

THE GOVERNMENT
SOCIALIST REPUBLIC OF VIETNAM
Independence – Freedom - Happiness

No. 661/QĐ TTg

Hanoi, July 29 1998

**DECISION BY THE PRIME MINISTER
On Objectives, Tasks, Policies and Organization for the
Establishment of Five Million Hectares of New Forest**

THE PRIME MINISTER

Based on:

- Resolution of Session 2 of the 10th National Assembly of Socialist Republic of Vietnam on establishment of five million hectares of new forest;
- Law on Forest Protection and Development dated 19 August 1991;
- Law on Governmental Organization dated 30 September 1992;
- Resolution of regular meeting in May 1998 of the Government;

Considering the proposal of the Ministers of Agriculture and Rural Development, Planning and Investment, Finance, Science, Technology and Environment, Labour, Invalids and Social Affairs, Chairman of the Committee for Ethnic Minorities and Mountain Areas, Governor of the State Bank of Vietnam, Director of the General Department of Land Administration;

DECIDES

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The Steering Committees and Management Boards for projects at different levels under Programme 327 have to finalise their activities and transfer them to this programme before 31 December 1998.

The Steering Committees and the Executive Committees at different levels for the National Five Million Hectare Reforestation Programme are to take over the responsibility from the corresponding units of Programme 327 and direct the implementation of unfinished projects within that programme in special use and protection forests as given in this decision.

Article 14.

This Decision comes into effect 15 days after the date of signing. All previous decisions which are contrary to this decision are hereby abrogated.

Article 15.

Ministers, leaders of ministerial level authorities, agencies under the Government and Chairmen of People's Committees of provinces and provincial level cities are responsible for implementation of this decision.

Prime Minister

Phan Van Khai

1. Objectives, Tasks and Principles of the Programme

Article 1. Objectives

1. Establish five million hectares of new forest together with protection of existing forests in order to increase the forest cover to 43% of the national territory, protect the environment, decrease the severity of natural disasters, increase water availability, preserve gene resources and protect biodiversity.

2. Use open land and bare hills efficiently, create employment opportunities, contribute to hunger elimination and poverty reduction, support fixed cultivation and sedentarization, increase income for mountain rural people, create stable social conditions, and strengthen national defense and security, especially in border areas.

3. Provide material for construction as well as raw material for production of paper, woodbased panels, non wood products and also fuelwood, for local consumption as well as for export; develop the industry processing forest products, make forestry become an important economic sector, and contribute to improvement in the socio economic situation in mountain areas.

Article 2. Principles

1. People are the main force for establishment, protection, and regeneration of forests and are entitled to enjoy benefits from forest related activities. The State is to create a favourable legal environment; organise research and transfer technologies, issue policies which encourage people to engage in reforestation, provide funds or favorable credits, and support construction of essential infrastructure.

2. Planting of forest, assisted natural regeneration, and protection of existing forest should be closely combined with the programmes for fixed cultivation and sedentarization and for hunger elimination and poverty reduction.

3. The socio economic situation is to be improved and environmental problems are to be reduced by applying a sustainable agro forestry system for multiple purposes, with a varying cropping structure, using suitable technologies, which supplies an advanced processing industry.

4. The new forests should be appropriately distributed between protection forests and production forests and be located in different areas of the country with focus on priority areas. Establishment of forests should also be closely integrated with plantation of scattered trees.

· For protection forests priority should be given to such forests in important watersheds, especially where water is provided to hydro power plants, cities and coastal areas and also to areas in urgent need of ecological rehabilitation.

· For production forests, priority should be given to species of high economic value which also provide environmental protection in both the short and long term.

5. Over the three phases of the Programme, the creation of new forests will be implemented in the form of a number of local projects designed in close cooperation with the local people, submitted to the appropriate authorities for appraisal and approval. The projects should be implemented rapidly, forcefully, timely and efficiently.

Article 3. Tasks

1. Protection of existing forests

Highest priority will be given to protection of natural forests classified as special use forests and very essential and essential protection forests, including protection forests established in Programme 327, as well as to production forests with rich and medium

stock. Allocation of forest land to organizations, households and individuals combined with the programmes for fixed cultivation and sedentarisation and for hunger elimination and poverty reduction should be carried out from the very beginning.

2. Planting of new forests

a) Two million hectares of protection and special use forests are to be created, of which one million through assisted natural regeneration and one million through planting in combination with fixed cultivation and sedentarisation.

b) Three million hectares of production forest are to be created, of which about two million hectares for supply of raw material for paper production, wood based panels, non wood products, logs of valuable species and about one million hectares of plantations of long-term industrial species and fruit trees. In addition, organisations and people are encouraged to plant scattered trees on open land.

The new forests are to be created over a period of 13 years divided into three phases as follows:

- 1998 – 2000: plantation of 700,000 ha (of which 260,000 ha of protection and special use

forests), and assisted natural regeneration of 350,000 ha

- 2001 – 2005: plantation of 1,300,000 ha (of which 350,000 ha of protection and special use

forests), and assisted natural regeneration of 650,000 ha

2006 – 2010: new plantation of 2,000,000 ha (of which 390,000 ha of protection and special use forests).

II. Technical aspects

Article 4. Structure of the new forests

Species to be used for reforestation will include various forest tree species and also species of long term agricultural crops that establish a canopy and are able to protect the soil like forest trees.

In order to achieve good environmental protection, reduce the severity of natural disasters and also in order to preserve biodiversity and improve the socio economic situation, the following guidelines are provided for the structure of the new forests:

1. Special use forests

Based on the need for ecological rehabilitation in different kinds of special use forest, the Management Boards for special use forests are to propose species structures suitable to the specific local situation and forward the proposals to the Ministry of Agriculture and Rural Development or the People's Committee of provinces and province level cities for appraisal and approval.

2. Watershed protection forests in very essential and essential areas

Reforestation should be carried out with species suitable to the protection requirement of areas with different climate and soil conditions. Species which provide effective protection, can stand severe climate; poor soil, steep slopes, grow along the sea coast and also can resist pests and diseases as well as fire are to be preferred. In the areas where the conditions so permit, the use of species with high economic value should be encouraged. The specific species structure is to be decided by the People's Committees of provinces and provincial level cities.

3. Production forest and non-essential protection forest

Species with a high economic value (including long-term industrial crops, fruit trees, plants providing non-wood products, and medical plants, etc. which develop a good crown cover) are to be selected. The specific species structure is to be decided by the organizations, households and individuals who are allocated or lease land for reforestation in accordance with the general plans prepared by provinces and province level cities. Certain areas where special conditions prevail may be designated for concentrated production, where new forests and processing industry are gradually built up in close coordination in order to meet the demand from the market.

Article 5. Policy on land

Under the direction of the Ministry of Agriculture and Rural Development and the General Department of Land Administration, People's Committees of provinces and provincial level cities are to review the extent of forestry and agriculture land and to make a plan for use of open land and bare hills in provinces, districts, and communes where local projects of the National Five Million Hectare Reforestation Programme are to be established. The People's Committees are also to identify location and extent of special-use forests, watershed protection forests in very essential, essential, and non-essential areas, and production forests, all in accordance with regulations by the Ministry of Agriculture and Rural Development. They are also to supervise the allocation or lease of land and the issuance of Land Tenure Certificates to organizations, households and individuals according to Decree No. 02/CP by the Government, dated 15 January 1994.

1. Allocation of forest land and forests and issuance of Land Tenure Certificates for special use and watershed protection forests.

a) Forest land and forests in areas classified as special-use land are to be allocated to the respective Management Boards, to be protected and managed in accordance with plans approved by the competent authorities.

b) Land in watersheds classified as very essential and essential is to be allocated to the respective Management Boards. The Boards are subsequently to contract organisations (including forest enterprises), households and individuals for reforestation, management and protection.

c) Land in watersheds classified as non-essential is to be allocated or leased for protection, plantation of forest trees and agriculture crops, primarily for production of forestry and agricultural products but also in order to protect the land. The procedures for allocation and lease of this land are the same as for production forests.

2. Land classified as production forest land is to be allocated or leased to organisations in different economic sectors, households and individuals. Land Tenure Certificates are to be issued for the land.

a) The People's Committees of provinces and provincial level cities in cooperation with the concerned Ministries are to make a review of the extent of forestry and agriculture land allocated to State Forest Enterprises and State Farms. After the operations of those enterprises have been revised, the area and the borders of the land to be allocated to the enterprises should be determined. The remaining forest land (after allocating to the State enterprises) should be allocated to organizations, households and individuals before the year 2000.

b) Open lane and bare hills should be allocated or leased to organisations, households and individuals for reforestation. Priority should be given to households residing in the area.

3. Area and duration of allocation and lease of land are as follows:

a) The area of land to be allocated or leased to organisations is to be as stated in the official plans or projects for the area, approved by the competent authorities. The area of land and forest to be allocated to households and individuals is to be decided by the People's Committee of provinces and provincial level cities in accordance with the specific situation in each locality.

b) The validity of the allocation or lease of land to organizations and allocation of land and forest to households and individuals is 50 years. If the organizations, households or individuals still need the land after that period has passed, and they have been using it for the correct purposes, the validity of the allocation or lease will be prolonged. If the land user has established a tree crop with a rotation period of more than 50 years, the validity of the allocation or lease will be prolonged at the 50th year, for the period remaining until the harvesting occasion.

4. Issuance of Land Tenure Certificates

The People's Committee of provinces and provincial level cities are to supervise the issuance of Land Tenure Certificates to organizations, households and individuals after land has been allocated or leased to them. The organizations, households and individuals who have received land must use it for the correct purposes and reforest it as indicated in the corresponding plans approved by the competent authority.

Article 6. Investment and credit policy

1. Non reimbursable State funds are to be used as follows:

a) For the continued protection of two million hectares of special use forests and protection forests located in very essential and essential watersheds until now protected through Programme 327. The payment for protection per hectare is to be no more than 50,000 VND/year over a period not exceeding 5 years.

For contracts for assisted natural regeneration, at a cost of no more than 1 million VND/ha. The payment is to be distributed over a period of 6 years in accordance with decisions by the Ministry of Agriculture and Rural Development.

b) For reforestation and tending of the new forest in very essential and essential watersheds, the person responsible will be compensated by an amount of up to 2.5 million VND/ha, in accordance with the technical standards established by the Ministry of Agriculture and Rural Development.

The Ministry of Agriculture and Rural Development is to guide local authorities in organising trial bidding among economic organisations, including youth associations, for undertaking protection, assisted natural regeneration or other forms of reforestation in areas which are not suitable for allocation or contracting to households.

c) For support with an average amount of 2 million VND/ha to organisations, households or individuals who use their own funds to create production forests with especially valuable species (with rotation periods of more than 30 years). Priority is to be given to species belonging to groups IA and IIA as specified in Decree 18/HBĐT by the Council of Ministers (now the Government), dated 17 January 1992.

The People's Committees of provinces and provincial level cities are to guide the use of the funds mentioned above for protection, assisted natural regeneration and supplementary planting of protection forests and special use forests as well as in support of those who create production forests with especially valuable species, so that complementarity in accordance with the local conditions is achieved with efforts in the programmes for fixed cultivation and sedentarization and for hunger elimination and poverty reduction.

d) Expenditures for management of projects for afforestation on watershed protection forest land and in special use forests may amount to a total of 8% of the amount of State funds for the entire project, of which the central level may use 0.7%, the provincial, district and commune level 1.3% and the project owners 6%.

e) The costs for infrastructure, research, extension in agriculture and forestry, land allocation and issuance of Land Tenure Certificates are to be distributed among sectors and localities by the Ministry of Planning and Investment and the Ministry of Finance as suitable, taking the situation in the local projects into account.

Management of the funds for protection, assisted natural regeneration and plantation of protection and special use forest is to be as follows

- The State funds are allocated through State Treasury system
- The State pays in advance for supply of tree seedlings for the first year. From the second year, the project owners have to recover the costs for seedlings from the units carrying out plantation during that year and prepare seedlings for the following year. When the project ends, the project owners have to recover the advance paid to seedlings for the first year and return it to the State.
- When the annual plans for the local projects have been approved by the competent authority, the State Treasury pays 30% of the annual project budget as an advance. An additional 40% is paid when the project has implemented 50% of its targets for the year. By the end of the year, the State pays the remainder after receiving a report by the provincial Evaluation and Approval Team (under the authority of the Department of Agriculture and Rural Development) certifying that the project has been correctly managed.

2. Credits are to be used for the following purposes:

Organizations, households and individuals who plant forests, assist natural regeneration, and protect non-essential watershed protection forests and production forest (including plantations of long-term industrial crops, fruit trees, plants yielding non-wood products, and medical plants) as well as for those who develop facilities for processing of agricultural and forest products have the right to credits on favourable terms as regulated in the Law (revised) on encouragement of domestic investment, the right to borrow from national investment support funds, from other favorable sources of credits, from ODA funds of foreign countries, international organisations as well as other sources.

Forest owners who are non-state organizations, households and individuals can use their production forest and Land Tenure Certificates as collateral when borrowing in the bank.

Article 7. Policy on rights and benefits and on marketing

1. For special-use and watershed protection forests.

a) Priority in receiving contracts for special-use forests as well as for very essential and essential protection forests for protection and assisted natural regeneration is to be given to households involved in fixed cultivation and sedentarization activities, poor households, households living close to forests, and households who have previously been contracted for such work. After the contracts expire, they can be prolonged if the contracted households so wish and they have fulfilled their responsibilities during the past contract period.

b) Households contracted for protection of very essential and essential protection forests have the right to exploit fuelwood and minor forest products growing under the tree canopy.

c) Households contracted for assisted natural regeneration in protection forests have the right to all products from thinning as well as minor forest products growing under the tree canopy.

d) Households who have planted protection forests have the right to all products from thinning as well as agricultural products and minor forest products growing under the tree canopy.

2. For production forests

a) A household who has invested in the creation of a forest plantation on production forest land is considered as the owner and has the right to decide when and how to harvest the forest. However, the area has to be reforested within two years after harvesting.

b) All products harvested in planted forests as well as bamboo and minor forest products harvested in natural forests can be freely marketed.

Logs and other forest products (except precious and rare species listed in Decree 18MBT by the Council of Ministers, now the Government, dated 17 January 1992) exploited from natural production forest regenerated by households and individuals can be freely marketed. Before harvesting and marketing, however, the forest owner must inform the closest forest inspection unit or the People's Committee of his commune or town; within 10

days of submitting the information, the forest owner is to receive a certificate that the products are legally harvested.

c) The State encourages the processing and export of processed products from plantation forests. In cases when processing units in the country are not able to process all the raw material available or are unable to invest in processing facilities, unprocessed products harvested in plantation forests can be exported.

d) The State will issue policies on sale of products from planted forests and other policies aimed at ensuring that those who invest in reforestation receive adequate benefits.

Article 8. Tax Policy .

I. Investors, organizations, households and individuals who plant forests and long term agricultural crops on open land and bare hills as well as process agricultural and forest products are to enjoy favourable tax treatment as provided in the Law on encouragement of domestic investment (revised).

2. Exemption from payment of natural resource tax is granted for products harvested in natural production forest rehabilitated by assisted natural regeneration.

3. Exemption from payment of trade tax is granted for forest products legally harvested in planted forests and for non wood products harvested in natural forests.

Article 9. Policy on science and technology

1. The Ministry of Agriculture and Rural Development in cooperation with the Ministry of Science, Technology and Environment is to direct research on selection, breeding and import of tree seeds with good adaptability and high productivity. Research is also needed on suitable planting methods and on methods for forest protection and fire prevention that can easily be widely disseminated.

2. The Ministry of Agriculture and Rural Development in cooperation with People's Committees of provinces and provincial level cities are to develop ways to encourage the development of seed production units belonging to different economic sectors, support investments in seed production, issue seed certificates and prevent utilization of bad quality seeds.

Article 10. Foreign investment

1. Foreign investors are encouraged to set up joint ventures with domestic organizations and individuals for reforestation and processing of forest products. Trials with lease of land will be continued. 100% foreign owned investments are allowed for reforestation.

Foreign investors are accorded favourable treatment as regulated in the Foreign Investment Law, Decree no. 10/1998/ND CP dated 23 January 1998 by the Government.

2. The Ministry of Planning and Investment, the Ministry of Agriculture and Rural Development and other ministries and sectoral organisations concerned are to give priority in use of ODA credits as well as grants from foreign countries and international organizations to the National Five Million Hectare Reforestation Programme.

III. Organization and Management.

Article 11. Management at the Central level

1. The National Steering Committee was established in accordance with Decision No. 07/1998/QĐ TTg by the Prime Minister, dated 16 January 1998.

2. An Executive Committee is to be established under the Ministry of Agriculture and Rural Development with representatives (from departments) of the Ministry of Finance, the Ministry of Planning and Investment, the State Bank of Vietnam, the Committee for Ethnic Minorities and Mountain Areas, the General Department of Land Administration the Ministry of Science, Technology and Environment, and the Farmers' Association of Vietnam.

The Minister of Agriculture and Rural Development is to determine the specific functions, responsibilities and working regulations for the Executive Committee. Personnel supporting the Executive Committee is to be provided by the Ministry of Agriculture and Rural Development without increasing its number of staff

Article 12. Management at the local level

1. In provinces and provincial level cities where local projects are being implemented, the Chairman of the People's Committee is responsible for the overall result of projects implementation in his locality.

Provincial level Executive Committees are to be established with a Deputy chairman of the People's Committee as chairman and with a leader of the Department of Agriculture and Rural Development is vice chairman and leaders of the Departments of Planning and Investment, Finance, Land Administration the State Treasury and the State Bank in province as members.

Project Management Boards are to be established under the Department of Agriculture and Rural Development to assist the provincial Executive Committees, as follows:

- In provinces and provincial level cities which have a Forestry Development Branch, that Branch will perform the function as Project Management Board at the provincial level.

In provinces and province level cities where there is no Forestry Development Branch, a Project Management Board will be established. Salaries for staff in the Board is to come from the provincial funds for salaries.

2. No Executive Committee is to be established at the district level. In districts, the Chairman of the People's Committee is responsible for state management of projects in the district.

3. For communes where local projects are implemented, the People's Committees of provinces and provincial level cities will decide whether to engage a full time forester to assist the Chairman of the Commune People's Committee to direct the implementation of the reforestation or protection activities. His allowance is to be paid from the project management budget.

4. For each of the reforestation projects at the local level, a modest Project Management Board will be set up, with a project director, a chief accountant and technical staff. Those members of the Project Management Boards who at present get their salary from the provincial budget will continue to be paid from that source. Salaries for new staff in the Project Management Boards will be paid from project funds. The Management Boards for protection and special use forests under Programme 327 are to be rearranged as needed in order to suit the local situation.

The Minister of Agriculture and Rural Development is to determine the specific functions, responsibilities and working regulations for Project Management Boards at different levels.

Article 13.

The Steering Committees and Management Boards for projects at different levels under Programme 327 have to finalise their activities and transfer them to this programme before 31 December 1998.

The Steering Committees and the Executive Committees at different levels for the National Five Million Hectare Reforestation Programme are to take over the responsibility from the corresponding units of Programme 327 and direct the implementation of unfinished projects within that programme in special use and protection forests as given in this decision.

Article 14.

This Decision comes into effect 15 days after the date of signing. All previous decisions which are contrary to this decision are hereby abrogated.

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Ministers, leaders of ministerial level authorities, agencies under the Government and Chairmen of People's Committees of provinces and provincial level cities are responsible for implementation of this decision.

Prime Minister

Phan Van Khai