmental degradation.

- Values and services provided/generated from biodiversity and (restored) forest ecosystems enabling major benefits and contributing significantly to the adaptive capacity of local communities and the country's socio-economic development (as nature-based solutions);
- Assessing the climate change risks and vulnerability in the forestry sector and propose action plan respond for both national and forest ecological region levels by 2023;
- 20% of forest owners approached certification of forest ecosystem services for the potential forest ecosystem services products by 2030;
- 30% of natural forests piloted the sustainable models on natural forest enhancement, protection and conservation with new scope of policies and measures under NDC/NRAP;
- 30% degraded natural forests restored at forest landscape level by 2030;
- Developing and introducing an ecosystem-based climate change mainstreaming process for forestry (EbA) by 2025;
- Develop and introduce an adaptive management framework harmonizing local livelihood improvement, enhancing biodiversity and regulating coastal forest ecosystems by 2025;
- Restoration of coastal protection forests with site-adapted native tree species to improve adaptive capacity;
- Review and upscale the Pilot Carbon-PFES programme until 2025.

VI. CROSS-CUTTING ISSUES

This section identifies crosscutting issues and inter-linkages between the three main topics of this study to be addressed in the new VFDS 2021-2030.

1. FUNDING FORESTS AND FOREST OWNER INCENTIVES

Insufficient access of forest owners to finance remains a key bottleneck for investing in the forestry sector. Significant investments are needed in particular to address the

⁷³ Can be part of the climate change risk and vulnerability analysis.

degradation of natural production forests: to build technical capacities, improve nurseries and infrastructure, establish and manage forests sustainably (including certification) etc. The policies described in Section 2.2 are often linked to public budget lines, but clearly formulated investment targets are lacking. This section provides an overview on key issues for funding forests and forest owner incentives:

Lack of policy certainty. With the logging ban restrictions, forest owners have little incentive to change their business-as-usual practices. If SFC with natural production forests reduce their activities even further due to lack of economic incentives (harvest) through the logging ban, this may lead to increased encroachment and illegal logging. Officially, the logging ban is temporary until 2020. There is considerable uncertainty among forest owners if, when and for whom natural production forests will be “reopened”. This uncertainty creates a disincentive to actively and sustainably manage, restore and use natural production forests.

PFES does not incentivize effective conservation or investments in restoration. Vietnam’s Payment for Forest Ecosystem Services (PFES) scheme is a remarkable success story regarding the raising of forest finance. PFES is in line with the general trend of reducing forest owners’ dependency on public budget lines. So far, the emphasis for PFES has been on tapping additional funding sources, instead of considering how to strategically use the funding for aligned policy targets.. Recently, the PFES mechanism succeeded in raising approximately US\$125 Million in 41 Provinces, annually.⁷⁴ Here, a future challenge is using the funding increasingly for incentivizing activities which further enhance the provision of ecosystem services – including conserving biodiversity or GHG sequestration through restoration of degraded forests.

No market incentives for SFM in natural forests: Currently, the market for the timber from the natural production forests is located for the most part within Vietnam or within the region. This market is generally not concerned about the sustainability of the timber source – in contrast to important export markets. In other words, the market currently provides little incentives for the adoption of SFM practices for natural timber in Vietnam.

Weak incentives for protection and regeneration. It is recognized that the state does not have the capacity to protect or regenerate the forests on its own. However, when forest owners cannot extract timber from their forests, they may be inclined to abandon their forests to illegal logging and agricultural encroachment. Furthermore, local communities are not incentivized for effective protection or management of forests. The classic protection contract model with households (as used for the disbursement of PFES resources) is limited in engaging populations in actual forest protection and regeneration. Improved access to resources for local communities could at the same time strengthen participation and responsibility in management and protection of forests

Reorientation of existing financing mechanisms towards SFM. This is a crucial prerequisite to incentivize forest owners by reducing financial risks and helping to overcome liquidity gaps (i.e. long-term loans with low interest rates, tax incentives or re-orienting PFES from the maintenance of forest cover to financing the regeneration and sustainable management of forests). Vietnam’s forests need investments in its degraded forests, to restore the natural capital.

2. FOREST GOVERNANCE

⁷⁴ VN Forest, 2019: <http://www.vnff.vn/news/central-news/2019/1/pfes-revenue-nationwide-in-2018-reached-over-vnd-2-900-billion>

The legal framework for forests and biodiversity is scattered between different agencies and is lacking sufficient resources for implementation. The legal framework for forests and biodiversity shows inconsistencies, which result in both overlaps and gaps on responsibilities between different national ministries and provincial line agencies, notably concerning biodiversity conservation and protected area management. Adding to the above, there is limited cooperation/exchange between the ministries involved in the protection of natural resources (MARD), the protection and monitoring of biodiversity (MONRE) and the integration of ecosystem services into development planning (MPI). Some of the current legal documents appear to be not harmonized and have an unclear relative hierarchy.

Existing opportunities for collaboration between ministries for biodiversity conservation are rarely used. In 2016, VNFOREST (MARD) and the Vietnam Environmental Agency (VEA under MoNRE) signed an MOU on joint efforts to harmonize legal document development related to biodiversity conservation. Consequently, annual joint work plans are developed.

Current policy and institutional uncertainties. Uncertainty if the temporary logging ban will be upheld after 2020 (and whether an exemption applies to certified companies) discourages forest owners from making the required investments to become certified. Similarly, the uncompleted reorganization of SFC according to Decree 118 leaves these operations in uncertainty. In addition, several legal documents⁷⁵ entitle certified SFCs to receive 100,000 VND/ha/year of financial support for certified forests, but this has often not been applied due to a lack of guidance on how to access the funds.

Continued encroachment and illegal logging. Besides the reduction of illegal logging through the logging ban, natural forests, including production forests, are often not effectively protected against illegal logging. Any investment in forest restoration of SFM would be challenged by the unknown amount of illegal logging in the forests. Moreover, if a forest owners' resources are not secure then they are unlikely to invest in SFM. The reasons for the lack of effective protection of natural forests against illegal logging are very complex. Main mechanisms for forest protection, including forest rangers and protection contracts with communities, have not been effective enough for the protection of natural forests from illegal logging.

Pressure on ecosystems for further economic growth. Despite a growing awareness at the national level on the importance of sustainable development and the implications / externalities of environmental destruction (incl. pollution, natural disasters, etc.), priority continues to be given to economic growth over conservation, especially at the provincial level. This leads to habitat conversion, overexploitation and further degradation of forests.

Lack of consideration for ecosystem services in planning processes. Provincial governments, responsible for the management of protected areas, barely consider ecosystem services (hence budgeting for biodiversity conservation) in their provincial development plans. In addition, the knowledge of local communities (in particular women and ethnic minorities) about biodiversity and its use is hardly recognized in the planning of protection measures.

Mechanisms for engaging the local population are insufficient. Many forest-dependent local communities continue to be separated from the management of forests on which they depend and do not receive the benefits for their conservation efforts. Laws

⁷⁵ Decree 156, Decision 1244, Decision 1288 and Decision 66/2011/QD-TTG

provide for participatory forest management approaches, but regulations and guidelines are generally missing. Protection contracts fall short of actually providing households a stake in the successful protection of the forests. Indeed, contractors are generally paid to “patrol” the forests, but payments are not conditional on their actual performance. In fact, PFES payments are rarely conditional on the effective protection of forests, and the system is not designed to provide incentives for sustainable management or forest regeneration (but only for the maintenance of forest cover).

Specific barriers for households and communities. Households and village communities manage more than 60% of the natural production forests in Vietnam (> 2.5 million ha). Often the distance to their allocated forests is too far for villagers to ensure adequate protection and management. Moreover, even though it is not mandatory for them, households and communities also lack the resources to develop and implement sustainable forest management plans. Furthermore, land use conflicts between communities and SFCs still exist, further discouraging either side to invest in sustainable forest management.

The role of women in forestry is still limited. Leading to a lack of access to benefits from forestry related activities⁷⁶. Vietnam developed various Laws and policies⁷⁷ to promote women’s rights over recent years. Nevertheless, surveys show that the poor and women are still disadvantaged. In particular, policy-makers and service providers generally poorly support women’s roles in forestry value chains.⁷⁸ Targeted support to further empower women in the forest sector is required to create relevant development opportunities.⁷⁹

3. FURTHER DEVELOPMENT OF TECHNICAL AND MANAGERIAL CAPACITIES

Lack of capacities of protected forests management boards (SUFs and protection forests). The authorities responsible for the management of protected areas and forests lack technical, human and financial capacities to effectively and sustainably manage the forest areas under their mandate. There is only opportunistic (depending on available budgets) assessment or monitoring of the state of biodiversity. This challenge is further increased by the expectation of the GoV concerning increasing self-financing of forest owners. In addition, many sites have only limited capacities to implement or manage tourism activities at the PA level. There is no clear understanding of which tourism approaches are appropriate for PAs to not have negative impacts on biodiversity. Combined with a mislabelling of the work “Eco-Tourism,” conventional tourism approaches in PAs could result in adverse impacts on biodiversity.

Limited technical and managerial capacities to sustainably manage forests. While capacities are improving gradually, there are still just a handful of individuals in Vietnam with practical experience on implementing SFM, including Reduced Impact Logging. Similarly, there are few people with the expertise to implement the entire SFM process. This is partly because the focus has traditionally been on reforestation and exploitation

⁷⁶ FAO.2013. Forests, food security and gender: linkages, disparities and priorities for action1 Background paper for the International Conference on Forests for Food Security and Nutrition, FAO, Rome, 13–15 May, 2013

⁷⁷ These include the 2013 Constitution of Vietnam (Civil Code 2013) which upholds women’s equality; 2006 Law on Gender Equality; and as of 2013 the Land Law required that women’s names also be included on Red Books rather than simply “head of household.”

⁷⁸ Additionally, there are national and provincial strategies to 2020 to promote women’s rights.

⁷⁹ Ibid

⁷⁹ The World Bank, 2019: Country Forest Note

based on the quota systems, rather than sustainable management. In addition, willingness among forest owners to take long-term-risks is underdeveloped. When managers of forest enterprises or management boards leave their post after five years, the acquired knowledge leaves with them. In many other countries, forest managers are appointed for long-term positions – making them more accountable for how their forests develop and allowing for investments that pay off after 10 or 20 years.

Rangers are not incentivized for good performance. Many rangers working in PAs are excluded from the official ranking system and thus do not benefit from career allowance. Officials working in conservation at protected areas do not have job descriptions, functions or clear ranks. There are no guidelines or regulations on job title and job descriptions. In opposite, SMART is sometimes perceived as a threat, introducing stronger control on ranger performance.

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