



How FLEGT and REDD+ can help address illegal logging? A case from Vietnam

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What is FLEGT?

Forest Law Enforcement, Governance, and Trade (or FLEGT) is an initiative of the European Union, established in 2003, aiming to promote the trade in legally-produced timber and remove illegal timber from the EU market. The EU FLEGT Action Plan includes a package of measures which target both consumers and producers of timber and wood products¹.

To a significant degree, activities developed by the EU to reduce illegal logging and the associated trade in illegal timber overlap with those being implemented under the newly-emerging REDD+ scheme.

What is REDD+?

REDD+ refers to policy approaches and positive financial incentives to reduce emissions from deforestation and degradation and to support conservation of existing forest carbon stocks, sustainable forest management and enhancement of forest carbon stocks in developing countries.² About one fifth of global greenhouse gas comes from deforestation and forest degradation³ therefore effective implementation of REDD+ will substantially contribute to the reduction of these emissions. REDD+ involves payments from developed countries to developing countries in exchange for reducing carbon emissions from the forest or increase carbon stocks (ibid.). To achieve reductions in emissions or increases in carbon stocks, developing countries must address the drivers of deforestation and forest degradation –

For EU Member States measures include:

- Encouragement for private sector adoption of purchasing policies to ensure only legal timber is bought
- Encouragement for EU member states to adopt public procurement policies that require verified legal timber for all relevant contracts
- Exclusion of domestic and imported illegal timber from the EU market through new EU Timber Regulations

For timber-supplying countries measures include:

- Technical and financial support for improved forest governance and capacity building for government and non-government actors
- Support for countries that wish to commit to credible legal and administrative systems to verify that timber is produced according to the national laws. This is done through a series of bilateral trade agreements with EU called voluntary partnership agreement (VPAs).

one of the key issues addressed under FLEGT Action Plan. Vietnam is one of few countries in Southeast Asia that is now accommodating both FLEGT and REDD+ initiatives. By drawing on both initiatives the country is now exploring how to make the approaches work in tandem to tackle illegal logging and contribute to sustainable forest management.

Illegal logging in Vietnam at a glance

Illegal logging in Vietnam has been widespread. The number of violations of the forest protection law is high; sometimes involving severe violence against government forest guards. According to the Forest Protection Department, the actual volume of wood illegally logged is not known, however many believe that it is much larger than the amount confiscated⁴, illustrated in part by the case study below.

A small-scaled illegal logging case

This story is about a low profile case involving household-based illegal logging. It describes actors involved in illegal logging practices and how these practices were linked to unclear property rights, unequal benefit distribution, collusion and corruption.

Actors involved in the case

The case involves villagers who were illegal woodcutters in a small Dao (ethnic minority) upland village called Ban Yen located in the north-west of Vietnam. In 1995 under the government forest land allocation program, forest near Ban Yen was allocated to households in the village for forest protection purposes. Wood cutting in the forest was considered an illegal act and banned. Despite the prohibition, villagers still cut trees in the forest to sell for cash. Timber logged in Ban Yen was brought to Huu Bang, a timber trad-



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1. See more in the EFI's FLEGT-REDD linkages, Briefing note 1, January 2011. 3. UNREDD, Design of a REDD-compliant benefit distribution system for Vietnam. 2010. 2. FLEGT-REDD+ Linkages Briefing Note 2, January 2011. 4. Sikor, T., P.X. To. Illegal logging in Vietnam: lam tac (forest hijackers) in Practice and Talk. 0.1080/08941920903573057.



ing village in the lowland near Hanoi to be made into furniture for the domestic market. Dao villagers sold their wood in the lowland market through a timber trader who lived in a district town but moved to Ban Yen to accumulate timber from villagers and used his truck to transport the illegal timber from Ban Yen and other nearby villages to bring to Huu Bang and sell to wholesalers.

The transportation of timber from Ban Yen to Huu Bang had to pass a series of inspections conducted by various government agencies including village and commune officials whose mandate was to verify the origin of wood, and various fixed and mobile checkpoints. In total, more than 20 officials were mandated to oversee the logging, trading and transportation of these timber activities.

Small trees for big trees

Logging in the forest near Ban Yen was carried out in a way that was relatively harmful to the local forest environment – though nearly not as ecologically detrimental as clear-felling forest. To log and after that haul a stump from a big tree, villagers chopped down a dozen smaller trees and branches and small trees were left in the forest to rot. In other words, a “cut and run” method was used by villagers while logging. As time went by, big trees, especially those with high value were progressively depleted. As a result, villagers had to go deeper in the forest.

Unclear land tenure

Between 1950 and 1990 the Government of Vietnam nationalised all forest in the country and put it in the hands of state forest enterprises. During this period, state forestry agencies primarily focused on timber exploitation in order to generate national income and provide the raw materials for post-war reconstruction - forest protection was not on the agenda. As a result, forest in many areas became open access to anyone that wished to log. In principle, forest belonged to the state; in practice local people were free to exercise their customary practices in the forest. The result was excessive exploitation and a reduction in forest cover from more than 40% in the 1950s to less than 30% in the 1980s.

In response to this trend, the Government decided to shift the focus of the forestry sector from exploitation to processing and protection. One of the main mechanisms used to achieve this was a new forestland allocation policy. Under the policy, the

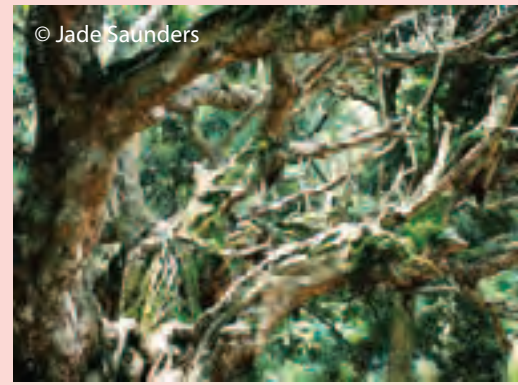
Government took a large area of forestland which had been ineffectively managed by state forest enterprises and gave it to different forest user groups, including a large number of local households, for forest production and protection purposes. The Government hoped that giving land to different groups, particularly securing the rights of local households to the land, would help address the open access problem, contribute to more sustainable forest management and at the same time provide the upland poor with opportunities to improve their income through agroforestry activities.

In Ban Yen, forestland allocation started in 1995. The implementation of the policy, which provided villagers with clear rights to the land, did not help protect the forest near Ban Yen. These formal rights were not recognized by the villagers and they continued to exercise their customary practices in the forest. “Forests belong to the villagers” was a common expression of many villagers. The notion of the “forest belonging to the villagers” allows villagers to maintain logging practices in the forest regardless of the Government’s prohibition on the logging. In the face of rapid expansion of domestic market for furniture and increasing local population, this notion produced a sort of competition among the villagers. This is well reflected in the words of a woodcutter: “if I don’t get it [cut the tree] others will take it”.

Skewed benefit distribution

Of the total benefits derived from illegal logging, villagers received 30%, the trader and wholesalers 31%, and officials 39%. However, villagers had to spend a lot more time and bear a lot more risks, including health risks (e.g., injuries associated with logging and hauling of logs) compared with other groups. On average, the return for a day’s labour of a villager was a mere US\$ 1.8. The trader profited by substantially more than villagers - 9% of the total benefit – and was not exposed to the same kinds of risks. The wholesaler Huu Bang received double the profit of the trader – at 22% - for no risk at all. There were more than 20 officials involved in benefit distribution. Instead of exercising their duties as assigned by the Government, they provided safe passage, meaning protection from legal prosecution, for traders and received bribes in return. In total, they obtained 34% of the total benefits generated from the trade.

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Back in Ban Yen, only the households with a strong labour force and water buffalos, usually the wealthier ones, were able to benefit from logging. Poor households who did not have such resources were excluded.

In general, villagers who did not have direct access to terminal markets benefited the least though they were the ones who were usually blamed for illegal activities in the forest. Traders, wholesalers and officials who had the power and resources to control the markets captured the most benefits.

Corruption

In principle, the systems controlling illegal logging practices exist in Vietnam, with officials at various levels being mandated to oversee and crackdown on illegal harvesting and trading activities on the ground. In practice, these systems did not work, mainly because of collusion between the traders and officials for personal gain. As the case shows, illegal logging practices were embedded in a wider political and economic network of transactions.

Discussion and Conclusion

Cracking down on illegal logging has been high on the Vietnamese Government agenda for years. However, the high number of violations reflects the limited effectiveness of existing measures. This case study reveals the negative impacts of illegal logging on forest as well as local livelihoods, particularly those of the poor. It also highlights that measures to tackle illegal logging that focus at the village level are not enough.

So how do FLEGT and REDD+, both active in Vietnam now, come together to help address illegal logging in the country?

FLEGT tackles illegal timber practices; REDD+ addresses drivers of forest loss, of which illegal logging is one of the most important in Vietnam. Both FLEGT and REDD+ promote improved forest governance and strengthen law enforcement on the ground. Devolving forest management power to local authorities and decentralising forest user rights to local households are expected to be an effective mechanism for addressing poor forest governance including illegal practices. As

our case study has demonstrated, measures developed by FLEGT and REDD+ aiming to improve forest governance and addressing illegal logging in particular will not work if these initiatives are unable to create effective mechanisms for cracking down on the collusion and corruption associated with the timber trade.

Inclusive participation in forest use and management promoted by FLEGT and REDD+ may provide space for a partnership between the Government and non-governmental organizations and private sector for monitoring illegal practices on the ground. This partnership will be most effective if it can contribute to fighting collusion and corruption and addressing the skewed benefit distribution associated with the timber trade, as well as the thorny issue of unclear property rights.

REDD+ payments could be used to compensate those who have been involved in small-scale illegal logging practices, such as those exercised by villagers in Ban Yen. Payment distribution should be designed in a way that includes marginalised villagers.

