

## Fieldtrip Summary

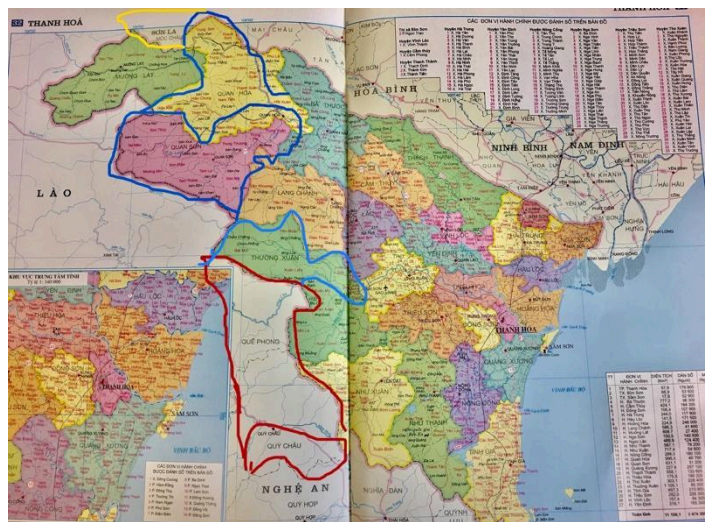
- Time: 1<sup>st</sup> to 13<sup>th</sup> October 2018
- Locations: Nghe An province (Vinh city, Quy Chau dist, Que Phong dist); Thanh Hoa province (Thanh Hoa city)
- Visited organisations:

Organisation	Provincial		District (Quy Chau & Que Phong, Nghe An)
	Nghe An	Thanh Hoa	
Forest Protection and Development Fund	x	x	
Department of Forest Protection	x		x
Department of Forest Development		x	
Department of Natural Resource and Environment	x		x
VCCI	x	x	
Department of extension and rural development		x	
Farmer union	x		x
Department of Trade & Commerce	x	x	
Division of planning, Department of Agriculture and Rural Development		x	
Duc Phong Handicraft company	Vinh city		
Quy Chau scent producing cooperative			Quy Chau
Que Son scent stick producing factory			Que Phong
Khanh Tam company			Que Phong
Quoc Dai handicraft company		Thanh Hoa city	

## Results

### 1. Bamboo species: Lung (*Bambusa longispiculata*)

- There are many different bamboo species distributed in Nghe An and Thanh Hoa province, yet, only few species have commercial values. Lung is the most common, commercially valued bamboo species in 2 districts Quy Chau and Que Phong (Nghe An), and some districts in Thanh Hoa. It is noted that Lung (*Bambusa longispiculata*) is different from Luong (*Dendrocalamus barbatus* Hsuch et D. Z. Li) which is a predominated species in Thanh Hoa province. As the project supposed to operate in Quy Chau and Que Phong, my focuses have paid on Lung species.
- **Distributed locations:** China, and Vietnam. In Vietnam, a majority area is distributed in Nghe An and Thanh Hoa provinces, and another small area in Hoa Binh province along the geographical corridor in the west of these these provinces.
- Lung forest in Nghe An are classified into two types of forest: protection and production. However, there are no clear figures for each type. Over 95% of Lung forest are natural, with very small



areas of Lung plantation under some piloted projects.

- **Distributed patterns:** Over 95% of Lung forest in Nghe An is natural. There are two main distributed patterns: mono-species Lung forest and mix forest of Lung and other woody species.
- **ownership/managers of Lung forest:** in both districts, forestry land is accounted for a large percentages of total land areas of districts (94.866,1 ha out of 105.765,6 ha in Quy Chau; and 174,330.4 ha out of 189,086.5 ha in Que Phong). This table below shows in details of 5 different forest owners/managers of Lung forest in Quy Chau and Que Phong districts.

**Table 1: Areas of forestry land and Lung forest managed by different stakeholders in Quy Chau and Que Phong dist.**

District name	Land types	Total (ha)	Natural Reserve Areas	Protection forest management board	Forestry companies	Households	People Committee of commune
	Total dist. land	105.765,6					
Quy Chau	Forestry land	94.866,1	11.603,4	19.902,4	16.341,0	26.025,0	20.994,3
	Mixed forest of woody and Lung	8.107,8	0	5.474,4	0	1.550,1	1.083,3
	Mono Lung forest	1.622,9	0	638,2	0	984,7	0
Que Phong	Total dist. land	189.086,5					
	Forestry land	174.330,4	89.508,3	0	8.736,7	26.544,0	49.541,3
	Mixed forest of woody and Lung	12.965,9	4.603,2	0		1.857,8	6.504,9
	Mono Lung forest	4.211,8	964,9	0	72,0	518,0	2.656,9

- This table shows that:
  - o Lung forest (both mixed and mono species forest) in 2 districts are managed largely by State agencies: Natural Reserve Areas (Pu Huong and Pu Hoat); Protection forest management boards and People Committee of Communes. Whereas, a much smaller area of Lung forest is under household's management. There are 1,502 ha out of 5,833 ha of mono Lung forest; and 3,407.9 ha out of 2,1073.7 ha of mix woody and Lung forest are managed by individual households.

- o Lung forests are belonged to protection and production forests, however, there are no clear figures for each forest type. It is essential to note that forest classification of these Lung areas should be clarified prior to any project activities. Because in Vietnam, there are three types of forest classifications (Special use, protection and production) which are subjected to different rules and regulations in forest management and associated rights and responsibilities that forest owners need to follow. Obviously, if the project would like to apply production driven approach then it should target for Production forest type.
- o I have conducted three quick interviews with three farmers who were involving in harvesting activities in Dong Van and Thong Thu communes, Que Phong district, they couldn't able to inform me which exactly forest owners, forest classification
- o their forest (production or protection) and who are owner/manager of that forest that they harvested Lung product from. Therefore, the project should also make this clear prior any intervention. It is noted that: the Forest Land Allocation (FLA) in Vietnam has three forms: (i) forest land allocation to state organizations, mainly forest companies; (ii) forest land allocation to households, individuals, and communities; and (iii) contract-based allocation of forest land to households and individuals. There is a key difference between standard forest land allocation and contract-based allocation of forest land to households and individuals: forest and forest land allocation typically occurs between the state and local people – regulated by administrative law, with the state acting as the representative of the land owners. On the other hand, contract-based allocation of forest and forest land occurs between forest companies (FC) and local people and is based on civil law; the state develops the legal framework and regulations regarding FC, which are allocated forest and forest land by the state. Local people then receive forest and forest land based on a contract arranged with the FC.
- In Nghe An, a large proportion of land allocation to individuals and households is contract-based allocation, this is different from many provinces.
- Decision no.4213/QD-UBND Nghe An, dated 20<sup>th</sup> September 2018: Nghe An master plan of linking forest and forestry land devolution, and land use certificates for households/individuals and communities in the period of 2018-2021.
  - o Existing practices: only forest land was given to households/individuals/communities, but not forest on that land → Forest is still belong to government, without appropriate forest owners or managers; forest land owners do not have clear rights over the forest on their land → Forest degraded
  - o By allocating both forestry land and forest, this master plan will help:
    - Identify types and characteristics of forest on allocated land → define what are rights and benefits of land owners over the forest.
    - Forest owners have more rights and be active in forest managements based on their capacities.
    - Prevent land (with forest) conversion.
  - o Plan: allocate 265.771 ha of production forest land to HH/Individuals and communities from 2018-2012, extension to 2024 if shortage of funding
  - o **Implication for project?**
    - the existing slow progress in forest and forestry land devolution is now postponed at provincial-wide, to allow district to have time to prepare for their district implementing plan.
    - As mentioned above, FLOURISH project should clarify which forest, under whom management to be targeted, and whether and how the concept production driven forest restoration will be applied.

- Plantation forest in these two districts: The area of planted Lung forest is very small, less than 50 ha, which are under some projects that have tried to produce Lung seedlings, yet still not successful. The plantation forest areas of other species are relatively small, only 9600 ha in Quy Chau and 1000 ha in Que Phong (Acacia, Xoan and Que).

## 2. Status of Lung management and harvesting in Nghe An:

- Lung forests in these districts are degraded significantly due to overexploitation (to meet high demand of raw materials); unsustainable harvesting practices; unclear forest managers, owners and beneficiaries; ineffective in forest and forest land management. The forest devolution in Nghe An has been very slow in progress. As the table 1 has already shown, a large area of Lung forest is under management of People Committee of Communes who have very limited resources and incentives to manage Lung (and forest in general) properly. The life cycle of Lung is able 40-50 years, however, almost Lung forest in Nghe An is harvested at the age 1, 2 or 3 because of market requirements. Lung is mostly used for handicraft and scent stick products which require raw materials have a certain level of elasticity and softness. It is reported that the age of 2 to 3 years old is at best quality, over 3 years old Lung material is too hard and not preferable.
- In differences from others bamboo species, Lung appears to be very difficult in producing seedling from its node. This challenge prevents potential of expansion Lung planted forest, rather just focus on rehabilitating of existing natural Lung forest. There were some national and international projects have tried different approaches of using tissues, or nodes but not successful yet. Currently, there is a project carrying by Non-Timber Forest Products Research Centre and Ministry of Science and Technology, aims to experiment different approach of seedling production of Lung. The EuropeAid and Oxfam project is also focusing on this issue.
- Poor and unsustainable harvesting practices are still largely implemented and concerned by government staff at both provincial and district levels. My observations at harvested sites of these two districts also confirm this fact. Farmers reported that they were getting more awareness about this and have changed their practices into more sustainable thank to several previous projects (Oxfam Hong Kong). However, staff from district department of forest protection (Hat Kiem Lam); agricultural department; and director of Khanh Tam company concerned that: scales of these projects were so small (just only targeted in few villages and communes) and in such a short period of time which haven't created a change into sustainable practices at wide scale. There are still lots of work to be done to improve farmer' practices in protecting and harvesting Lung.

## 3. Government and forest management, bamboo sector development policies

It appears to be that more attentions from provincial government are paid for the developments of bamboo and rattan sector (as non-timber products) along with timber product sectors in Nghe An province.

Some key, latest policies, plans are listed below:

- **Decision No. 3543/QD-UBND**, dated 22<sup>nd</sup> July 2016: Plan of developing forests for raw material production in Nghe An province, 2016 to 2025, vision to 2030. This plan outlines areas of plantation will be established up to 2030 for raw material provision: 233,562 ha of acacia; native woody species: 40,000 ha; and other species: 10,000 ha. So woody species have been clearly mentioned, whereas non-timber species have not. There is no separated figure for bamboo or rattan. It is assumed that bamboo forest could be belonged to 'Other species' category mentioned in the plan.
- **Decision 654/QD-UBND, dated 15<sup>th</sup> February 2018**: Plan for developing bamboo and rattan for raw material production in Nghe An province to 2025 and Plan for developing bamboo and rattan sector of Nghe An province to 2025. The plan aims to:
  - o protect and sustainably harvest the existing natural forest of bamboo of 106, 698 ha. In which:

- Natural mono bamboo forest: 27,739.47 ha
  - Natural mixed bamboo and woody forest: 45,978 ha
  - Natural mono Lung forest: 5,815 ha
  - Natural mixed Lung and woody forest: 21,111 ha
  - o protect and sustainably harvest planted bamboo and rattan forest: rattan (310 ha); Met=another bamboo species (5675 ha) and Lung (67 ha).
  - o protect and restore: 1500 ha of Lung in Que Phong and Quy Chau districts.
  - o plant new plantation of 490 ha, of which 220 ha of rattan; 130 ha of Lung and 140 of Met (other bamboo species).
- District government staff in Quy Chau and Que Phong districts seem to be interested in; agree and support for this provincial plan in developing bamboo in general and Lung in their districts. They are also well aware about situations of Lung forest degradation; and its economic values and roles for local livelihoods. This could be positive signs for FLOURISH project implementation. However, it is worthwhile to take considerations of presences and operations of OXFAM project in these two districts. FLOURISH project should find ways to cooperate with OXFAM project to avoid duplicate activities; and strengthen pool resources and efforts.

#### **4. Economic values and processing activities**

- Lung is majorly harvested to sell as fresh raw materials, a very low value product, to Northern provinces (Thanh Hoa, Ha Tay, Thai Binh, ect) for scent stick production. A small portion of Lung material is sold to several processing factories in Nghe An to produce handicrafts, scent sticks or chopsticks. For handicraft products, Lung materials would involve some basic processing steps (peeled skin off and dried naturally under the sun for few days before selling to local traders and further to handicraft factory in Vinh city). The prices at the main communal roads (distances to harvesting sites vary) could be about 1,300-1,600 VND (USD 0.05-0.07) per kg for fresh raw material, and about 3,800-4,000 VND (USD 0.16-0.17) per kg for dried raw materials. The price increases slightly since 2012, from 1,200 VND (2012) to 1,600 VND (in 2018). On average, a Lung culm could produce about 7-12 kg raw materials. This could generate about 10,000-18,000 VND (USD 0.4-0.8) per culm, and farmer could earn about 280,000-300,000 VND (USD 12-13) per working day from harvesting Lung. However, as this money plays as daily pocket money so farmers normally underestimate this source of income. They often prefer to a big amount of money from acacia plantation after the five year-rotation, which is not necessarily more profitable and sustainable than Lung after deducing all associated costs to acacia plantation. Therefore, it is important to make this clear to farmers to raise their awareness about Lung economic values towards their livelihoods, especially in the long run.

- In terms of trading: there are fierce competitions between traders who try to collect as much as materials from farmers. This leads to some unfair practices such as: traders by investing on harvesting roads, or some informal connections, they have tried to 'claim their purchased areas'. There could also have informal negotiations between trades to keep the price as low as possible. Farmers appear to have no power in price negotiation or buyer selection. Traders also apply some 'techniques' to gain more profits from farmer's disadvantaged positions. Some interviewers also imply that there are invisible political involvements in these fierce and unfair trading practices that I have not had chance to explore further during this short trip. There were some violent tensions between traders in Quy Chau district few years ago. From my observation, the situation is more complicated in Que Phong district based on its already complicated social and economic development conditions (such as numbers of drug criminals and users are high; resettlement process from the hydro-power constructions, ect).

- Regarding processing activities: I have visited 1 handicraft factory in Vinh city (Duc Phong company); a scent producing cooperative in Quy Chau district; 1 scent stick producing factory in Que Son commune and Khanh Tam company in Que Phong district which produces a wide range of products, including existing products: scent stick, choptics, actived charcoal, and potential products: fertilizers and pellets.

**a. Duc Phong handicraft producing company:**

- This is the most famous handicraft producing company in Nghe An. Its turnover is about USD 1-1.5 million. It products about 300 designed handicraft products to sell mostly to Germany, and other European countries, Amercia and Japan. Its major customer was IKEA (2001-2004; 2007-2016) but then stopped working with IKEA since then because it is risky to have only one customer and IKEA offered too low prices. Their current customers are German markets through annual fair-trades that the company attends in Germany. It buys dried raw materials mainly from Quy Chau district, as farmers in Que Phong don't like to produce dried materials (as it takes time to peel Lung culm skin and associated weather risks). Sometimes, the company still has to buy fresh material from Que Phong if it is shortage of dried materials.

- The company then further processing materials at its factory in Vinh city before delivering to about 1000 households in 4 other districts within a distance of about 70 km from Vinh city to make handicraft products. These semi- final products then are collected and final checks at the factory before packing and send to third countries (Singapore or Taiwan) for quality check and origin verification before sending to consuming countries (Germany).

- The company faces its biggest challenge is their workforce has been reducing significantly since 2009-2010. From 80 full time workers in its factory in 2010, to 50 in 2018; from 4000 contracted households (in 2001-2007) to just over 1000 households in 2018. Two reasons are given (i) labour competitions with newly established industrial factories in Nghe An province and young people prefer to work for these factories than for handicraft producing even both jobs offer more or less same salaries (working opportunities, atmosphere, ect) as handicraft producing is time consuming work. Shortage of workers prevents the company from receiving big valued contracts.

The second biggest challenge is the unstable flow of raw materials. 90% of its raw material is Lung; 10% is rattan. It is reported that Lung forest has been degraded significantly. The company has worked with some previous project (Oxfam Hong Kong) to increase their awareness, improve harvesting practices. They also offered some trainings for farmers on making semi-final products. However, this was not that successful. The reasons: local people in these two districts are minority which have different culture and perspectives in working ethics. They are less likely patient to learn new skills in handicraft making, rather just harvesting for quick cash. They are also not keen in contracting with the company for stable prices of material provision.

b. Quy Chau scent producing cooperative (could add more basic information)

c. Que Son stick producing factory (could add more basic information)

d. Khanh Tam company (could add more basic information)

**5. Insights & some suggestions**

- typical low value products: fresh raw materials: majority (make scent sticks in northern provinces); hand-craft (Duc Phong, Quoc Dai); local business need (scent or scent stick producing in Quy Chau). Extraordinary: Khanh Tam company with high techs & wide range of products (not officially operated yet).
- there are fierce, unhealthy competitions between traders/brokers about raw materials. Evidences of complicated underlying powers of interest groups → difficulties for new buyers to access.
- Farmers have no power whatsoever in price negotiation, desirable buyers → unfair practices & low prices;
- unsustainable harvesting practices: inappropriate harvesting techniques, underestimate values of Lung's compared to Acacia, high demand of raw materials; unclear forest's owners and land tenure (results of slow progress in forest devolution); difficulties in cultivating;
- weak government management system: slow land and forest devolution, unclear land & forest tenure and rights. Especially for bamboo in general and Lung forest since they are considered as non-timber species which is less likely to be considered as important and prioritised as timber/woody forests;
- Local government appears to be supportive & value Lung's roles & potential;
- Social and economic condition: Quy Chau and Que Phong districts are two of the poorest mountainous districts in Nghe An. The majority of population is Thai ethnicity (about 70%) and poverty rate is about 50%, or even higher in some communes.
- Therefore, it is highly needed of:
  - Having clear land tenures and rights over the natural Lung forest;
  - Ideally, having integrated management strategies by local communities that combines of sustainable forest management (Lung); value added processing; financing and access to markets;
  - Critical needs of how to engage farmers in processing higher value products from Lung: dried raw materials; semi-products (hand-crafts, or scent stick, or even scents);
  - understanding value chains of these products, economic analysis, and related factors, stakeholders and their influences; gender involvement; ect;
  - understanding roles and importance of Lung towards farmer's livelihood, and help farmers to recognise the real values of Lung among others livelihood means;
  - improving harvesting and protecting methods by farmers;
- Should consider social, economic conditions and cultural perspective and practices into project designing;
- Project could work with processing companies/ factories to:
  - o train farmers to classify raw materials into specific measurements that company requires so could get higher prices for their raw materials;
  - o provide more trainings on sustainable harvesting practices and
  - o organise study tours for farmers to visit different processing factories to increase their awareness of economic values; market of final Lung products.
  - o provide more trainings for farmers in producing semi-final handicraft products rather just selling raw materials. This should do in larger scales as the company has just done in few communes;