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## Project Outline

### Linking Trade Demand and Sustainable Forest Management (LTDSFM)

#### 1. Introduction

Vietnam's wood processing sector is rapidly developing. One of the main driving forces is Vietnam's export oriented outdoor furniture industry, which became Vietnam's 4<sup>th</sup> largest export earner in 2007. On the other hand, the sector largely depends on timber imports. The shortage of domestic timber supply also lead to unsustainable use of forest resources in the Mekong Region, especially in Lao PDR.

As a response to the high public awareness about unsustainable management practices and forest destruction in the Mekong Region, international buyers of outdoor furniture increasingly demand credibly certified products. By taking advantage of market opportunities created by this trend, WWF launched the Vietnam Forest and Trade Network (GFTN-Vietnam) in 2005, supporting Vietnamese wood processing companies to clean up their supply chains and link them to responsible buyers of timber products worldwide. However, today FSC certified timber in Vietnam today is entirely met by imports from as far as e.g. South Africa or Brazil.

LTDSFM will be implemented in the period from 2007 to 2010 and support forest management operations and private businesses in Vietnam and Lao PDR to improve their management practices. This will generate an enabling environment for FSC certification as a market based tool for sustainable forest management in the Mekong Region. The project is funded by the Swiss State Secretariat for Economic Affairs (SECO) and implemented by WWF Greater Mekong Programme in cooperation with the Department of Forestry (DoF) under the Vietnam Ministry for Agriculture and Rural Development (MARD).

#### 2. Project Objectives and beneficiaries

The **overall goal** of the project is to provide export trade driven solutions to illegal and unsustainable logging from production forests in Vietnam. The **project objective** is to strengthen the Capacity of the SFCs, plantation smallholders and the wood processing sector in the Greater Mekong Region to link to international markets for certified timber.

In Vietnam, the project assists two forest management units in Vietnam to improve their management practices in view to achieve forest certification (**beneficiaries**):

- Hanung and Sopai Forest Companies in Gia Lai Province, which are considered as one unit due to their proximity and similarities;
- One group of 350 small farmers managing 700 ha plantations in Quang Tri Province;

**Project partners** are responsible businesses operating in Vietnam and Lao PDR.

## Project Approach

As a first step the project carries out a cost benefit and incentive analysis for FSC certification for the beneficiaries. Provided a proven viability of FSC certification and the company's/smallholder's commitment, the project then performs a baseline appraisal to identify social, environmental and economic gaps in forest management to achieve compliance to the FSC principles and criteria. A time-bound action plan to close these gaps is then formulated and the project provides support to the companies and smallholder groups to implement the action plan. Specific issues that will be addressed in a participatory approach are:

- Smallholder group organisation and development of a group certification scheme for forest smallholders;
- Business Plan and Forest Management Plan, as well as training to support their implementation;
- High Conservation Value Forest (HCVF) Assessment;
- Land tenure and support in the application process for red book titles
- Rules and Regulations for the use and protection of forest resources by indigenous communities, and benefit sharing mechanisms;
- Documentation and financial management systems, including support to the ongoing renovation process of State Forest Enterprises under the Decree 200.

In Laos, the project engages with primary producers and timber processing companies which can stimulate the establishment of a Laos Forest and Trade Network (GFTN-Laos). Efforts in Laos aim to achieve sufficient private sector support to enable the opening of a GFTN-Laos, similar to the one already established in Vietnam.

GFTN-Vietnam and GFTN-Laos are both chapters of WWF's Global Forest and Trade Network (GFTN). The GFTN is WWF's initiative to eliminate illegal logging and trade to improve the management of valuable and threatened forests, by linking responsible forest managers with companies committed to responsible purchasing strategies worldwide. Currently, GFTN counts 376 members in 26 national and regional networks, trading forest products worth more than \$45.2 billion per year.

The Project further provides marketing assistance through the Forest and Trade Network (GFTN-Vietnam), Through GFTN, the project actively creates market link between supply chains with the following principal components:

Site/Source	Raw Material	Processor	Retailer
1. Hanung & Sopai SFC, Gai Lai Province (Vietnam)	Tropical hardwood from natural forest	Potential VFTN Trade member: Processor with export capacity of indoor furniture in Gai Lai	Existing or potential GFTN member
2. Small-holder producer, Quang Tri Province (Vietnam)	Tropical medium hardwood from community or plantation forest	Existing or potential VFTN Trade member: Processor with export capacity of outdoor furniture	Existing or potential GFTN member
3. FSC certified community forests in Lao PDR	Tropical medium hardwood from community forest	Potential GFTN-Laos Trade members with export capacity of outdoor furniture and flooring	Existing or potential GFTN member

The forest industry participants involved are those that are the principal drivers of the supply chains involved in the export of timber to responsible buyers in Europe. These include forest industry participants involved in raw material production, in down stream processing, in sales of finished products in-added value markets.

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