

# Small-Scale Illegal Logging in Vietnam: Implications for FLEGT and REDD+

This brief summarizes village case studies that demonstrate how Vietnam's domestic illegal logging will only be curtailed if Vietnamese policies promote forest governance that accommodates small-scale forest use and management, and allows local communities to benefit from the forest. Effective strategies to curb illegal logging will require the allocation of clear and secure tenure rights to local people in order to improve their ability to benefit from local forests. This is a key lesson to consider in the Forest Law Enforcement, Governance and Trade (FLEGT) and Reduced Emissions from Deforestation and Forest Degradation (REDD+) initiatives currently pursued by the Government of Vietnam.

## Background

Despite the Government of Vietnam's attempts to increase enforcement, illegal logging is still a pressing concern in Vietnam today. The trade in illegally sourced timber involves a range of actors from large-scale and powerfully connected networks to small-scale operators, and affects all forests across the country and including those zoned for protection. The persistence of small-scale illegal logging has given rise to significant public concern and increasingly severe law enforcement efforts by the central government.

The Vietnamese media typically portrays small-scale illegal logging as being perpetrated by poor villagers who invade government property containing natural forest with valuable timber. Corrupt forest protection officers are described as turning a blind eye on the villagers' illegal practices, and they all collude with traders to perpetuate this trade in illegal timber for personal gain. Media and government recount this simplified story, leading to widespread calls upon the central government to strengthen law enforcement by "cleaning up" Vietnam's forest protection apparatus and increasing the human and financial resources allocated to enforcement.



Vietnam Forest Protection Department's  
Poster on Illegal Logging

Research shows that this conventional account of small-scale illegal logging is overly simplistic. Illegal practices are not simply due to the presence of poor villagers, corrupt local officers and illegal traders. Nor is the widespread presence of illegal logging simply due to a lack of law enforcement. Illegal practices instead reflect a combination of factors, a key one being the lack of tenure rights given to local people living near forests containing valuable timber, thus legally excluding them from forest benefits including those from timber. Increasing resources dedicated to law enforcement in the absence of changes in incentive structures for all involved will not work.

Two case studies from Hoa Binh and Binh Dinh provinces illustrate how differences in the allocation of clear and secure tenure and use rights affected the prevalence of illegal logging. In the small Dao village of Ban Y,<sup>1</sup> villagers were not given meaningful tenure rights to the local forest. Villagers can only derive benefit from the forest is to actively participate in illegal logging. In the Kinh village of Phuc Minh,<sup>2</sup> villagers received full tenure rights, with the result that the villagers themselves protected local forests against outside encroachment and guaranteeing long term benefits derived from sustainable timber harvest.

### Ban Y: Small-Scale Illegal Logging in a Protection Forest

In 1995, government policies on forestland allocation granted individual households in Ban Y tenure rights for forestland. However, this transfer of tenure rights did not include the concurrent transfer of tree *harvesting* rights to the villagers. The local forestlands were classified as protection forests for watershed protection. Households were not allowed to extract any timber from these forests, despite their historical claims on the forests, legal tenure rights and livelihood needs. Despite the prohibition, villagers began to cut trees for cash income. Villagers used relatively harmful “cut and run” extractive techniques, typically damaging a dozen smaller trees when cutting and hauling each big log, leaving branches and small trees behind. This damage is increasingly further within forest areas as high value trees are being progressively depleted. Timber cut in the forest near Ban Y was brought to Huu Bang, a timber trading village near Hanoi, and eventually ended up as furniture in Vietnam’s domestic markets.

Despite mandates to check the legality of timber harvesting, trade and transport of timber, a complex chain of government officials allowed the illegally sourced logs to be transported between Ban Y and Huu Bang, and were facilitated by traders, local brokers and village leaders.



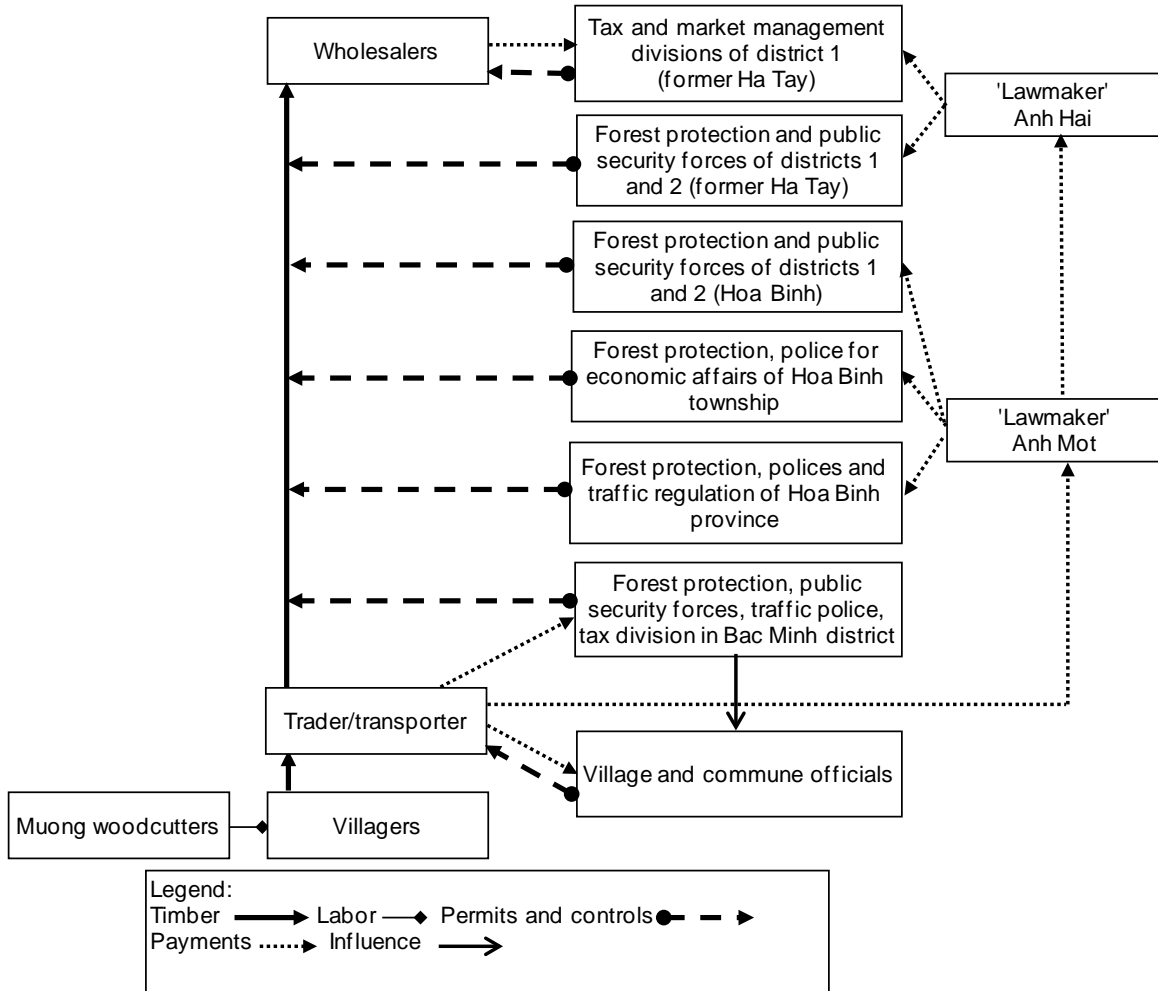
A villager cuts the tree in the forest near Ban Y.

In this case study, one single timber trader was a critical facilitator, making payments to village leaders, local brokers (called “lawmakers” by villagers), tax and traffic officers. The local brokers would in turn make payments to other government officials who would ultimately allow the timber to pass into the wholesale markets (Figure 1). The trader’s truck encountered no difficulties when passing through a series of checkpoints overseen by various local government officials.

Among all actors involved in getting the timber from tree to market, Ban Y villagers benefitted the least and bore the most risk. While collectively government officials (23) and brokers (2) captured the most (39%) of the benefits, on a per capita basis the trader made the most profit (Figure 2). Villagers received 30% of total benefits (Figure 2), but the benefit was spread between numerous villagers, and they spent more time and bore more risks (e.g., injuries associated with logging and hauling of the tree) than the other groups. The average return for a day’s labor was a mere 29,000 VND (or US\$1.80 in 2004, when the research was undertaken). The trader obtained 9% of the total benefit as a single person and was not exposed to the same kinds of risks as the villagers. A wholesaler in Huu Bang received 22%.

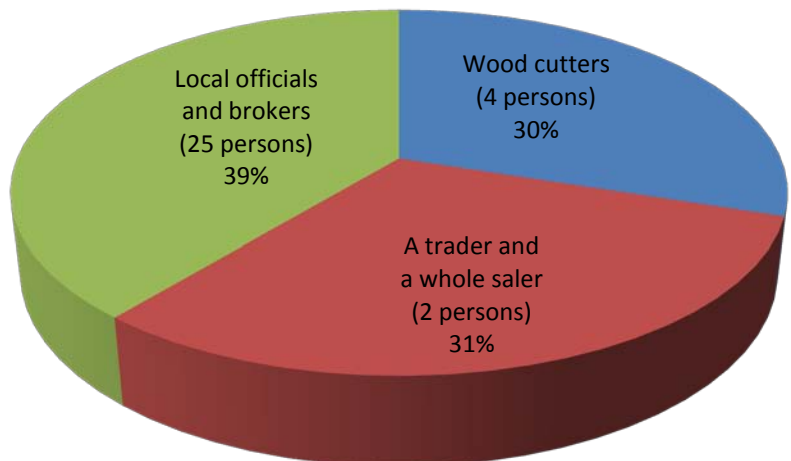
<sup>1</sup> Village names have been changed.

**Figure 1: Relationships among the Actors Involved in the Timber Chain**



Among all actors involved in getting the timber from tree to market, Ban Y villagers benefitted the least and bore the most risk. While collectively government officials (23) and brokers (2) captured the most (39%) of the benefits, on a per capita basis the trader made the most profit (Figure 2). Villagers received 30% of total benefits (Figure 2), but the benefit was spread between numerous villagers, and they spent more time and bore more risks (e.g., injuries associated with logging and hauling of the tree) than the other groups. The average return for a day's labour was a mere 29,000 VND (or US\$1.80 in 2004, when the research was undertaken). The trader obtained 9% of the total benefit as a single person and was not exposed to the same kinds of risks as the villagers. A wholesaler in Huu Bang received 22%.

**Figure 2: Distribution of Gross Revenue among Actors**



### Why did villagers cut the tree?

The 1995 forestland allocation in Ban Y did not ensure forest protection. While the villagers received formal rights to the land, they did not receive any rights to the trees on the land. Villagers were unable to translate the formal rights into tangible benefits for themselves – either for cash income or subsistence needs.

As might be expected, villagers in Ban Y ignored the government's restriction placed on the forest and continued to conduct their customary practices in the forest with reference to the rights that they had enjoyed historically. "*Forest belongs to villagers*" was a common expression, allowing villagers to justify the logging regardless of the government's prohibition. They were driven by high demand and lucrative prices being offered on the domestic timber market. Despite the low nominal benefits, the prices being offered by local traders enticed the villagers to collude with the trader and local officials. The tale of Ban Y is repeated across Vietnam, driving the depletion of timber and degradation of forests.

### Phuc Minh: Forest Protection and Management by a Village Community

Similar to Ban Y village, the village of Phuc Minh received the formal tenure rights<sup>3</sup> to the forest lands around their village. However, in this case, the Phuc Minh forest lands were not placed in the prohibitive protection category. In fact, with technical and financial supports from German Development Bank (KfW) through a community forestry project, the allocation was given with the understanding that villagers would combine forest protection with low-impact logging to ensure both positive social and environmental outcomes. The German Reconstruction Bank (KfW)-funded project aimed to improve local livelihoods and forest conditions by way of community forest management<sup>4</sup>, helping the villagers' Community Forest Management Board to establish community forest protection and development regulations which set out the rights and duties of the community with regard to forest use and management. Villagers and project staff report that community management put an effective stop to illegal activities. The villagers received the permission to harvest trees only after they demonstrated an increase in timber volume and forest value since the time of allocation.

Technical and financial assistance from the KfW project undoubtedly increased not only the ability of villages to obtain meaningful rights to forest resources, but also their technical capacity. The project trained villagers in forest inventories, silvicultural management, and harvesting techniques. Villagers conducted a forest inventory to determine the status and timber value of the forest they had been allocated. They contracted technical staff to develop and submit forest management and sustainable timber harvesting plans to the district People's Committee for approval. They conducted the first timber harvest in 2010-2011, extracting almost 100 m<sup>3</sup> of timber through sustainable harvesting techniques.

Villagers assumed an active role in decisions about the use of the harvested timber. They decided to give preference to community members in need. With support from the project and local authorities, the Community Forest Management Board organized a tender process for the sale of the remaining timber. They also decided how to use generated revenues after paying the applicable resource tax and fees to the Commune People's Committee. Retaining around 60% of total revenues, villages decided to fund the operations of the Community Forest Management Board, pay for protection activities and invest a significant share in the village forest development fund.

Perhaps most importantly, villagers who could prove compliance with their responsibilities for forest protection were allowed to withdraw operational funds from a collective village savings book established with the Bank for Social Policies. This savings book was funded out of revenues from the harvested timber in recognition of the wider benefits generated by the villagers' forest and the expenses incurred by villagers in protecting the forest.

Community forest management was successful in Phuc Minh not only because villagers derived tangible benefits from the forest and participated in decision-making but also because their benefits were linked to performance in forest protection. Support provided by the KfW project clearly also contributed to the success.

---

<sup>3</sup> The district People's Committee granted the village tenure rights to the forest for a 50-year period under a single title.

<sup>4</sup> Community forest management rested on the allocation of 364 ha of natural forest containing valuable timber to Phuc Minh village in 2008.

## Tapping the potentials of small-scale forest management

Ban Y and Phuc Minh offer two contrasting cases on how forest governance can accommodate small-scale forest management. The comparison demonstrates that in the context of similar law enforcement arrangement existed in the two villages, the critical significance of the full package of tenure and use rights which enable villagers' ability to derive tangible benefits from forests for sustainable forest management.

The observations from Ban Y demonstrate that villagers will not make constructive contributions to forest management if they are not given full tenure rights including the use right or are excluded from forest benefits. The inability of the villagers to benefit from nearby forest resources enticed villagers to team up with a timber trader because they were not able to derive benefits from the forest otherwise. Local officials colluded in the illegal practice for personal gains. Villagers benefitted from the arrangement benefit but ended up gaining the least among all involved actors. This provided little incentive for villagers to manage the forest in a sustainable manner.

"If it is *our* forest, there is no way outsiders can cut the forest."

*Villager in Phuc Minh*

Experience from Phuc Minh shows that villagers will take on a constructive role for sustainable forest management if they are given full tenure rights—in this case including the right to harvest timber from the forest. Secure tenure rights and guaranteed timber harvests resulted in a strong incentives for community members to work together with local forest protection officers to protect the forest and prevented the emergence of the coalition driving illegal logging in Ban Y.

These insights reveal that law enforcement alone will not solve the problem of small-scale illegal logging in Vietnam. In the worst case, further criminalization of logging would provide added impetus to illegal activities by empowering corrupt local officials, increasing the profits made by traders and wholesalers, and diminishing the benefits accruing to villagers.

The centrality of tenure rights calls for renewed emphasis on forestland allocation to local communities and forest reclassification from protection to productive purposes. The significance of tenure right also questions the continuing use of short-term contracts in forest protection and management because they do not involve the transfer of tenure rights.

## Implications for FLEGT and REDD+

The insights presented above have direct implications for Vietnam's Forest Law Enforcement, Governance and Trade (FLEGT) and Reduced Emission from Deforestation and Forest Degradation (REDD+) initiatives. Objectives and measures to combat illegal logging figure prominent in both. The Voluntary Partnership Agreement (VPA) to be signed with the European Commission (EC) in the future accords high significance to actions stopping illegal logging. Similarly, Vietnam's proposal for the second phase of the UN-REDD Programme foresees allocation of significant funds for measures against illegal logging.

Currently, the emerging EC – Vietnam FLEGT VPA is supposed to cover both imported and domestically produced wood materials. Domestic illegal logging will only be curtailed if Vietnamese policies promote governance that accommodates small-scale forest use and management, and allows local communities to benefit from the forest. Additional, specific implications for FLEGT are:

- The emphasis in Vietnam's FLEGT needs to be more on the G than the E, i.e. emphasize governance reforms over simple forest law enforcement.
- The legality definition under FLEGT will only serve legal forest governance if it makes suitable adjustments to Vietnam's current legal framework, including rights to villagers' right to timber from natural forests currently managed by State entities.
- The development of Vietnam's FLEGT VPA requires broad-based consultations with all kinds of stakeholders at national and local levels.

This Information Brief was financed by the DFID Forest Governance, Markets and Climate (FGMC) Programme. It was written by To Xuan Phuc and Thomas Sikor.

Other issues of the Information Brief series can be found at [www.forest-trends.org](http://www.forest-trends.org)

Similarly, REDD+ will achieve reductions in deforestation and forest degradation only if REDD+ actions accord small-scale forest management a constructive role. Specific implications include the following:

- Full-scale implementation of REDD+ requires the expansion of forestland allocation to local communities in order to provide positive incentives for villagers' participation through real benefits derived from the forest.
- The design of REDD+ needs to combine performance-based payments for protection of forests with their active use and management by smallholders because REDD+ payments alone are unlikely to provide sufficient incentives for protection.
- REDD+ requires a reorientation of law enforcement from obstructing to supporting small-scale management.

### Key Messages

- Villagers' lack of clear and secure tenure rights is a key driver of small-scale illegal logging
- Sole reliance on law enforcement is likely to aggravate small-scale illegal logging because it provides local officials more opportunities for bribery
- FLEGT will reduce illegal logging only if forest governance accommodates small-scale forest management
- REDD+ will increase forest carbon stocks only if law enforcement supports small-scale forest management instead of obstructing it

### Further Reading:

Sikor, T., To X.P. 2011. Illegal Logging in Vietnam: Lâm T (Forest Hijackers) in Practice and Talk, in: Society & Natural Resources, Vol. 24, No. 7, pp. 688-701.



Forest Trends  
1203 19th Street, NW  
4<sup>th</sup> floor  
Washington DC 20036 USA  
[www.forest-trends.org](http://www.forest-trends.org)