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GENDER AND WOOD-BASED VALUE CHAINS IN VIETNAM

In Vietnam, an estimated 2-3 million women work in small, micro, or household-sized businesses, growing and processing wood products for sale in domestic markets and for export around the world. This paper draws on recent fieldwork and relevant literature to analyze the characteristics and causes of gender inequity in small and micro-enterprises in Vietnam's wood processing sector, and makes recommendations for gender-specific interventions. It also considers the likely impacts for women following implementation of Vietnam's Forest Law Enforcement Governance and Trade - Voluntary Partnership Agreement (FLEGT-VPA) signed in 2018 with the European Union.



Key Findings

It is estimated that 2-3 million women in Vietnam are involved in wood production, processing, and marketing, most of them working in household or micro-enterprises either as owners, members of the household labor force, or hired laborers. However, there are few data on their role in these small businesses, mainly because they operate mostly in the informal sector. This paper uses the term “small and micro-enterprises” (SmEs)¹ to refer primarily to informal sector wood-based businesses of up to about 30 people, rather than the official definition in Vietnam of a “small enterprise” as a business employing 10-99 people (and therefore likely to include a higher formal sector proportion). This paper draws on recent fieldwork² and relevant literature by Forest Trends and others to analyze the characteristics and causes of gender inequity in wood-based value chains in Vietnam, and makes recommendations for gender-specific interventions, including in the light of the recently signed Voluntary Partnership Agreement (VPA). It should be noted that although this paper is based mainly on 2017 data, every effort has been made to bring the analysis up-to-date through discussions with key informants. Main findings include:

- **Women have a diversity of roles in wood-based value chains, but the lack of precise data on how women participate in these value chains constrains efforts to improve gender equity.** Women can be owners of SmEs, members of the household labor force, or hired laborers. **The proportion of wood-based SmEs owned by women is unknown**, although cross-sectoral studies imply that it could be around one quarter, and reveal that almost all women-owned wood-based businesses in Vietnam are micro-enterprises.
- **Women experience significant gender inequity** in wood-based SmEs compared to men. They are poorly remunerated (often paid 60 percent less, even for similar jobs), have lower job security, less decision-making influence, less access to credit and technical assistance, and are poorly represented in trade associations.
- **Vietnam has an impressive legal and policy framework for safeguarding and promoting gender equity, but its implementation has been weak.** A major example is land rights; various surveys show that wives’ names are often omitted on Land Use Certificates (LUCs), which confer ownership of land rights, especially among ethnic minority groups. In this situation, women lose out in any dispute. This problem is exacerbated by pre-existing cultural and political factors, as discussed below.

¹ This paper uses the acronym SmE to refer mainly to household level, small or micro-enterprises, including those employing a few hired laborers (usually less than 10). This conforms closely to Vietnam’s official definition of a “micro-enterprise” (less than 10 laborers). In practice, most wood-based SmEs (according to the definition used in this paper) are “micro-enterprises” and a minority of them are “small enterprises” at the smaller end (i.e., 10-30 laborers) of the range in the official definition.

² Primary research on which this paper is based was conducted by NEPCo and Forest Trends from May 2017 to January 2018 under the project “Diagnoses and Regulatory Assessments of Small and Informal Forest Products Enterprises in the Mekong Region.” Funding was provided by the European Forest Institute (EFI)’s EU FLEGT Facility via the Swedish International Development Agency (Sida). Findings from the project have been supplemented by relevant literature and other data collected in 2018-2019. The views expressed in this publication reflect those of the authors, and do not necessarily reflect the views of NEPCo, EFI, Sida, or external reviewers.



There is uncertainty about the potential impacts of Vietnam's VPA on informal sector wood-processing SmEs in Vietnam. This stems partly from different interpretation of the legal framework for forestry-based SmEs based on their size, revenue, and use of imported wood.

- **The underlying cause of gender inequity in wood-based value chains is prevailing cultural attitudes around women's domestic roles** (including childrearing and other household duties). These attitudes often discourage women from participating in meetings or having stronger decision-making influence, and bias local conflict resolution processes. Combined with weak local knowledge and understanding of the strong legal basis for women's rights in Vietnam, educational/language and social capital disadvantages, a lack of collective action and access to credit and legal support, and other factors, these attitudes serve to further marginalize women in SmEs.
- **Current livelihoods of thousands of women and men in SmEs in approximately 30 "wood villages" that depend mainly on imported timber may be at risk with the increasing pressures for formalization, including from the recently signed VPA.** Until recently, these SmEs mainly used rosewood (primarily *Dalbergia* spp.) from Laos and other Mekong countries, but now depend on a greater mix of species, including hardwoods imported from Africa such as *Pterocarpus erinaceus* (African rosewood; kosso), and *Erythrophleum ivorense* (Lim). In line with the international market trend towards timber legality verification, a key stipulation of the VPA is verification of legal sources of wood-based raw materials used to make wood products. SmEs using imported timber and/or exporting wood products will need to comply with trade regulations and be subject to the Vietnam Timber Legality Assurance System's (VNTLAS) "Organisations Clarification System" (OCS), which assesses legality risk. Even for SmEs able to switch to legally verified wood sources, future profit margins are uncertain if verified legal materials are more expensive and/or if the wood processing industry consolidates in response to the VPA and other macroeconomic factors.³ Additionally, output levels of wood-processing SmEs are likely to fall while they adjust their production systems; during this transition phase women's jobs are very vulnerable due to their generally lower job security.
- **There is some uncertainty about the potential impacts of the VPA on informal sector wood-processing SmEs in Vietnam.** This stems partly from different interpretations of the legal framework for forestry-based SmEs. According to Prime Ministerial Decree 78 (2015), forest business households with less than 10 employees and "earning low revenues" are not required to register, and goes on to state that threshold revenue levels for registration will be set by Provincial Peoples Committees (PPCs). One interpretation is based on the notion that the VPA (as a ratified treaty) would take precedence over the Decree (national legislation), and that the VPA only specifies an enterprise registration threshold based on the number of employees. The VPA would therefore be "light touch" for most SmEs,

³ It is widely acknowledged that the wood processing sector is consolidating in Vietnam and other countries due to a number of factors, including the increasing international demand-side sourcing requirements. In the future, the VPA could become another factor in "squeezing out" SmEs, although attribution could be difficult in view of the many pressures on SmEs.



especially if they do not use imported wood; this viewpoint also reflects policy announcements and other legislation favoring a gradual and incentive-based approach to formalization. That said, another interpretation provided by experts consulted for this paper is that the Decree (or Enterprise Law [1999]) will be upheld, including the revenue threshold clause. If this is the case, many household businesses will need to register as enterprises: according to Vietnam Chamber of Commerce and Industry (VCCI) most wood village households exceed the threshold income levels set by PPCs.

- **There should be an upside from the VPA for women in SmEs that are obliged to comply with environmental, health and safety, and labor regulations.** Compliance with such regulations usually results in reduced pollution, noise, and dust in the many SmEs where processing takes place in close proximity to living areas. Both women and men could also benefit from the likely introduction of labor contracts that should include social security provisions
- International experience reveals that while non-gender specific interventions are often of benefit to women, they can also perpetuate or deepen gender inequity. **Therefore, there is a need for gender-specific interventions designed to accommodate women's dual domestic and work roles within and beyond the wood product sector,** including:
 - New or improved guidance, especially to provincial and local authorities, for effective implementation of laws and policies promoting gender equity,
 - Capacity building in activities with potential for improving women's incomes (e.g., furniture finishing skills, furniture marketing),
 - Increased education and awareness raising in women's rights (e.g., around women's land rights), and to promote more positive local attitudes toward women's rights,
 - Collective action, ideally between women-only groups along the supply chain or in a way that women are represented on management structures and supported by gender-specific capacity building,
 - Improved access of women to institutional credit and business development services, ideally linked to collective action efforts, and
 - Increased support for legal advisory services and local conflict resolution mechanisms.

These changes will require cross-sectoral collaboration to address systemic inequity that manifests itself within, but is certainly not limited to, SmEs. Finally, more work is needed on the proposed post-VPA legal framework to safeguard or enhance gender equity in the wood products industry. Appropriate institutional partners are essential to carry out these recommendations: it is proposed that the Vietnam Women's Union, the Vietnam Women's Entrepreneur's Council (VWEC), and the Ministry of Labor, Invalids and Social Affairs (MOLISA) can play vital roles, with possible support from international NGOs.



International Understanding of Gender Issues In Wood-Based SmEs

In general, the literature is quite thin regarding gender-differentiated studies of small wood-based businesses. There has been some analysis of gender roles in wood harvesting and primary processing (Haverhals et al. 2014; Mai et al. 2011; Leone, forthcoming), but less has been written on gender issues higher up the value chain with one notable exception: a study by the Center for International Forestry Research (CIFOR) of furniture value chains in Jepara District, Central Java, Indonesia (see Box 1).

As noted in an overview paper (Shackleton et al. 2012), socio-cultural, religious, policy, and institutional barriers generally inhibit gender equity in small-scale forest product value chains, and a prerequisite for appropriate interventions is a good understanding of these barriers. Another point of wide agreement is that although interventions such as capacity building or collective action that are non-gender specific can benefit women, they often perpetuate or reinforce existing gender inequity inherent in the status quo. Furthermore, generic interventions or programs can have negative impacts for women. This was found, for example, in a value-chain based evaluation of a program to modernize Vietnam's marine fish sector (Risgaard et al. 2010).

It is also widely agreed that collective action, or the lack thereof, is a key determinant of gender equity. In general, the lack of collective action between women in wood product value chains has limited their negotiating capacity on product prices and wage rates; constrained access to institutional credit, training, and business development services; and limited their voice and visibility in the policy arena (Shackleton et al. 2012).

Another key issue for gender equity in forest-based SmEs is women's land use or ownership rights, both on paper and in practice. In many countries (in Southeast Asia and elsewhere), women are less likely to own land or have their name on a land deed or document than men (Hoang et al. 2013). This makes it very difficult for women to start a business, obtain credit, or prevail in a land conflict, and it can even affect their inclusion in public life (Buchy 2012).

Wood-Based SmEs in Vietnam: Characteristics and Constraints

This paper draws on fieldwork conducted on SmEs in four wood-based value chains, which are further detailed in Table 1:

- Wood products processed in about 30 “wood villages” using imported wood of high-risk provenance (fieldwork in Bac Ninh province). These wood villages have formerly depended on rosewood (*Dalbergia* genus) from other Mekong countries, especially Laos and Cambodia, but now mainly work with African precious hardwood species (e.g., *Pterocarpus erinaceus*). It should be noted that these wood villages, located mainly in the Red River area north of Hanoi, are a subset of possibly 300 or more⁴ wood

⁴ There are no reliable data on the total number of wood villages, although 340 is a number sometimes cited, based on information from a Vietnamese handicraft association (Phuc Xuan To, personal communication).



Box 1: Gender Analysis of Furniture Making Value Chain of Jepara District, Indonesia

Furniture making has been vital to the economy of Jepara District in Central Java. According to Purnomo et al. (2011) some 12,000 (mainly small) businesses employed about 120,000 workers. Women's tasks in the various value chain "nodes" included: sourcing raw material (mainly by phone), carving, sanding, hand painting/varnishing, packaging, bookkeeping, managing cash payments, customer relations, and quality control. Although women participated in wood carving, in general they were seen as lacking the skills to make furniture, operate machines (also considered too dangerous), or undertake other better-paid tasks. They were often paid 50 percent less than men for the same hours. The domestic role of women limited their mobility, i.e., skilled women carvers would not always seek out better paid jobs in other villages. The domestic role of women was also seen as part of the rationale for employing them mainly on a seasonal, weekly, or daily basis, while men tended to have more secure jobs.

The gender segregation of tasks varied according to the type of value chain. In "market-based" or more balanced value chains, characterized by separation of suppliers and buyers and fairly standardized products, there was less gender differentiation of tasks, and women were more likely to have a role in marketing and sales. In more "directed" or "hierarchical" value chains, in which buyers had more control and which tended to be more mechanized, the gendered division of labor was clearer. Most women said they preferred "market-based" value chains since they were more flexible, and therefore it was easier for them to combine their home and work roles.

Women generally had limited decision-making power, over product development and sales, and few firms were headed by women. The low participation of women on committees was explained mainly by cultural issues; they were often discouraged from going out at night to attend meetings, and said they felt uncomfortable in male-dominated meetings.

It was noted that generic interventions, such as trainings dominated by men, promotion of "greener" products and collective action (e.g., formation of producer associations) had positive impacts for both men and women while maintaining the status quo as regards gender inequity. Women said they did not feel marginalized by generic interventions; this is explained partly by the human and organizational characteristics of a typical small business in which the father is the head of the firm, the mother looks after the money, and the children form part of the labor force. In this familial structure there is a healthy information flow – knowledge or skills acquired by the father are easily distributed to family members. For improving gender equity however, the study concluded on the need for targeted interventions, such as training (e.g., in sanding or furniture marketing) of women-only groups conducted in half-day sessions, and for developing and/or strengthening collective action between women-only groups (Melati et al 2013).



villages in Vietnam that are increasingly using low-risk domestically grown plantation timber. They are, however, very important in the context of the VPA since most of the nearly 2 million m³ of wood currently imported from high-risk sources in Africa is processed in these 30 villages (To et al 2019).

- Acacia timber grown by smallholders and processed by sawmills, furniture workshops, and other secondary processors. Together with smallholder growers of rubber trees and “scattered trees,” acacia tree growers have become vital to Vietnam’s timber industry and exports: smallholder timber growers account for approximately 60 percent of nationally grown timber (fieldwork in Phu Tho province).
- Rubber tree wood grown by smallholders and processed by sawmills, furniture workshops, and other secondary processors (fieldwork in Binh Duong and Binh Phuoc provinces).
- Wood from “scattered trees⁵” grown by smallholders and processed by sawmills, furniture workshops, and other secondary processors (fieldwork in Phu Tho, Binh Duong and Binh Phuoc provinces).

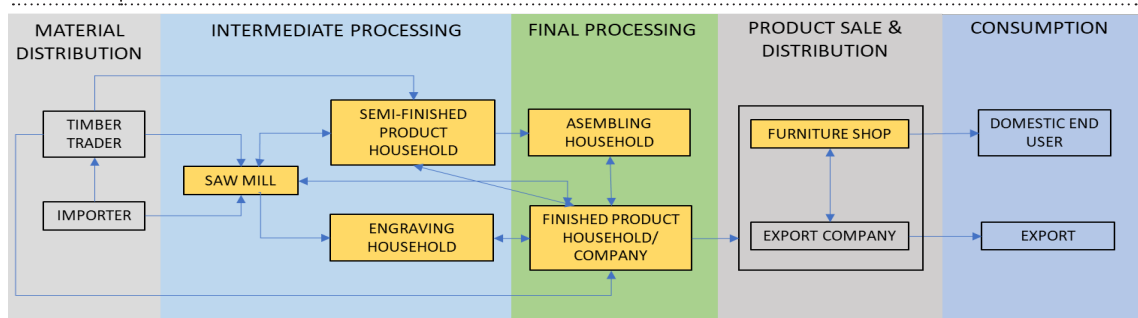
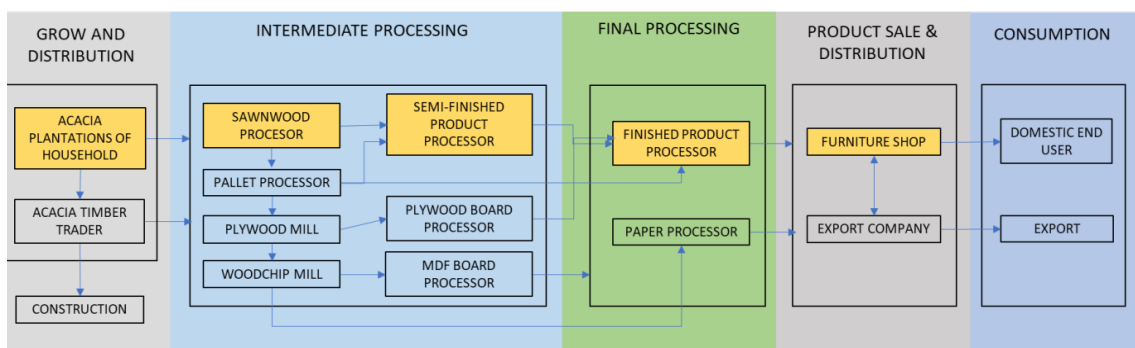
TABLE 1 Characteristics of SmE Value Chains Investigated

Type of SmE/ Value Chain	Number of SmEs	Typical size (volume/ area)	Gross Income US\$ per SmE	Total Wood Volume	Main Products/ Markets	Legal Status
Furniture making in 30 wood villages using imported spp.	About 60-90 thousand SmEs employing 100-200 thousand hired laborers	4-10 m3 raw material	\$17,000-22,000 p.a.; Hired laborer: \$2,600-3,600 p.a.	400,000-500,000 m3	Furniture for domestic market and China	Informal, mix of low and high risk (potentially illegal) timber sources
Smallholder acacia tree growers	1.3-1.5 million growers	5-10 m3 timber from 0.5-1.5 ha	\$700-1,000 p.a.	9.5-10 million m3 timber	70-80%: wood chip exports; export/ domestic furniture makers	80-90% have Land Use Certificates (LUCs)
Smallholder rubber tree growers	260-270,000 growers	4-6 m3 timber from 1-3 ha	\$500-1,000 p.a.	1.3 million m3 timber	Export/ domestic furniture makers, log & sawnwood exports	80-90% have LUCs
Smallholders growing scattered trees	0.8-1.6 million growers	2-4 m3 timber	\$200-400 p.a.	3.3 million m3 timber	Home consumption, wood chips, pallets, furniture, construction, etc.	Most have LUCs

⁵ Scattered trees refer to trees that are planted, but not in the form of plantations. As well as trees planted by farmers, this can refer to trees planted in school yards, on roads, along irrigation lines, etc. The government has strongly promoted the growing of scattered trees by smallholders and other landholders. For example, the 2006-2020 Development Plan for Scattered Trees has a target of two billion planted trees (IPSARD, 2017).



DECEMBER 2019

FIGURE 1 Value Chain Involving SmE Rosewood Processors**FIGURE 2** Value Chain of Smallholder-Grown Timber

Figures 1 and 2 present the value chains for wood villages and smallholder acacia tree growers. The value chain for “scattered trees” is similar to that of smallholder grown acacia, while the value chain for rubber tree wood is simpler since it is mainly made into furniture for export or domestic sales.

In the context of the gradually-increasing pressure for formalization related to existing legal requirements in Vietnam, as well as new legality-based requirements from consumer markets (US, EU, Australia, and others) and future implementation requirements of the VPA, forest-sector SmEs, (especially those using imported timber) face a range of problems and risks⁶ including:

- **Species risk:** For SmEs in the wood villages that have been mainly sourcing CITES-listed species such as rosewoods from the *Dalbergia* genus, sourcing is becoming increasingly problematic from historically high-risk countries like Cambodia, Laos, and several African countries. These species are also becoming increasingly scarce due to over-harvesting (Tatarski 2017).
- **Costs of compliance:** Due partly to lack of collective action (vertical or horizontal integration) SmEs using imported timber are not well placed to incur the operational and

⁶ Most of these problems and risks were also revealed by the DFID funded *ex ante* livelihood impact assessment of the proposed VPA conducted by the VNGO-FLEGT Network, Forest Trends and FERN in 2013-2014 (VNGO-FLEGT 2015).



transaction costs of complying with environmental, health, safety, and labor law requirements (payment levels, social security, etc.). Approximately 70 percent of SmEs in the wood villages operate in residential areas, bringing them into potential conflict with multiple regulations on health, waste disposal, pollution, and fire protection, for example. A study of five wood villages (To et al. 2018) found that only eight percent of households had some kind of legal document, and no hired laborers had formal contracts.

- **Legal status:** For informal sector SmEs, timber sales are undocumented (partly since forest or wood products are not subject to VAT), and contracts for hired labor are almost unheard of. By contrast, most timber-growing smallholders have a clear legal status from holding an LUC, and even where there is no LUC, district and commune authorities can normally help certify the land's legal status.
- **Price-taking:** Due to a lack of collective action and competitive advantage, SmEs are “price-takers” from (mainly) timber and furniture traders, and are weakly positioned compared to buyers (timber and furniture traders) in their ability to negotiate a fair price for their products.⁷
- **Capacity and representation:** SmEs often lack business skills and market information, and few are able to access institutional credit. They are also weakly represented – it was found that only about 10 percent of wood-based SmEs belonged to a formal organization.

Vietnam's VPA: Potential Impacts for SmEs and Women

Following eight years of negotiations, the Voluntary Partnership Agreement (see Box 2) between the government of Vietnam and the European Commission was signed in October 2018. The VPA is essential for Vietnam's wood processing sector given the country's very strong export orientation,⁸ and the increasing requirements of importing markets, notably the EU, US, Australia, Japan, and Republic of Korea, to discriminate between legal and illegal wood products. In 2016, North America, the EU and Japan collectively imported about 72 percent of Vietnam's wood product exports (by value), and this proportion is increasing. For example, in 2017, EU imports of wood furniture, which comprised 88 percent of the total value of wood products imported from Vietnam, increased by 12 percent from 2016 according to the FLEGT Independent Market Monitor. In 2018, Vietnam's wood product exports to the US increased 17 percent compared to 2017; to Australia and Japan they increased by 13 percent; and, most notably, to the Republic of Korea they increased 39 percent (To et al. 2019). Additionally, in 2018 the Republic of Korea started implementing new legislation designed to exclude illegal timber and wood product imports.

⁷ Although there are some promising recent developments (To et al., 2018): acacia growers in some areas have formed grower groups and received support from processing companies to certify their production, and downstream processors have helped some wood village households source low risk timber.

⁸ Vietnam's wood and wood product exports were US\$8.476 billion in 2018 (To et al 2019). The government's target is for this to reach \$12 billion by 2020. See also: <https://www.vietnam-briefing.com/news/vietnam-wood-products-exports-to-reach-record-high-in-2018.html/>



The potential impacts of the VPA for women in SmEs are uncertain, but could be significant. The requirement of Vietnam's VPA that all wood products for export or sale on the domestic market are legally-sourced clearly increases the pressure for legalization or formalization, especially for timber-importing and/or exporting SmEs. These SmEs will need to comply with trade regulations and will be subject to the VPA "Organisations Clarification System" (OCS), which assesses the risk level of timber sources, and involves a check against all the other requirements under the VPA's Legality Definition (e.g., environmental and social considerations).

Box 2: Vietnam's Voluntary Partnership Agreement (VPA)

A Voluntary Partnership Agreement (VPA) is a legally binding trade agreement between the EU and a timber-exporting 'partner country'. The VPA commits Vietnam to participating in the EU Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan, which involves a series of measures to tackle the illegal harvest and trade of timber and wood products. Vietnam is one of 15 tropical countries negotiating or implementing VPAs with the EU.

The FLEGT Action Plan works on both the supply and demand side. On the supply side it aims to strengthen legal compliance, law enforcement and improved governance in wood producing countries, and on the demand side it promotes due diligence of EU importers with the aim of excluding illegal wood products. Key components of the VPA include:

- A timber legality assurance system to verify that timber products are legal and can be issued with FLEGT licenses
- Public disclosure of information and other measures to improve transparency and accountability
- A framework for overseeing, monitoring and evaluating implementation of the VPA and its economic, social and environmental impacts.

Another important aspect of the VPA is the role of non-state actors in its design and implementation, including monitoring.

At this point in time there is considerable uncertainty about the potential effect of the VPA on wood processing SmEs (although there is clarity that the millions of timber growing households will be more or less unaffected). Key questions include whether the VPA will take precedence, as an international treaty, over the Enterprise Law (which itself seems to be subject to different interpretations), and on how much SmEs identified as being subject to the OCS will be supported in their attempts to adapt to its requirements.

One viewpoint is that the VPA will take precedence over Vietnam's Enterprise Law, as most recently set out in 2015 in Prime Minister Decree 78, and will be "light touch" for SmEs with less than 10 employees (except those involved in importing or exporting). Article 66 Paragraph 2 states that "households engaged in agriculture, forestry, aquaculture, salt productions, street



vendors, nomadic businesspeople, and service providers earning low revenues are not required to register.” The Decree goes on to specify that Provincial Peoples Committees (PPCs) will set the threshold revenue levels below which household businesses of less than 10 employees do not need to register as enterprises. The VPA only stipulates the threshold requirement for a household business having to register as an “enterprise” in terms of the number of employees, not the revenue or income level. It can also be noted that various policy announcements and other legislation around small and medium-scale businesses also imply a gradual and incentives-based approach to legalization of the informal sector.⁹

An alternative key informant viewpoint is that at some point forestry-based household businesses exceeding threshold revenue levels will be obliged to register; according to the Vietnam Chamber of Commerce and Industry (VCCI), most wood-processing SmEs in the wood villages earn more than the threshold income levels set by PPCs.¹⁰ At the same time there are also doubts about the capacity of local authorities responsible for enterprise registration to tackle such a major task.

The impacts of the VPA will clearly be greater for SmEs in the timber-importing wood villages. Fundamentally, they will have to change their raw material sources, and this is already happening to some extent. The SmEs that are able to adjust and survive the process of formalization and modification of their timber sources are bound to go through an adjustment period, e.g., while they explore collective action, change their technology to process different species and/or comply with environmental regulations, or make other changes to their production or management system in order to conform to the VPA legality definition (in the case of SmEs subject to the OCS). During this time they are likely to operate at considerably lower production levels than normal. Female laborers (more so than men) are often hired on a seasonal or weekly basis, and are likely to be the first to be laid off.

On the positive side, women who still have jobs with SmEs that become compliant with health, safety, environmental, and/or labor contract regulations should benefit from improved conditions and job security; this could significantly reduce health problems for women and children from noisy and polluting machines situated in or very close to living areas, as is often the case in the wood villages.

Concern for the gender equity impacts of VPAs (in general) is also supported by Putzel et al. (2014), who found that women are more vulnerable than men in formalization processes due to their lower job security and as the weaker party in trading relationships. This source also implies that gender impacts will depend on the quality of forest governance. For example, it is reported from Africa that new VPA-compliant permits have been used as a means for state officials to extract more informal payments from small-scale operators. This is part of a pattern

⁹ For example: <https://vietnamnews.vn/print/vn-looks-to-turn-home-firms-into-enterprises/379100.html>; <http://htclawfirm.com.vn/2018/04/05/reported-cases-of-fgm-rise-sharply-in-uk-yet-still-no-court-convictions/?lang=en>

¹⁰ Phuc Xuan To, personal communication.



of elite capture in formalization processes in which more powerful actors are sometimes tempted to bribe officials to acquire the necessary documentation, while less powerful ones (including women) find this is beyond their means, and are denied access to a resource, put out of business, or criminalized (Putzel et al. 2014).

Gender Equity in Vietnam's Forest Sector: Policy and Practice

On paper, Vietnam has strong policies on gender equity in the forest sector, as evidenced in numerous policies and legal documents, including: the Constitution;¹¹ the 2006 Gender Equality Law; the 2013 Labor Code;¹² the 2011-2020 National Strategy on Gender Equality;¹³ the 2013 Land Law; the 2014 Law on Forest Protection and Development; the 2017 National Strategy and Plan of Action for the Advancement of Women and the Vietnam MDGs; the gender strategy of the Ministry of Agriculture and Rural Development (MARD); and various policy papers under the five year Socio-Economic Development Plan (2016-2020). For example, the National Strategy on Gender Equality emphasizes the need to support women-owned enterprises, although a limitation is that there is no clear definition of a “women-owned enterprise.” This is in addition to ratification by the government of international conventions related to gender equity such as the Convention on the Elimination of all Forms of Discrimination against Women (CEDAW).

The legal basis for gender equity in land rights is also strong: both the Marriage and Family Law (2000) and Vietnam Land Law (2013) clearly state that both spouses' names should be on the LUC. The 2001 Prime Minister's Decree added that when property, including forestland, is jointly owned, but the name of only one spouse is on the LUC, the other spouse can request that the LUC be reissued. Even without a request “the property is shared equally between husband and wife,” according to the Vietnamese Ministry of Justice.

However, these laws are weakly implemented. According to Hoang et al. (2013) this is mainly due to prevailing cultural attitudes towards women and the lack of implementation guidance from government. A key area of implementation failure is in women's land rights. A survey of 820 households with LUCs in Long An and Hun Yen Provinces (Alvarado et al. 2015) found that the name of both spouses were on the LUC in only one percent of households in Long An Province, and in 18 percent of households overall; 65 percent of households had only men's names (sometimes father and son) and 17 percent had only women's names on the LUC. Another survey of 1,253 households in 10 provinces (Hoang et al. 2013) found that:

- Women accounted for 10–12 percent of registrations of LUCs;
- Women's names were on the LUCs, either on their own or together with their husbands,

¹¹ Article 26 of the Constitution states that “Male and female citizens have equal rights in all fields. The State has a policy to guarantee equal gender rights and opportunities.”

¹² This includes provisions on non-discrimination and women's labor rights, including prohibition of sexual harassment, extension of maternity leave to six months, and equal pay for work of equal value.

¹³ Under this Strategy, Ministries and Provincial People's Committees are responsible for implementing gender equity action plans with a focus on gender equity in decision-making and access to job opportunities, income generating activities, education, training, and healthcare.



in just under half the cases among Kinh families (the ethnic majority) and in 17-28 percent of cases among other ethnic group classifications;

- In situations without LUCs, the husband was more likely to exercise de facto land rights, especially in the case of patrilineal ethnic minority groups.

Without their names on the LUC, it is very difficult for women to develop a business or assert their land rights. For example, they cannot use the land as collateral for securing a bank loan. Meanwhile, if only the man's name is on the LUC he can obtain a loan, and could, possibly without his wife's consent, increase the family's debt liability. Banks also perceive women as risky borrowers; when women are able to obtain loans, they tend to be smaller than for men (IFC 2017). Women are also disadvantaged in disputes if their name is not on the LUC. Local traditional conflict resolution processes, if they are available, reflecting prevailing cultural values, have sometimes discouraged women from exercising their land rights (Hoang et al. 2013). Another issue is that the allocation and distribution of land is under the discretion of provincial authorities that are also influenced by prevailing cultural values.

Poor understanding of the law combined with women's limited access to legal support services is a key constraint to women exercising their land rights. Alvarado et al. (2015) found that although most people knew that a wife inherits the land if her husband dies and that a husband must obtain his wife's consent to sell the family land (or house), understanding of women's other land rights was low. Only one-fifth of respondents knew that women who remarry do not lose their land and house rights inherited from a deceased spouse, that wives and husbands can own land or a house separately during their marriage, and that childless women can own land or a house. Additionally, only about one-fifth of respondents thought that a local conflict resolution process was available.

This knowledge constraint is partly related to education levels and language skills in which women, and especially ethnic minority women, are usually disadvantaged. Ethnic minority women are doubly disadvantaged since legal support services are not available in ethnic minority languages. Men also have the advantage of stronger social networks based on connections with friends, relatives, and business or trade associations. Lower literacy or educational levels of women are also a constraint to obtaining institutional credit due to the complex application procedures (Pham 2002).

Women's Roles and Remuneration in Wood-Based SmEs

The proportion of wood-based SmEs owned by women is unknown, but a multi-sector study (HAWASME & MBI 2016) revealed that about a quarter of all micro, small, and medium enterprises in Vietnam were owned by women, and 99 percent of the latter were "micro" or "small" enterprises. It was also noted that women-owned businesses tend to employ relatively more female hired laborers than male-owned ones. A report by IFC (2017) also



notes that women's ownership of business enterprises (of all sectors) in Vietnam is predominantly of micro-enterprises. It can therefore be reasonably assumed that the great majority of women-owned wood-based businesses are micro-enterprises.

Fieldwork in the mainly timber importing wood villages (see Table 1) revealed that most SmEs in these wood villages used hired labor, typically one to five laborers, although some larger firms hired up to 30 laborers. Most laborers, and especially women, were hired on a seasonal or weekly basis, and paid on a weekly or daily basis, often according to the "workload" or piece-rate basis. In the surveyed wood village households 32 percent of hired laborers were women, primarily aged 15 to 55. They undertook lighter tasks like sanding, polishing, packaging, shop management, and sales. Men were perceived as more skillful and therefore tended to get higher-paid jobs like wood sawing, carving (also undertaken by some women), furniture making, and painting.

Along with their lower job security, women were paid less than men for the same work. For sanding, for example, women were typically paid US\$6-7 per day¹⁴ while men received US\$7-9. On average (across all tasks) men were paid about 60 percent more – US\$12-13 per day compared to US\$7.5-8.5 for women. Respondents justified the difference on the basis that women's work was less physical and less skilled. In the case of smallholder tree growers, whether of acacia, rubber, or scattered trees, most SmEs relied on family labor (usually one to five people). Women participated in all activities, but mainly did lighter work, especially nursery work, planting and weeding. Men were mainly responsible for timber sales and other business activities like buying seedlings. In regard to remuneration, the minority of growers that hired labor typically paid \$9-11 per day for men and \$8-9 for women.

Moving down the value chain, women formed approximately 40 percent (on average) of the hired labor force in sawmills and other small-scale primary and secondary processors. A typical small sawmill hired less than ten laborers and paid them on a daily basis. There was no discernible division of labor in sawmills –women were as equally involved as men in loading timber onto the saw platform, sawing operations, timber classification, and other tasks.. In furniture workshops and other wood processing SmEs, women mainly undertook lighter tasks such as sanding, gluing, polishing, painting, packing, and drying of artificial boards, while men operated the machinery and did heavier jobs like moving timber. Again, men were paid more than female laborers for similar work. On the "workload basis," men typically earned US\$9-11 per day while women earned about US\$8-9 per day. There were no labor contracts in the sawmills or secondary wood processing SmEs. When asked how they felt about this, laborers said it was better not to have contracts since this meant that employers had lower costs, and were therefore able to pay them more.

¹⁴ All monetary figures in this report are in US dollars using the Vietnamese Dong to dollar exchange rate at the time of the fieldwork (the third quarter of 2017).



Decision-Making and Representation of Women

Men were the main decision-makers. In most SmEs they decided what to invest in and make, when to sell, who to sell to, what to spend the profit on, and other major decisions. Women were usually asked for their opinion on such decisions, however men had the last word. It was found that women rarely participated in meetings or trainings, partly due to their restricted mobility compared to men. This limited their acquisition of technical and business skills, as well as their understanding of legal and policy issues.

Our research also confirmed the problem of gender inequity in land rights as discussed above. In many cases women (or wives) were not named on the LUCs, making it difficult for them to set up a business or obtain a loan; they also knew that in any matrimonial land conflict, they were unlikely to prevail (Hoang et al. 2013). There was no evidence from this study of women having a voice in trade associations, formal networks, or any other potentially supportive organization, confirming the findings of other studies (HAWASME & MBI 2016) for small informal sector businesses (all sectors). Timber-related and trade associations were very male-dominated. Nor was there any mention of help from the state-supported Women's Unions.¹⁵ Women's access to information and opportunities to develop their decision-making capacity were therefore very limited.

Conclusions and Recommendations

Compared to men, women in wood-based SmEs in Vietnam are underpaid, have low job security and little decision-making influence, lack access to credit or technical assistance (and therefore have little opportunity to develop a business), and are poorly represented in trade associations or other potentially supportive organizations. Men have the advantages of stronger business networks and greater representation in wood and trade associations, which enable them to continuously develop their social and human capital. Underlying these problems are the prevailing cultural values, especially that the main role of women is in the home.

On paper there is a strong legal and policy framework for gender equity in Vietnam, but the cultural values and weak guidance on implementation mean that it is only weakly implemented. A key area of implementation failure is in women's land rights. Various studies show that men's land rights are much stronger in practice, especially in ethnic minority areas. In most cases, women's names are not on the LUC, which greatly weakens their position in land conflict situations. Other problems are that local conflict resolution mechanisms, where they exist, tend to favor men, and women's land rights are poorly understood. Inferior educational levels or

¹⁵ Women's Unions have a mandate to work at the grassroots level, bring female voices to the policy table, and help women access social and microcredit programs; they also run 'women's business clubs' to support female entrepreneurs, and help them access information and social networks (Hoang et al 2013). On the other hand Women's Unions also have a strong mandate to support government policies.



language skills (among ethnic minority groups) further constrain women's access to legal support services.

There is increasing pressure for the legalization of Vietnam's large informal timber processing sector, including due to the recently signed VPA. The livelihoods of thousands of women, whether as SmE owners or hired laborers, in wood villages sourcing imported raw materials from high-risk sources are most at risk. For timber-importing SmEs obliged to register under the OCS, there will be a period of adjustment while they change their production and management systems, including as a result of switching to low risk timber sources. During this adjustment period, output levels are likely to be lower. Women tend to have less job security than men, and are likely to be the first to be laid off.

In contrast to SmEs sourcing and processing high-risk timber, the millions of smallholder timber growers should only be very lightly affected by the VPA and/or the formalization process; they will likely only be asked to exercise due diligence to help ensure a clean, legal supply chain. To the limited extent that it is required, legal compliance for tree growers is much more straightforward. That said, collective action would be highly desirable to spread transaction costs, as well as to obtain institutional credit that could help them avoid having to sell immature trees at very low prices for the woodchip export market.

The wider literature also finds that generic interventions can benefit both genders in absolute terms, but tend to have the effect of maintaining or reinforcing existing gender inequity. The design of targeted or bespoke interventions for women needs to be based on a strong understanding of both the multiple barriers to improving gender equity and the gender roles and inter-relationships in the value chains (Shackleton et al. 2012).

The main recommendations of this paper to the Government of Vietnam, with appropriate support from donors and/or international NGOs, are to:

- Design and implement targeted interventions for women in wood product supply chains, following identification of capacity-building and information needs in women's activities, with the potential for improving their incomes (e.g., furniture finishing skills or marketing), and in a way that recognizes women's mobility constraints and need for flexibility (e.g., half day meetings or workshops). Such activities may need to be supplemented with literacy or educational support, especially in the case of ethnic minority groups.
- Provide improved guidance, especially to provincial and local (commune level) authorities for more effective implementation of laws and policies to promote or safeguard gender equity.
- Use mass media and other extension methods to increase women's and men's knowledge of women's legal rights, especially their land rights, and promote more positive local attitudes to these rights.



- Support or subsidize legal advisory services in rural areas; in areas with significant ethnic minority communities, train female paralegals on key legal issues for women so that language and educational barriers are alleviated.
- Review, develop, and support local conflict resolution methods and mechanisms; this may require extension or educational inputs to reduce the current gender bias.
- Promote and support (e.g., through action research) collective action (ideally between women-only groups) involving horizontal or vertical integration along the supply chain, e.g., collaboration between smallholder timber growers and wood processing companies. If collective action is not between women-only groups, women should at least be represented on management structures, and supported by gender-specific capacity building. Collective action efforts could partly draw on the relatively long experience of the DFID-supported Multiple Forest stakeholder Program (MFP) in Indonesia.
- Improve institutional and micro-credit opportunities for women, combined with capacity building in business management and/or provision of business development services, ideally in combination with collective action initiatives.

A recommendation for donors and/or international NGOs working with national research institutions or NGOs and in close collaboration with the government is to undertake more in-depth research of SmEs using imported timber to identify legal or policy modifications that could help reduce gender inequity and vulnerability in a VPA-compliant regime. Another recommendation is to identify measures to mitigate adverse impacts, e.g., promotion of women's micro-credit groups to generate alternative income sources.

Finally, it is clear that appropriate institutional leadership and collaboration between state and non-state actors is critical for the success of any of these proposed actions or measures. This study identified three potential institutional leaders for promoting gender equity objectives in wood-based SmEs:

- The Vietnam Women's Union and the associated Women's Business Clubs: With appropriate state support and capacity building, possibly involving an international NGO such as Women Organizing for Change in Agriculture and Natural Resource Management¹⁶ (WOCAN), the Women's Union could lobby and guide government towards supportive measures and programs, including more effective implementation of the legal and policy framework.
- The Vietnam Women's Entrepreneur's Council (VWEC) of the Vietnam Chamber of Commerce and Industry: The VWEC could take the lead in providing business development services to female SmE entrepreneurs, capacity building measures in

¹⁶ WOCAN is active in the Mekong Region with offices in Thailand and Cambodia.



DECEMBER 2019

support of female hired laborers, training forest product or trade associations in gender equity issues, and supporting women's participation in these associations.

- The Ministry of Labor, Invalids and Social Affairs (MOLISA): MOLISA could work with the Women's Union and VWEC in the training and capacity building of women in SmEs, especially as regards legal and rights' issues, and promoting attitudinal change.

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