

**TRANSPARENCY IN FORESTRY PRODUCTION:  
KEY FINDINGS FROM BASELINE SURVEY FOR IMPACT MONITORING OF  
VPA FLEGT**

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Transparency has long been regarded as one of the most important principles in socio economic management and state administration. Since its accession to the World Trade Organization (WTO), Vietnam has paid special attention and promoted transparency in all aspects, as it is one of the essential requirements to improve the efficiency of state management, ensure democracy and international commitments. In forestry production, in the context of the VPA-FLEGT that the European Union and the Government of Vietnam signed in October 19, 2018 in Brussels, Belgium, and the implementation of FLEGT licensing scheme planned from 2020, the full application of the transparency principle is an important and urgent task. During the baseline survey and investigation of the impact monitoring of VPA-FLEGT research funded by FAO in 4 provinces (Phu Tho, Nghe An, Quang Nam and Binh Dinh) in 2018, SRD and the VNGO-FLEGT Network's research team found 4 main issues related to transparency with HHs and MSEs in forestry production.

**1. Transparency of the fees related to forest plantation and harvesting.** According to the survey, there are different types of fee and fee amounts in each locality. In Phu Tho province, the commune authority collects 80 kg of paddy rice per ha of forest logging, while in Quang Nam province, each household pay 10,000 VND per sao of registered forest land and 50,000 VND per sao of unregistered forest land. Moreover, most households do not know how this fund is managed and spent, the expenditure purpose and spending norm completely unknown and without any report. Therefore, regarding the transparency in fees related to planting and harvesting forests, 33% of surveyed households rated it very poor, 18.8% rated it poor, and 30.7% said it was average.

**2. Transparency of the origin of timber.** There are still timber-processing businesses that are not transparent about the origin of timber. The survey of 36 small and micro timber-processing enterprises shows that 72.2% of enterprises are transparent about

timber origin and 28.8% are not transparent. Transparency is demonstrated by the fact that the enterprises have sufficient documents to prove the origin of the timber, to monitor and fully record the quantity of wood imported and exported. However, there are still enterprises that do not fully record the amount of imported and exported timber, they do not have sufficient documents proved the origin of imported timber such as forest product lists and harvest dossiers.

**3. Transparency in preparing harvest dossier:** Most households let their timber traders take care of the preparation of harvest dossier with commune authority. According to the survey results, only 15.6% of the interviewed households made their own harvest related papers, 42.4% of them were done by middle traders, and 42.0% did not do themselves the papers. When interviewing middle traders, they say that they buy timber from many households and even in different communes, but they mainly obtain paperwork only at one place/commune.

**4. Transparency in the management** of micro and small timber processing enterprises (MSEs). Most MSEs are not willing to communicate with the research team. Very few MSEs share about business results such as total revenue, before and after-tax profits, salaries, social insurance and health insurance obligations. The vast majority of MSEs decline to show related paperwork regarding these issues.

The above was drawn from FAO-funded baseline survey on the impact monitoring of VPA-FLEGT to plantation households and MSEs. The research team call on government and donors that it is necessary to promote transparency as well as raise full awareness on this issue for stakeholder groups directly involved in forestry activities such as plantation households, middle traders, and micro, small and medium enterprises (MSMEs). This will greatly contribute to promoting sustainable forestry production, VPA FLEGT as well as supporting implementation of other international commitments.