

# REPORT

**The assessment of  
“Gaps in forest-risk commodities production  
in terms of sustainability and the feasibility of  
a subnational jurisdictional approach in Vietnam”**

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## EXECUTIVE SUMMARY

The Central Highlands (as known as Tay Nguyen) is an important region of Vietnam in terms of socioeconomic and natural resources-environmental aspects. Government policies on economic innovation in recent decades have created great changes in the socioeconomic structure of this region, including in terms of demographics, economic activities and exploitation of natural resources. In the agricultural sector, the Central Highlands region accounts for more than 90% of Vietnam's coffee production. Besides, this region has also seen increases in other cash crops and perennial fruit trees, such as pepper, cashews and avocados, and short-term subsistence crops, such as maize, cassava and bean. Nonetheless, blooming agricultural production, together with logging, over-exploitation of forest products, and other commercial and development activities, have led to significant deforestation and forest degradation in the region. Given the diversity and complexity of terrain, cultures and socio-political issues, forest protection in the Central Highlands has always been a difficult puzzle for all management levels. This situation raises questions about the effectiveness and practical impacts of current forestland management frameworks.

Attempting to promote jurisdictional approaches for sustainable and deforestation-free agricultural production in Tay Nguyen, the European Forest Institute (EFI) contracted the Mekong Development Research Institute (MDRI) to conduct the Project "Advancing jurisdictional sustainability in Vietnam, focusing on the Central Highlands region". As the first task of the Project, this report reviews some lessons learnt from previous landscape practices and analyses existing gaps in sustainable production governance in the region. It adopts a qualitative methodology with in-depth interviews as the main data collection method to explore perspectives from diverse actors.

Through 14 interviews carried out in the first phase of the Project and the review of previous landscape projects in Vietnam and elsewhere, this report discusses some important existing gaps in the current policy frameworks relating to: forest protection and forest-risk production; land tenure; market; environmental governance; financing; technical issues; and multistakeholder participation in governance processes. The paragraphs below summarise the key findings from the analysis.

Gaps in different policy issues are interconnected. Therefore, solutions targeting individual aspects would not address the root causes of these problems. For instance, the insufficient engagement and performance of local state actors is identified as creating gaps in sustainability monitoring systems. However, such insufficient performance is a consequence of gaps in public financing for local state administration and other supporting stakeholders. In other words, enhancing the role and performance of local state actors to increase their monitoring capacity requires addressing public financing shortage for local state management operation.

There is still a gap between the high-level steering committees and the grassroots multistakeholder engagement structures in most landscape projects in the Central Highlands. Policy directions are still mostly set by higher-level actors to be implemented by local

communities. To pursue a jurisdictional approach, the planning of activities should be better prioritised in a bottom-up approach.

In some localities, state actors at the district and sub-district levels are found to be effective mediators in coffee value chains and even to protect sustainable practices in some places. Nonetheless, in others, they are also criticised for not performing their required roles. Therefore, inconsistent state performance due to fragmented state power allocation and execution is an important gap to be addressed to pursue jurisdictional sustainability governance. A way forward could be not only to engage, but to empower, local authorities and communities to shape their own priorities and tackle their own problems. Such local empowerment should be carried out by involving actors from different levels and sectors, including central state actors to decentralise appropriate decision-making powers and supporting instruments for local authorities to perform their roles.

Key findings related to forest protection regulations and enforcement include:

- It is difficult to address the historical deforestation of economic development policies:
  - The Mass migration in the 70's to undeveloped areas, like central highlands, that pushed local communities and ethnic minorities to remote forest areas.
  - The economic opening of Vietnam, allowing the private sector to take control of the market of the main agricultural commodities and the development of crops at industrialized levels.
  - During the 80's and 90's, Vietnam established new agriculture and land use policies, like the "Doi Moi" policy and the Land Use Reform. These policies allowed farmers to keep and sell part of their production, access more earn profits, secure the tenure of lands, let them apply for credits and permit them to export. These fast reforms caused that farmers and the private sector expanded their cropland into more forest lands.
- Ineffective incorporation of forest definitions in law making: while the 2017 Law on Forestry specifically defines natural forests and planted forests, most of its clauses regulate forest-related activities by functional categorisation (protection, special-use, or production forests) instead of the quality of forests (natural or planted).
- Low payments for afforestation, together with a prolonged payment period of four years, disincentivise the participation of forest owners in afforestation.
- Inadequate monitoring systems to identify borders of planned forest areas and forest encroachment/deforestation.
- Further considerations are needed for defining 'forest trees' to promote agroforestry. This point needs to be addressed by both the Vietnamese laws and international regulations because conflicting classifications will adversely affect farmers' efforts to practice agroforestry if prospects of international exports are uncertain.

This report does not present an exhaustive overview of all the gaps hindering the pursuit of sustainable and deforestation-free agricultural production in the Central Highlands. In addition, it was developed in the context of ongoing legal reforms both the Vietnamese legal landscape regarding land-use management and the European proposed regulation on deforestation-free

agricultural production. However, this gap analysis report is expected to lay a foundation for further investigations with more empirical evidence and clearer regulation prospects.

## SECTION 1. INTRODUCTION

### 1.1. Introduction of the Project “Advancing jurisdictional sustainability in Vietnam, focusing on the Central Highlands region”

The Central Highlands (as known as Tay Nguyen) is a key region of Vietnam bearing special economic, social and natural characteristics. The Central Highlands’ large natural forest area and rich biodiversity plays an important role in preserving the habitats and livelihoods of people in the region. However, through various political and economic fluctuations, the natural forests area of the region has been gradually shrinking due to an increasing deforestation. This situation is driven by various causes, including: forest fires; illegal logging; immigration; and the increasing agricultural expansion. While the authorities have paid attention to and handled the former two drivers for some time, the latter driver, agricultural expansion, has not been addressed sufficiently. This is particularly the case in the context of the Vietnamese Government’s sustainable development programmes.

Therefore, the EU REDD Facility, hosted by the European Forest Institute (EFI), sought to promote three goals to address deforestation-risk production: (1) clarifying the legal framework for forest land planning, use and conversion of forests lands; (2) promoting sustainable forest land development; and (3) promoting deforestation-free production. Accordingly, the Facility, through the coordination of the EFI, contracted the Mekong Development Research Institute (MDRI) to conduct the Project “Advancing jurisdictional sustainability in Vietnam, focusing on the Central Highlands region” (hereinafter, the Project).

To achieve those three goals, the Project will consist of three tasks: (1) supporting relevant agencies to develop a framework to define "jurisdictional sustainability" and a monitoring system for that framework in Vietnam, with a focus on the Central Highlands; (2) supporting stakeholders to directly participate in land-use planning in at least one province (Lam Dong) through training and analysis of planning options; and (3) supporting stakeholders to develop a public-private investment monitoring system in land use (land-use finance). This report is one of the outcomes of the first task. It identifies the inadequacies and gaps in policies and policy implementation on forest land management, as well as other issues surrounding deforestation-risk production, in the Central Highlands in recent years.

### 1.2. Background of the study area

#### 1.2.1. The history of land-use changes, deforestation and forest protection regulations in the Central Highlands

Various policies have affected the Central Highlands population after 1975. For instance, the establishment of New Economic Zones (Vùng Kinh Tế Mới) (1961–1998) encouraged the movement of people and economic activities from development centres such as the Northern Delta to midlands, mountains, borders and islands areas, including the Central Highlands. The Settlement Policy (Định Canh Định Cư) (1968–present) supports people, especially ethnic minorities, in terms of production land, houses, or clean water, to gradually reduce unstable

livelihoods that cause deforestation and other adverse impacts. The Greening bare land and hills policy (Phủ Xanh Đất Trống Đồi Trọc) (1993) encourages forest replantation. Finally, the Poverty Reduction policy (Xóa Đói Giảm Nghèo) (1998–present) increases monthly income and decreases the poverty ratio. In the post-1975 period, the state's mission was to exploit “unused resources” by “backward” indigenous communities (Jamieson, Le Trong, & Rambo, 1998). Therefore, migration programmes from lowlands to mountainous areas were promoted in an effort to bring indigenous peoples to live and work together in production teams and cooperatives with the Kinh to exploit the Central Highlands. In the first five-year plan alone (1976–1980), more than 254,000 people were brought to the Central Highlands from Hai Phong, Ha Son Binh (then was Ha Tay – old Hanoi, and Hoa Binh), Binh Tri Thien (then was Quang Binh, Quang Tri, and Thua Thien), Quang Nam, Da Nang, Quang Ngai and Binh Dinh (Hardy, 2003). As a result, the Kinh population in the Central Highlands increased from less than 25,000 in the mid-1940s to 1.9 million in 1986 (Rodolphe, 2000). According to the 2019 Vietnam Population and Housing Census, the total population of the Central Highlands in 2019 was more than 5.8 million, 62.3% of which were Kinh.

Given the influx of non-indigenous peoples and the objective of economic development, resources in the Central Highlands were heavily exploited after the land was nationalised and brought into thousands of cooperatives in the early 1980s. Millions of hectares of forest were cut down without any plan or control from authorities. From 1976 until 2010, it is estimated that more than 250,000 m<sup>3</sup> of timber was harvested annually. In 1983 alone, 376,000 woodblocks were harvested. During the six years from 1978 to 1984, the Central Highlands lost more than 800,000 hectares of forest and more than 80 million m<sup>3</sup> of timber was removed during this period (Luong Thi Thu, Phan Trieu, & Truong Quang, 2015).

In the process of massive exploration and development, the cultural foundation, social structure, traditional practices, knowledge and self-esteem of ethnic minorities were seriously damaged. Most of the culture, religion and religious activities were abolished (Luong Thi Thu, Phan Trieu, & Truong Quang, 2015). The community foundation was replaced by cooperatives and multigenerational families were replaced by nuclear families. Traditional longhouses have gradually disappeared in the Central Highlands. Cultural interventions have gradually erased the role of traditional institutions.

In the early 1990s, after the reform policies established in Vietnam known as “Doi Moi”, or “restoration”, the collective production model was terminated and many cooperatives were dissolved. The land was returned to the people to produce according to market mechanisms. In addition, the government encouraged liberalising agricultural production and adopted a series of market-oriented reforms that aimed to “untie” production and distribution activities previously dominated by the economic process. Thus, for the first time, households were acknowledged as independent economic units. In the Central Highlands, forests began to be allocated to different entities for management and use. Consequently, the market economy in the Central Highlands developed strongly. This change was concomitant with a wave of free immigration. More than 2.3 million free migrants have come to the Central Highlands since the late 1980s. During the 1990s, about 300,000 people moved to the region each year. During this wave of migration, the migrants were not only Kinh people but also many ethnic minorities of the North, such as Tay, Nung, H'mong, Thai and Dao. They included many groups that have cleared the forest in many areas of the region. Nowadays, the Kinh population and their culture dominate, and road and electricity infrastructure, and modern cities and towns have developed. However, most indigenous peoples still live in remote areas in poverty. The Central

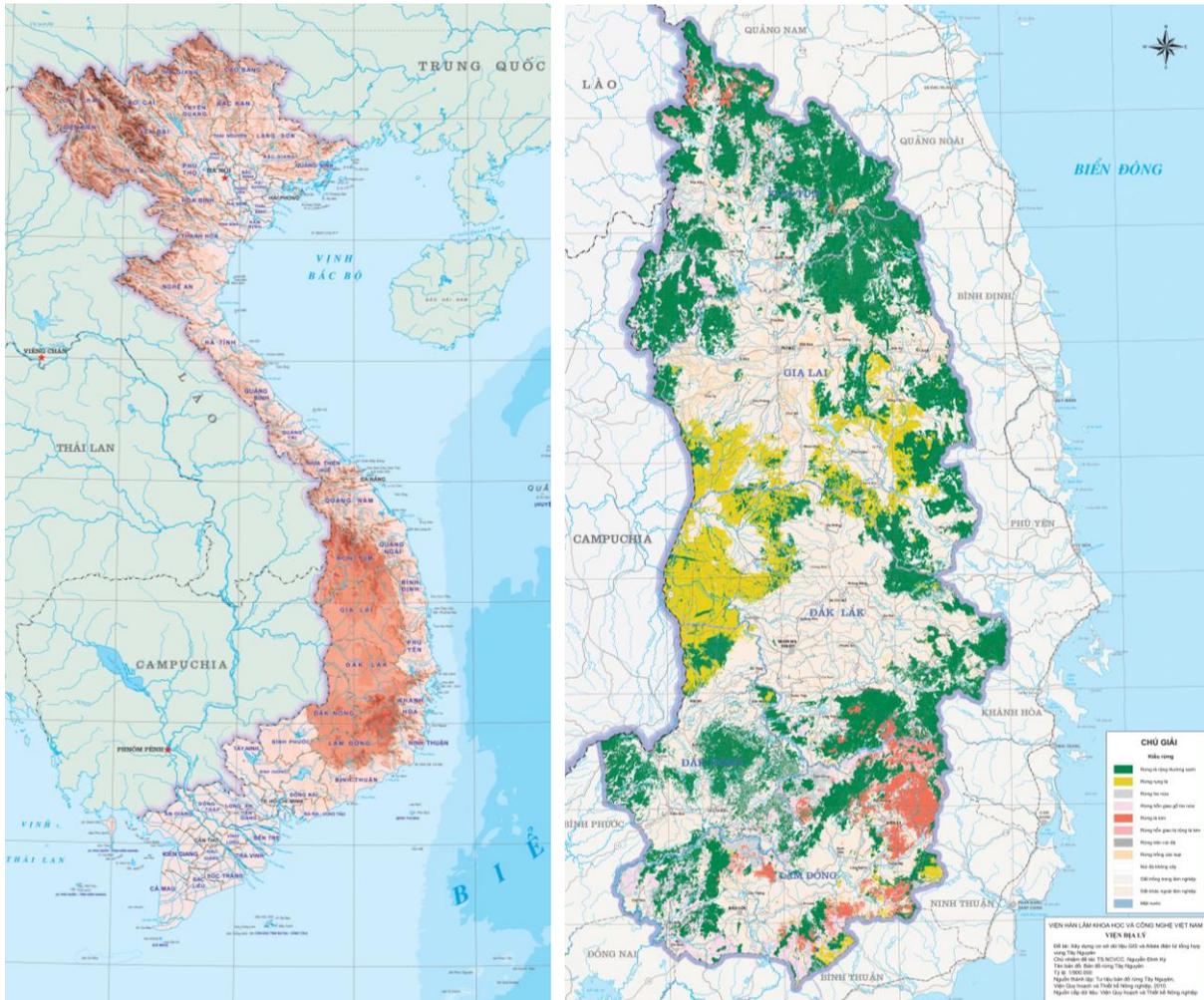
Highlands has the highest proportion of ethnic minorities in the poor group, at about 38%. Economic inequality is also the largest in the country. With more than 5.5 million people of 45 ethnic groups living together (General Statistics Office, 2021), this region is facing the challenges of complex social and environmental management.

Recent policies, including “The Prime Minister’s Decree No. 08/2001/QĐ-TTg of 11 January 2001 on Management of the special-use forest, protection forest, production forest as natural forest”, “The Prime Minister’s Decree No. 49/2016/QĐ-TTg of 1 November 2016 on Production Forest management”, and “Circular No. 28/2018/TT-BNNPTNT of the Ministry of Agriculture and Rural Development on regulations on sustainable forest management,” separate “production forest” from other forest types. However, current policies have not stopped farmers to deforest and encroach forest land. For instance, the Forestry Law (No. 16/2017/QH14, November 15, 2017) stipulates that the responsibility of protecting natural forests belongs to the presidents of People’s Committees at all provincial, district and communal levels, and the only measure to take in case of uncontrolled deforestation is closing that forest.

The Central Highlands is located on the centre west of Vietnam, bordering Laos and Cambodia, with a total land area of about 54,639 km<sup>2</sup>. The 2020 Statistical Yearbook of Vietnam shows that the forest area in the Central Highlands is about 2.5 million hectares, covering<sup>1</sup> 46% of the land. Natural forests account for nearly 2.2 million ha, about 84%, and planted forests account for more than 207,000 ha. However, massive exploitation of wood and other forest products has led to a decline in forest reserves. Rich forests account for only 14.5%, medium forests for 41%, poor forests for 39.6%, and impoverished and recovering forests for 6%. The area of poor and degraded forests is increasing while richer forests are mainly founded in special-use and protection forest areas.

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<sup>1</sup> Forest coverage ratio is the percentage of forest area to total natural land area of a given geographical area.



**Figure 1. (Left) the Central Highlands in Vietnam; (Right) Forest atlas of the Central Highlands**  
 (Source: Institute of Geography – Vietnam Academy of Science and Technology)

There are many reasons for the decrease in forest quantity and quality, particularly in the Central Highlands, and the implementation of forest conversion projects. According to the results of the forest conversion assessment survey by the Forest Inventory and Planning Institute, in the period from 2006–2012, about 154 000 hectares of forest were converted to other uses. The Central Highlands region hosts about 745 transformation projects, including 177 agricultural production projects, 120 rubber tree projects, 86 hydropower projects, 58 mineral exploitation projects, 29 security and defence projects, 16 resettlement projects, 14 irrigation projects, eight industrial parks projects, two ecotourism projects and 235 projects for other purposes.

A key driver of forest loss is deforestation and forest encroachment for cultivation and agricultural production. According to a presentation delivered at a conference held by the Central Economic Committee in September 2020, in the 2010–2019 period, 344,554 ha of forest had been illegally converted to agricultural production purposes by around 150,000 people in the Central Highlands. **Specifically, 17.84% of encroached forestland was converted to coffee planting; 56.62% for short-term crops such as cassava, corn and beans; and the rest for fruit trees.** The gap leading to this practice is mainly caused by inefficient forest land management. Another proportion of designated forest land is used for the wrong purposes by farmers, and the rest is encroached forest.

Since the adoption of the Forestry Law 2017, the Government has assigned forest land to individuals and entities ("*forest owner*") to produce, exploit and supervise. However, because agricultural production on forest land has not been recognised, included in "red books" or contracts, agricultural production households plant trees spontaneously, not according to land-use planning. They therefore have no access to investment capital. Due to insufficient scientific basis, low quality of seedlings and lack of market information, productivity and efficiency of agricultural production is low, leading to food shortage. In some cases, due to crop failure, there is no money to pay debts in cash, putting direct pressure on people's livelihoods.

The allocation of forest land to local "forest owners" also causes some inadequacies in deforestation control. Some forest areas were cleared before 2014 but not recorded as such in the forest inventory. Moreover, forest owners do not detect or even hide cases of deforestation to avoid responsibility. Meanwhile, the number of forest rangers in the region is limited. The human capacity is insufficient to control all the forest areas.

### 1.2.2. Forest-related agricultural production in the Central Highlands

According to data from the Forest Protection Departments of the Central Highlands provinces, the area of forest land currently under agricultural production (including cash and subsistence crops) is 208,265 hectares. This area includes a land for special use forests of 4,062 hectares; land for protection planning of 39,497 hectares; and land for production forest of 164,707 hectares (Dinh Van, Bui Thi Minh, La Nguyen, & Tran Quang, 2019). On this forestry land area under agricultural production, local people mainly grow cash crops and perennial fruit trees (cashew, coffee, pepper, avocado, durian, etc.) and short-term subsistence crops (maize, cassava, bean, etc.).

The area of agricultural production on forestry land is currently mainly formed by: (i) interspersed agricultural land that has been cultivated by local people for a long time, which is included in forest planning; (ii) forest land allocated for forest development but people use it for agricultural production; (iii) illegal encroachment of forests for agricultural production by local people – this is among the main causes of deforestation in the Central Highlands and has also contributed to the expansion of agricultural production on forest land. Over the period from 2014–2017, 13% of all the forest loss was caused by conversion to agricultural production such as coffee, cassava, pepper or annual crops (Dinh Van, Bui Thi Minh, La Nguyen, & Tran Quang, 2019).

Conversion of land for agricultural production is one of the main drivers of deforestation in both natural and planted forests in Vietnam. Vietnam's economy is highly dependent on agricultural products and natural resources exports. It is one of the world's largest exporters of coffee, rubber and pepper. The Central Highlands is an area with basalt soil and flat terrain, creating favourable conditions for agricultural production, especially coffee and some other subsistence crops. The total coffee growing area in the Central Highlands increased from 567,501 hectares in 2013 to 639,061 hectares in 2020 (General Statistics Office, 2021). Currently, the Central Highlands region accounts for nearly 90% of the country's coffee-growing area. Dak Nong (203,737 ha), Dak Lak (123,568 ha) and Lam Dong (160,610 ha) are the provinces with the largest coffee growing areas in the Central Highlands. During the period from 2013–2016, the coffee area increased 6,200 ha/yr in Dak Lak and 5,400 ha/yr in Lam Dong. In Lam Dong, in October 2018, the Department of Agriculture and Rural Development reported that about 52,000 hectares of forest land managed by forest management boards and state forestry companies had been encroached to establish coffee farms.

Besides coffee, natural forests in the Central Highlands are also cleared for planting other high-value cash crops such as pepper, cashews and some fast-growing trees. In recent years, many of such commercial crops have replaced lower-value annual subsistence crops, thereby driving farmers to encroach on or convert forest land for agricultural production for livelihood purposes (Dinh Van, Bui Thi Minh, La Nguyen, & Tran Quang, 2019). A significant portion of forest area lost to swidden cultivation can be seen as indirectly driving the expansion of perennials into areas formerly used for annual crops.

### 1.3. Objectives

According to our preliminary review, there are three “knots” in policies related to forest loss in the Central Highlands: (1) difficulties in implementing afforestation, reforestation, and conservation policies to maintain forest coverage given conversion projects; (2) difficulties in managing assigned forest land at different levels; (3) difficulties in stabilising people’s livelihoods to reduce deforestation.

For the first point, current policies have not incentivised local people and businesses to carry out afforestation activities since in the short run, people and firms are more attracted by profits from other activities at the expense of forest land. On 18 March 2019, the Prime Minister issued Decree No. 297/QĐ-TTg on forest protection, recovery and sustainable development in the Central Highlands for 2016–2030 period. This Decree aims to prevent and reverse deforestation, and gradually restore and develop forests. Its objectives are to: increase the forest area to approximately 2.72 million hectares by 2030, increasing forest coverage to 49.2%; manage, protect and develop forests sustainably; protect the environment; conserve biodiversity; provide forest ecosystem services; contribute to socioeconomic development; and maintain security, national defence, social order and safety of the Central Highlands region. Although the payment for forest ecosystem services has been implemented in the region with average payments between VND 150,000–300,000/ha/year from 2013 to 2018, the area of natural forest has declined (Thuy et al., 2021). Moreover, the Government needs to review the land-use planning, identify the areas to be afforested. Thus, considering the characteristics of the Central Highlands, to protect and develop forests, the State must integrate vertical policies (at multiple levels) and horizontal policies and measures (cross sectorial policies) tending to reduce the pressure in forest lands. Afforestation in the Central Highlands is still very difficult. This is very unreasonable considering the natural conditions. The soil is very favourable for afforestation, even slow growing high quality tree species can be planted. However, afforestation activities have not attracted people because planting industrial trees and cash crops (rubber, pepper, cashews, fruit trees) generated more profit. Therefore, encouraging afforestation in the region is more difficult than in other areas, and must become a priority for all sectors in the region.

The second difficulty relates to forest allocation to local “owners”. Fundamentally, the Forest Land Allocation (FLA) has been a major policy of the Party and State implemented since 1990’s, involving local people (individuals) in protecting forests, developing plantations and improving living standards. It aims to guide the forestry sector by gradually stabilising and affirming its position in the process of development and decentralised management. The implementation of this policy has achieved positive results so far, contributing to gradually improving the quality of forest resources, ensuring the protection of its ecosystem function and of its biodiversity, and providing livelihood capital for the people. However, to implement this

policy more effectively, the forestry sector needs a strategy adapted to each context, aiming at sustainable forest management, to overcome existing challenges and achieve the goals of Vietnam's forestry development strategy.

In Vietnam, land and forest allocation has been implemented since the 1980s under the policy of "making every land, every forest, every hill owned by someone." The policy aims to prevent deforestation, improve quality of life, increase forest coverage and eradicate poverty. Combined with the change in land ownership and forest tenure policies, it has contributed to creating an incentive for sustainable management and production. The results of the Forest Land Allocation (FLA) have initially achieved the following goals: ensuring environmental security; improving the quality of forest resources; and developing the forestry sector towards commodity production, and land market and job creation, thereby improving livelihood capital and income for people, especially those who depend on forests. FLA is considered a tool to attract all sectors of society to participate in forest management, contributing to limiting negative impacts, enhancing the quality of forest resources and reducing the management burden of public management while gradually improving people's livelihoods. Indeed, allocating land and forests with the empowerment and guarantee of ownership and use rights is the precondition for stable production. It maintains and increases livelihood capital of all economic sectors, By improving the means of production, ensuring development investment opportunities, combined with financial knowledge and material support, FLA has contributed to change how people perceive forests and increase their value.

However, according to the Central Highlands Steering Committee, at present, the allocation of land, forests and forest protection contracts to households, individuals and communities in ethnic minority villages in the Central Highlands is still very limited. Forest encroachment and illegal deforestation is still on the rise and the quality of natural forests is decreasing. Currently, the Central Highlands provinces have allocated over 128,781 hectares of forests, forest land and forest protection to households, individuals and groups of ethnic minority households in hamlets and villages. Out of this total, only 26,679 ha has been allocated to communities, the bulk of the forestland was allocated to households and individuals. Kon Tum and Dak Lak are the two best performing provinces in respect of on-site land and forest allocation and forest protection contracts for households, individuals and communities and groups of ethnic minority households. Dak Nong is the province with the lowest area of forests, forest land and contracts for forest management and protection to ethnic minorities, at just over 4,900 hectares. Out of this total, only 553 ha of forest and forest land have been allocated to households and individuals. Nonetheless, most of this forest area has been illegally encroached by people and no remedial measures have been adopted.

According to the Buon Don District Forest Protection Department in Dak Lak Province, the main reason for this forest encroachment is that most households receiving land and forestland are poor ethnic minorities who do not have the capacity to implement forest management and protection measures. In addition, the forest and forest land allocated to local people are mostly regenerated young forest that had previously been degraded with eroded soil, so the young forests do not generate immediate benefit. In addition, these groups of people do not have enough capital and human resources to invest in silvicultural development. Even though the Prime Minister's Decree No. 304/2005/QĐ-TTg on allocating and contracting forests offers the state's support including by providing tree seedlings, rice support for poor households, financial support for building houses, reclaiming land, the Central Highlands provinces have suspended the implementation of this Decree due to the lack of resources.

Therefore, unstable livelihood, especially among migrants to the Central Highlands provinces, has led to deforestation, improper land use, and non-compliance with land planning regulations. By the end of 2019, the total area of agricultural production carried out on land allocated to forestry in the Central Highlands was about 344,000 hectares, accounting for 11.31% of the planned forest area. Tens of thousands of households are living and cultivating land that is not legally recognised for this purpose nor registered to households. Unstable livelihoods and low income negatively affect the security situation, social order and safety.

Based on the above preliminary review, this report will further explore and analyse existing gaps through empirical data in the Central Highlands. Accordingly, the main objectives of this report are to:

- Identify and analyse gaps in forest-risk commodities production in the Central Highlands, in terms of sustainability
- Qualitatively assess the feasibility of developing a subnational jurisdictional approach to close those gaps in the Central Highlands

To meet those objectives, this study adopts a qualitative research methodology, which is explained in Section 2. Section 3 then presents an overview of relevant concepts and lessons learnt from the applications of jurisdictional approaches in other countries. This section summarises key issues to be considered when analysing and applying jurisdictional approaches in Vietnam. Section 4 covers the main part of this report, namely the gap analysis for applying jurisdictional approaches in Vietnam. Section 5 discusses some considerations for applying jurisdictional approaches in the Vietnamese context. Finally, Section 6 includes some concluding remarks and formulates recommendations for further development in other components of this project as well as actual implementation of jurisdictional approaches in Vietnam.

## **SECTION 2. METHODOLOGY**

### **2.1. Desk review**

Desk review or desk research is another name for secondary research, used to distinguish from primary research. Researchers carry out desk research to review previous research findings to gain a broad understanding of the field. In this report, we implement desk review to spot policy gaps and review the feasibility of the jurisdictional approach in Vietnam.

### **2.2. In-depth interview**

This method is used to gather in-depth information from industry insiders about sustainable coffee production, connection among stakeholders, coffee market and other issues. Conducting in-depth interviews allows us to understand the current problems from different professional and practical points of view and other insights that might be hidden to outsiders.

In phase one of this project, 14 semi-structured interviews were conducted. The interviewees cover a wide range of actors: international non-governmental organisations; experts from public entities; private experts; companies (domestic/international, small-scale/large-scale); smallholders (within/outside certification schemes) and a cooperative. The data collection period coincided with the COVID-19 pandemic and was an inconvenient period for state actors. As a result, we could not approach central and local state actors in the first phase. However, state actors are expected to be accessible in a later phase.

To ensure anonymity and data protection of the interviewees, all personal data was removed from publications. Interviewees' names were replaced by codes in this format: VN[interview number]-[type of actor]. For instance, VN01-INGO, VN10-Company.

### **2.3. Qualitative methods**

We built an open questionnaire for target participants. This questionnaire is comprised of four main parts: (1) forest and forest management: questions on farmers' perception of forest, role of forest and deforestation; (2) sustainable development: questions on climate change and its impact, poverty, productivity and type of production; (3) international regulations: questions on sustainable production certificates and their costs and benefits, factors driving farmers to follow these international standards; and (4) related stakeholders: questions on stakeholders' role in sustainable coffee production, farmers' participation in organisations or cooperatives.

### **2.4. Scope and limitations**

Within the scope of this report, we focus on describing and analysing the status of agricultural production causing deforestation in the Central Highlands provinces. Although closely related to the sustainable development of the people (mostly ethnic minorities), the analysis does not cover all aspects of sustainable development. In drafting, we endeavoured to include different factors to provide a view of the status of deforestation and forest encroachment related to agricultural and industrial production activities as comprehensive as possible. As a result, the current analysis proposes a sustainable jurisdictional framework for production activities associated with natural forests in the Central Highlands.

As for the research method, the synthesis of information based on in-depth interviews will inevitably be subjective. These subjective biases are partially mitigated through desk reviews and larger farmer surveys.

## SECTION 3. OVERVIEW OF CONCEPTS AND PRACTICES

### 3.1. Conceptualising jurisdictional sustainability and the jurisdictional approach

#### 3.1.1. Overview of definitions and key principles

##### 3.1.1.1. Jurisdictional sustainability and jurisdictional approach

**Jurisdictional sustainability** means the achievement of sustainability in an entire jurisdiction (Earth Innovation Institute, 2017). However, while sustainability is a vague concept to establish a concrete operational definition, jurisdictional sustainability aims to set a jurisdictional boundary to make contextualised definitions of sustainability for contextualised multistakeholder governance processes through **jurisdictional approaches** (Deneir, et al., 2015; World Bank, 2021).

Jurisdictional approaches are derived from **landscape approaches**, or more generally integrated socio-ecological management approaches (Boyd, et al., 2018). Landscape approaches aim to “[achieve] multiple economic, social and environmental objectives” by combining “elements of a range of existing concepts, approaches and disciplines” with a “particular emphasis on the need to address landscapes as socio-ecological systems, working across sectors, and for adaptive co-management” (Kusters, 2015, p. 27). In other words, stakeholders within a landscape “reconcile competing social, economic and environmental objectives” by overcoming fragmented sectoral approaches to land management (Deneir, Scherr, Chatterton, Hovani, & Stam, 2015). The term “**landscape**” in this conceptualisation of landscape approaches, accordingly, refer to the inclusive consideration of all socio-ecological components within a specific geographical area. Therefore, landscape approaches do not bear the narrow meaning of approaches to develop specific landscapes, though it might be one of the objectives. They can be considered as a more concrete depiction of the inclusivity and integration principles in geographically bounded management than previous ideas of socio-environmental integrated management. Reed et al. (2016) suggest five aspects to be considered in a landscape approach: progress evaluation (trackable processes); good governance (optimised governance structures); contextualisation (insights into local cultural, socioeconomic and geographical characteristics and conditions); multistakeholder engagement; and dynamic processes (dynamic frameworks to mitigate unpredictable changes).

However, landscape approaches still bear limitations, especially regarding issues with governance boundaries and multistakeholder engagement in governance processes. Firstly, the landscape notion is vague to define manageable scales. For instance, targeting landscapes that are too narrow may create fragmented and inconsistent effectiveness (Kusters, 2015). Meanwhile, a vast landscape may cover different jurisdictional authorities (Kittinger, et al., 2021) and hence there can be overlapping or even conflicting authority powers and governance objectives between those political jurisdictions (Clark & Vernon, 2015). Secondly, regarding multistakeholder participation, some socio-ecological management practices overemphasise technical aspects rather than public discourses of the concerned issues, which causes a lack of stakeholder inclusion in policy consultations (Clark & Vernon, 2015). There might also be inequity occurring in stakeholder engagement

processes in which the imbalance of political powers and benefits exists. Another challenge is how to sustain stakeholders' consistent and effective participation in governance processes in the long-term. Most landscape and socio-ecological management projects rely on awareness-raising and technical support to encourage stakeholder participation. However, such a voluntary basis has been found ineffective for long-term commitments (Colchester, Kleden, & Sukma, 2020; Lemeilleur, et al., 2020). Those issues all relate to the notion of political/governance jurisdiction and enforcement.

Therefore, jurisdictional approaches introduce jurisdictional aspects to landscape-based governance by adding three important foci. Firstly, although jurisdictional approaches are usually used interchangeably with landscape approaches (Deneir, Scherr, Chatterton, Hovani, & Stam, 2015), the distinguishing feature of jurisdictional approaches is a focus on a jurisdiction in governance boundary setting (Deneir, et al., 2015; World Bank, 2021). Jurisdictional boundary-setting covers an entire administrative territory instead of a geographical or social boundary (World Bank, 2021). For instance, Kittinger et al. (2021) suggests matching the scale of managing institutions to the distribution of key resources or objects of the concerned issue. A jurisdiction can range from a state to subnational administrative boundaries (von Essen & Lambin, 2021), but the concept of jurisdictional sustainability aims at sub-national jurisdictions, especially small-scaled local communities, for practical implementations with manageable scales (Boyd, et al., 2018; Colchester, Kleden, & Sukma, 2020; Wunder, et al., 2020; DiGiano, Stickler, & David, 2020). This jurisdictional focus is expected to narrow down the vague scope of the sustainability concept, while setting a more concrete scope of governance authorities than the ambiguous (either fragmented or overlapping) political boundaries set in the landscape approach.

However, through administrative boundary-setting, fragmented governance can still occur for issues crossing different administrative areas. Therefore, the second complementing aspect of the jurisdictional approach distinguishes it from governance approaches focusing on administrative boundary setting: jurisdictional powers. Accordingly, apart from setting governance scopes by administrative boundaries, jurisdictional approaches also require decision-making powers for local governmental actors within those jurisdictions to develop and implement local regulations and policies. This in turn requires 'a high level of governmental involvement' (Deneir, et al., 2015; Earth Innovation Institute, 2017, p. 1). However, risks of fragmented (also known as silo) operation of governance processes, especially in process monitoring (Reed, et al., 2016), and conflicting policy objectives and practices between different governing actors (Clark & Vernon, 2015; Shi, et al., 2021) have been alerted for local socio-ecological governance towards sustainability. Therefore, managing jurisdictional powers, and even multi-jurisdictional powers, is a crucial task for jurisdictional approaches. From a multilevel governance perspective (Hooghe & Marks, 2001; Bulkeley & Betsill, 2005), it is meaningful not only for mediating vertical governance relations but also for supporting the horizontal collaboration among governmental authorities in the same jurisdiction to avoid fragmented and conflicting governance.

Thirdly, jurisdictional approaches emphasise the essence of securing legality and regulation-based commitments of stakeholders for consistent long-term participation via compliance (Colchester, Kleden, & Sukma, 2020). This aspect also relies on the second requirement of jurisdictional approaches regarding jurisdictional decision-making powers mentioned above. Overall, an important feature of jurisdictional approaches is to enhance governance devolution through effectively and meaningfully decentralising governance powers to sub-national state

actors and empowering non-state actors to perform their required roles in governance processes.

Jurisdictional sustainability and jurisdictional approaches are underpinned in the theory of change (Earth Innovation Institute, 2017). Accordingly, jurisdictional sustainability can be achieved ‘when the political and economic power of those who want jurisdictional sustainability is sufficient to drive change, and when there is a viable strategy and plan for supporting the transition’ (Earth Innovation Institute, 2017, p. 2). The question is then what defines the success of jurisdictional sustainability given that criteria for success definition is arguably varied by different contextualised priorities; for instance, some countries may prioritise ecological and production criteria over democratic participation (Kusters, 2015). Therefore, a success definition should be built upon the consensus of the involved stakeholders but generally to address the following issues: meeting agreed goals and milestones across the entire jurisdiction; having trackable progress; establishing a governance process owned and supported by local society; and gaining international recognition (Deneir, et al., 2015; Earth Innovation Institute, 2017; World Bank, 2021).

To sum up the issues discussed in this section, projects adopting jurisdictional approaches should follow these underpinning principles: integration and synchronisation of legality and policy making; credibility and transparency in governance process; holistic and inclusive multistakeholder governance; and sustainable effective financing (Stickler, et al., 2018; Colchester, Kleden, & Sukma, 2020). However, as a new approach to pursue sustainability based on jurisdictional powers, the jurisdictional approach opens opportunities for experimentations and conceptual development.

### **3.1.1.2. Policy context relating to sustainability governance in Vietnam**

“Sustainable development is development that meets the needs of the present, without compromising the ability of future generations to meet their own needs” (World Commission on Environment and Development, 1987). The concept of sustainable development can be interpreted in many ways, but at its core is an approach to development that looks to balance different, and often competing, needs against an awareness of the environmental, social and economic limitations we face as a society. Furthermore, the notion of the integration of the economic, social and environmental dimensions is key to achieving sustainable since it promotes the idea of multiple capitals rather than solely addressing economic capital, as in traditional economic thoughts (UNESCAP, CSIRO, & Sydney, 2015).

In Vietnam, on 25 September 2020, the Government issued the Resolution No. 136/NQ-CP on sustainable development. The resolution sets out 17 Sustainable Development Goals (SDGs) for Vietnam by 2030. The National Action Programme on Sustainable Production and Consumption for the period to 2020, with a vision to 2030, is Vietnam’s first legal framework with a comprehensive approach to the contents and tasks of production and consumption to concretise SDG 12 with specific priorities for Vietnam. Basically, the main tasks of the Programme have been actively implemented, initially achieving some remarkable results. According to the assessment of the Ministry of Industry and Trade, five of the Programme’s ten goals have been completed or nearly completed, including those related to the percentage of manufacturing enterprises: applying energy saving solutions and cleaner production; applying green distribution certification; and successfully developing and gradually expanding sustainable supply chains for key products in the economy.

According to Prime Minister's Decree No. 1658/QD-TTg of 1 October 2021 approving the National Strategy on Green Growth for 2021–2030, with the vision to 2050, one of the main targets of green development until 2030 is to stabilise forest coverage at 42%. Besides, the Government aims to improve the efficiency of afforestation and reforestation projects toward sustainable agriculture and forestry.

Vietnam's forestry development strategy for 2006–2020 promulgated by the Government together with Decision No. 18/2007/QD-TTg dated 5 February 2007 is based on sustainable development principles. Specifically, this decision marks the launch of five development programmes, including the Programme of sustainable forest management and development. This Programme aims to manage, develop and use forests sustainably and effectively to meet the demand for forest products for domestic consumption and export. Accordingly, it contributes to national economic growth, social stability, especially in ethnic minority and mountainous areas, while ensuring the protection, biodiversity conservation and provision of environmental services.

Additionally, there have been many changes in practice and in the perception of forest management and use in Vietnam. This is evidenced by new policies on logging and forest products that are issued based on the principles of sustainable forest management. At the time of writing, the whole country had established 395 special-use and protection forests, and was managing 6.75 million hectares of forests and forest land, which play an important role in watershed protection, biodiversity conservation and environmental protection. In particular, the Prime Minister has recently approved the Project on sustainable forest protection, restoration and development in the Central Highlands over 2016–2030 to prevent and reverse forest loss and to gradually restore and develop forests. Accordingly, the Project sets out the target to increase the forest area to about 2.72 million hectares by 2030, increasing forest cover to 49.2%. The Project also aims to manage, protect and develop forests sustainably, protect the ecological environment, conserve biodiversity, provide forest environment services, contribute to socioeconomic development, and maintain security, national defence, social order and safety of the Central Highlands region.

### 3.1.2. The Transparency Pathway

The Transparency Pathway, jointly developed by the European Forest Institute and the EU REDD Facility (EU REDD Facility & EFI, 2021), focuses on creating transparency and traceability for supply chain management through a process based on the jurisdictional approach. The Transparency Pathway adopts a jurisdictional approach with the following objectives:

- Balancing details and scales of the management process
- Including vulnerable actors in stakeholder participation
- Enhancing the roles of governmental actors:
  - Local actors: through an effective devolution of decision-making powers to local authorities and enhancing their roles in governing sustainable production locally

- Central actors: effectively involving central governmental actors to support local governance and facilitate consistent policy directions to reduce insecure and uncertain policy forecast for local actors
- Reducing possible leakages of challenges and problems across supply chains and territories

The Transparency Pathway model consists of six iterative steps:

- (1) Engaging stakeholders and building trust
- (2) Measuring subnational commodity deforestation
- (3) Assessing jurisdictional sustainability
- (4) Tracking supply chains to jurisdictions
- (5) Establishing a central point of information
- (6) Independent monitoring

### 3.2. Existing international sustainable coffee certification schemes and standards in Vietnam

This section provides an overview of existing sustainable coffee certification schemes and standards in Vietnam, with a focus on two major ones: the Code of Reference for Sustainable Coffee of the Global Coffee Platform; and the 4C Rule Set. The Global Coffee Platform is among the most influential actors. The Code of Reference for Sustainable Coffee was introduced at the end of 2021. It is expected to play an important role the increase uptake of sustainable coffee standards in Vietnam. Meanwhile, the 4C Rule Set is a popular scheme that was frequently referred to by interviewees. Other certification schemes' key features are summarised in **¡Error! No se encuentra el origen de la referencia..**

***The Code of Reference for Sustainable Coffee of Global Coffee Platform*** (hereafter the GCP Code of Reference) covers three pillars: economic, social and environmental. The economic pillar includes three elements: business management, agriculture services, and integrity in business. The social pillar includes four elements: childhood rights; human rights; working conditions; and community. The environmental pillar includes five elements: biodiversity; pest and weed management; resource conservation; contamination prevention; and climate. These elements help assure 12 out of 17 United Nations' SDGs.

More specifically, from an economic point of view, the GCP Code of Reference aims to ensure better coffee productivity and quality for farming households. It thereby contributes to the economic well-being of producers and ensures benefit sharing with all parties, including women and young people. Socially, the GCP aims to ensure the protection of coffee producers and farmers' labour rights and working conditions; and that families involved in coffee farming and their communities benefit from the production and trading of coffee-related products. Finally, with respect to the environment, the GCP Code sets out the goal for producers to protect and restore natural resources, including biodiversity, soil and water. It states the objective to increase the resilience of producers to climate change, protect the forest and soil, and access carbon compensation for emission reductions.

**The 4C Rule Set** shares certain commonalities with the GCP Code of Reference. It also covers three pillars, economic, social and environmental. The first version of the Rule Set was published in 2004 and enforced in 2007. The latest and seventh of the 4C Rule Set includes four economic rules, two social rules and six environmental rules comprising 45 criteria. Each criterion includes specific checkpoints to verify compliance with the respective criterion. As the 4C pursues a holistic approach to help small-scale coffee growing partners' participation in certification, continuous improvement is one of its key elements. The continuous enhancement process facilitates the participation in certification. This initial phase is followed by a six-year period of incrementally more demanding and enhanced checkpoints. Compliance is audited at three levels:

- Level 1 compliance: Requirements to be followed during the initial certification audit
- Level 2 compliance: The requirements to be followed during the initial recertification audit, after three years, are added in addition to the level 1 audit checkpoints.
- Level 3+ compliance: in addition to levels 1 and 2 audit checkpoints, after six years, the second audit requirements are to be followed.

**Table 1. Sustainable and organic production certificates currently adopted in Vietnam**

<b>Certificate</b>	<b>Purpose</b>	<b>Basic criteria</b>	<b>Check-ups period</b>	<b>Benefits</b>
Certification of the 4C Association	Connect all coffee stakeholders for the purpose of improving the economic, social and environmental conditions of coffee production and processing	<ul style="list-style-type: none"> <li>• Promote sustainability standards</li> <li>• Focus on issues that threaten the coffee industry</li> <li>• Create a platform for cooperation and promote sustainability in the coffee industry</li> <li>• Partner with other sustainability standards</li> </ul>	Triennially	<p><b>For producers:</b></p> <ul style="list-style-type: none"> <li>• Meet the demand for quality coffee</li> <li>• Increase income and free access to information and training tools</li> </ul> <p><b>For roasting factory:</b></p> <ul style="list-style-type: none"> <li>• Ensure quality supply of raw materials and opportunities for cooperation with stakeholders.</li> </ul>
Certified Bird Friendly Coffee	Conservation of migratory birds and their habitats	<ul style="list-style-type: none"> <li>• Maintain forest habitats and characteristics, with a diversity of structurally diverse shade trees</li> <li>• Certified Organic Water protection</li> </ul>	Triennially	<p><b>For producer:</b></p> <p>Improve coffee quality and living environment</p> <p><b>For roasting factory:</b></p> <p>Some bird-friendly coffee certifications are also fair trade certified</p>

Certificate	Purpose	Basic criteria	Check-ups period	Benefits
Certified Organic Coffee – OCIA	Reducing deforestation of the coffee ecosystem	<ul style="list-style-type: none"> <li>Promote biodiversity in tree species</li> <li>Traceability (e.g., maintaining records to prove compliance with OCIA requirements, inspecting sub-contracted mills, including the country of origin and a lot number on the OCIA logo)</li> <li>Meet of shade-grown coffee production standards</li> <li>Encourage children’s involvement in coffee production in ways not to jeopardise the children’s educational, moral, social and physical development</li> </ul>	Annually	<p><b>For producer:</b></p> <ul style="list-style-type: none"> <li>Market access</li> <li>Increased coffee quality,</li> <li>Having co-benefits and by-products from shade and buffer zone management</li> <li>Possibility to address labour shortage by involving children to family/community coffee production with strict regulations to protect children</li> </ul> <p><b>For roasting factory:</b></p> <ul style="list-style-type: none"> <li>Source-tracing</li> <li>Satisfying consumers’ demands of coffee quality</li> </ul>
Fairtrade International Certification	Improve farmers’ livelihoods by increasing profits, improving living standards, working conditions, and helping farmers establish a position in the market	<ul style="list-style-type: none"> <li>Minimum price to protect producers in the event of a drop in market prices</li> <li>Sponsor farmers to invest in community and business projects</li> <li>Long-term contract with buyers</li> <li>Similar to cooperatives</li> <li>Protect labour rights and improve living environment</li> </ul>	Annually	<p><b>For producers:</b></p> <ul style="list-style-type: none"> <li>Access to the market and have a higher selling price.</li> <li>Improve farmers’ lives and long-term cooperation with buyers</li> </ul> <p><b>For roasting factory:</b></p> <ul style="list-style-type: none"> <li>High quality products that meet the needs of consumers</li> </ul>

Certificate	Purpose	Basic criteria	Check-ups period	Benefits
UTZ Certification (now part of the Rainforest Alliance)	Sustainable coffee farming and production, improving workers' lives, environment and traceability	<ul style="list-style-type: none"> <li>• Limit the use of pesticides</li> <li>• Minimum wages of workers, labour protection equipment</li> <li>• Improve living conditions and education system for farmers' children</li> <li>• Continuous farm upgrade</li> </ul>	Annually	<p><b>For producer:</b></p> <p>Opportunities for market access, improved terms of trade, farming and habitat</p> <p><b>For roasting factory:</b></p> <p>Traceability and quality goods</p>

### 3.3. Lessons learnt from the landscape and other socio-ecological integrated management approaches in other countries

#### 3.3.1. Sustainability certification for organic coffee farming in Minas Gerais, Brazil

Under the pressures of consumers' demands for organic agricultural products to be certified, certification schemes have been blooming to attract the participation of farmers (Hirata, et al., 2019). It is therefore key to determine what motivates farmers to participate in these schemes despite the challenges. Lemeilleur et al. (2020) investigated the incentives for coffee farmers in Minas Gerais, Brazil, to participate in certification schemes. Surveyed farmers were asked to choose a certification scheme contract among various options that require achievement of private sustainability standards in agricultural practices.

Lemeilleur et al. (2020) find that long-term contracts and technical support are among the highest incentives to keep farmers on board, despite incomes from organic products being lower than their expectations. However, they also warn that due to the voluntary basis of certification schemes, most farmers in Minas Gerais opt for the contract scenarios with the least stringent environmental standards. Furthermore, the diversity of audit procedures and resource requirements among different certification schemes may lead to unsynchronised practices and increasing final costs of organic products, which hence disadvantage small producers (Cavallet, Canavari, & Neto, 2018; Torquati, et al., 2021). The international certification model is also argued not to match local characteristics and conditions, thus hindering the participation of farmers and misrepresenting the values of local farming by narrowing it to ecologically friendly farming practices (Niederle, et al., 2020). Therefore, an initiative called the Participatory Guarantee System has been advocated in Brazil in the early 2000s as an alternative to organic product certification schemes (Fonseca, et al., 2008).

Any Participatory Guarantee System must establish a Participatory Conformity Assessment Body (OPAC) to act as an alternative to a third-party certification process (Hirata, et al., 2019);

Torquati, et al., 2021). An OPAC of a local production community '[has] its own legal personality, with formal attributions and responsibilities' and comprises representative members of that system, such as producers, transporters, traders, consumers, public and private managing organisations, relating to that community (Torquati, et al., 2021). An OPAC conducts self-certification through its self-established procedures for verifying organic production standards for producers within that OPAC community (Sanchez, Cruz, Narezi, & Crepaldi, 2021). However, operation capacity and activities of any OPAC must be accredited and supervised by Brazil's Ministry of Agriculture (Hirata, et al., 2019; Sanchez, et al., 2021).

A Participatory Guarantee System via the OPAC model is expected to facilitate shared understanding among state and non-state actors, in that, it can help coordinate international certification schemes for respective export markets while opening opportunities for products meeting participatory certification to access local supply chains (Niederle, et al., 2020). In particular, all members in an OPAC are equal in terms of responsibilities and decision-making powers when evaluating a particular farm (Torquati, et al., 2021). Therefore, the Participatory Guarantee System-OPAC model is praised for its reconfiguration of the political field to create political opportunities for civil society to engage in the production of institutional frames and decision making (Niederle, et al., 2020). Accordingly, this model is viewed as relying on five principles: trust, participation, transparency, self-determination, and exchange of ideas and experiences (Torquati, et al., 2021).

However, the Participatory Guarantee System-OPAC model is not merely considered as a local certification scheme. It is expected to go 'beyond meeting market demands, seeking, through participatory methodologies, to strengthen farmers' organisations, enabling them to find solutions to achieve sustainable production systems' (Hirata, et al., 2019, p. 1). In the case of Minas Gerais, as a result of operating the Participatory Guarantee System, local farmers' markets are set up and consumer groups are organised for direct delivery of products (Hirata, et al., 2019). That action is to strengthen the 'power of local [markets] on a vision of social and solidarity economy', which means more benefits for access to domestic markets than international ones. It draws attention to the fact that sustainable agricultural production, especially of small-scale producers, should also explore local markets as the basis for a more stable income source.

Another contribution that the Participatory Guarantee System model is considered to make in promoting organic coffee farming in Minas Gerais and Brazil in general is the development of supporting policies, for example, regulations to control harmful herbicides and pesticides (Hirata, et al., 2019). However, those authors only mention the status of policy making without giving details of implementation, which requires further investigation. Promoting genuine sustainable practices on the ground is a difficult challenge, particularly in countries where law making and enforcement are not yet very well managed due to, among other reasons, incompetent compliance monitoring systems (OECD, 2004).

### 3.3.2. Wildlife-friendly programme for sustainable coffee farming in Java, Indonesia

Another example of coffee farming is the wildlife-friendly programme in Java, Indonesia (Campera, et al., 2021). The programme follows an adaptive management approach which has evolved since the '70s (Rist, Campbell, & Frost, 2013). The framework adopted in the

study by Campera et al. (2021) follows a looping feedback process from adaptive governance (to co-identify problems) to adaptive planning (to co-plan management actions) and adaptive management (to co-design and implement planned actions). The wildlife-friendly programme for sustainable coffee farming in Java emphasise capacity building for farming households and a certification scheme called “Wildlife Friendly Enterprise Network” (WFEN). After attempts to address the co-identified problems, Campera et al. (2021) suggest some lessons for other experimentations of conversion to organic agriculture.

One of the key concerns for this wildlife-friendly programme in Java is choosing between a land-sparing and a land-sharing approach. Land-sparing aims to separate a vast land area into smaller designated functional areas, which means to separate farming activities from natural protected areas, while land-sharing seeks to build harmonisation and synchronisation of farming activities and nature protection on the same land area (Gilroy, et al., 2014). Although land-sparing is considered as generally providing a higher capacity carbon storage than land-sharing practices for the same land area (Gilroy, et al., 2014), land-sharing is preferred in the case of Java due to the lack of natural forest remaining to be meaningful for separate protection (Campera, et al., 2021). This shows the need to consider specific conditions of a particular area to identify a suitable measure or even combine multiple measures. To improve the effectiveness of land-sharing in Java, a lesson is suggested, in that ‘living fences’ (a covering layer of plants and animals) are established alongside farms to provide natural pest control and pollination solutions. This measure is part of the efforts to show that wildlife can benefit farmers if viewed from a perspective of interrelations in a whole ecological web, and hence improve their participation in maintaining good protection of those living fences (Campera, et al., 2021).

Campera, et al. (2021) also suggest that education programmes need to go along with other behaviour change measures to create alternative options that can therefore increase opportunities for autonomous regulation compliance. They give an example that besides educating hunters to stop wildlife hunting in a protected area in Java, other activities need to be in place so that hunters can participate in instead of hunting. They argue that regulation enforcement needs to be promoted through a combination of measures that can incentivise autonomous compliance rather than pushing a forced compliance attitude. Additionally, infrastructure readiness is another condition to enhance the effectiveness of education programmes. Without available infrastructures and technologies, education programmes can merely be theoretical without a clear prospect of applications for farmers to take up (Campera, et al., 2021).

Infrastructure development also relates to the promotion of effective certification schemes. Campera et al. (2021) find that farmers tend to be less invested in lengthily time-consuming and resource-intensive certification processes without seeing practical benefits. Resulting from the survey by Campera et al. (2021), apart from some similar problems with decreasing productivity and high labour cost when converting from non-organic to organic coffee farming like in most other cases, farmers in Java agreeably informed that the quality of organic coffee fruits also decreased shortly after the conversion. They lost their patience and therefore turned back to using chemical fertilisers.

Those lessons suggest at least three conditions to encourage farmers’ participation in certification schemes, or generally any local governance processes of moving towards sustainable practices. Firstly, details of the whole process, including a tentative timeline when

early negative impacts may arise and when positive results can be observed, need to be carefully communicated to farmers and other stakeholders. That would help maintain their patience and facilitate realistic expectations. Indeed, stakeholder participation in sustainability governance processes can be hindered by unrealistic expectations that are set without assessing the patience extent of donors (Boyd, et al., 2018). Secondly, formalising incentive-based measures and alternative options for unsustainable practices can help nudging people to regulatory compliance without coercion. Thirdly, interim assessments and bonuses to demonstrate effective progress may help retain participation momentum. Finally, technological readiness and capacity building need to be considered at early stages to support farmers' conversion to sustainable practices without excessive delays.

### 3.3.3. The Terpercaya study

The Terpercaya study is conducted through the cooperation between the European Forest Institute's EU REDD Facility and Inovasi Bumi (INOBU) in Indonesia to assess jurisdictional approaches to demonstrating sustainability of palm oil production in Indonesia (INOBU & EFI, 2019). The core contribution of this study is the establishment of an indicator framework to track jurisdictional sustainability performance progress at the district level.

As the Terpercaya case is closely relevant to the design of this Project, it offers an opportunity to analyse specific considerations for the application of a similar model in Vietnam. Therefore, the table below will break down specific lessons for Vietnam.

**Table 2. Lessons learnt from the Terpercaya study to consider for application in Vietnam**

Lesson	Consideration for application in Vietnam
<p>A multistakeholder Advisory Committee is set up to jointly develop jurisdictional sustainability assessment indicators.</p> <ul style="list-style-type: none"> <li>• Government: four ministries.</li> <li>• Private sector: three foreign companies.</li> <li>• Civil society: representatives of civil society organisations at all levels, notably the participation of IDH, which is also proactive in Vietnam. The other two INGOs not specifically related to palm oil production are Greenpeace and the World Resources Institute.</li> </ul>	<p>In the Terpercaya Advisory Committee, local perspectives seem to be driven by non-state actors more than local governments according to the composition of members without an explicit presence of local authorities. The composition might be different in Vietnam.</p> <p>In Vietnam, many civil society organisations are state- liaised organisations, for instance, the Farmer's Union. Even local community leaders also report to the ward or commune authorities. Many influential research institutes are also public entities. Therefore, state perspectives are present even in the civil society sector.</p> <p>On the other hand, it might be useful to reach out to INGOs that are not directly related to the concerned commodity production (e.g. coffee) but are proactive in promoting conservation actions in Vietnam. For</p>

<p>The perspectives of local governments also come from district government representatives and the Sustainable Districts Network.</p>	<p>example, WWF has a long-term collaboration with governmental actors at different levels in Vietnam.</p>
<p>Indicators considering both global concerns and local conditions and expectations.</p>	<p>To bridge the mismatch between international demand and local contexts in international certification schemes.</p>
<p>Indicators tailored to meet the availability of data for all stakeholders.</p>	<p>This is helpful for establishing the early stage of data collection and monitoring on a regular basis. However, some indicators for which no data is currently available might be important in the long term. If possible, such indicators should be mentioned in a list for further improving the data management system.</p>
<p>Indicators tied to national government planning processes.</p>	<p>To make data collection become an official regular governance responsibility and aligned with the domestic legal system. This point is also a foundation to fill the data gaps mentioned above.</p>
<p>Indicators grounded in national laws and regulations.</p>	<p></p>
<p>Indicators built upon multistakeholder consensus.</p>	<p>Ideally, to form a contextualised definition of sustainability within a jurisdiction by considering common expectations and viewpoints of relevant stakeholders. However, that consensus still needs to be within a framework of sustainability components to avoid bias towards some specific benefits because power imbalance among the stakeholders may still exist. This point leads to a warning of considering the cultural aspect of stakeholder engagement in a specific community.</p>
<p>Scaling the measurements to a district level to align with the delegated authority of Indonesian local governments.</p>	<p>Should consider an appropriate subnational level that meets both requirements:</p> <ul style="list-style-type: none"> <li>• High enough to have necessary decision-making powers.</li> <li>• Low enough for effective contextualisation.</li> </ul>
<p>A centralised data platform for collecting and disseminating data on indicators.</p>	<p>At present, official data management in Vietnam is fragmented and unsynchronised. A holistic monitoring-reporting-verification system is needed. This project can lay a stepping-stone to develop such a system.</p>

### 3.3.4. The practices of the Cocoa and Forests Initiative (CFI)

Like the coffee industry, the cocoa industry also contributes a great portion of deforestation globally. In March 2017, the world's biggest cocoa and chocolate companies jointly sign a statement of intent for a Cocoa and Forests Initiative (CFI), which includes 35 business members to date (World Cocoa Foundation, 2022). This Initiative relies on the focal role of globally leading companies to collaborate with multiple public, private and civil society partners in pursuing a common vision and joint framework 'to end deforestation and forest degradation in the cocoa sector' (World Cocoa Foundation, 2022). The CFI aims to pursue cocoa production based on three pillars (IDH & World Cocoa Foundation, 2018):

- Forest protection and restoration
- Sustainable production and farmers' livelihood
- Community engagement and social inclusion

Accordingly, the CFI establishes a framework of core commitments and actions surrounding those three themes. At present, CFI focuses on the world's three largest cocoa producing countries, namely Côte d'Ivoire, Ghana, and Colombia. The first two set up national implementation plans since 2018 (Cocoa & Forest Initiative, 2018; Cocoa & Forest Initiative (b), 2018; Carodenuto, 2019; Castro-Nunez, et al., 2020).

Against the efforts made by public and private sectors to implement the CFI in Côte d'Ivoire and Ghana, Mighty Earth – a global environmental advocacy organisation – pointed out some shortfalls in the CFI approaches in 2019 (Mighty Earth, 2019). In its report, Mighty Earth outlines five concerns:

- (1) *Increased deforestation* in both Côte d'Ivoire and Ghana despite CFI's core commitment to forest protection and restoration.
- (2) *Inadequate multistakeholder participation in governance processes*: although there are some positive signs in Côte d'Ivoire, the general issues remaining in both countries are:
  - Missing key actors like the Conseil Café Cacao (CCC) in Côte d'Ivoire and COCOBOD in Ghana in the CFI management process.
  - Under-representation of farmers.
  - Superficial representation of civil society organisations. It is suggested to engage them in every step of the whole process rather than merely inviting them to some meetings.
  - Lacking resources and authority powers for the CFI secretariat to fully coordinate the whole multistakeholder participation process.
- (3) *Ignorance of crucial drivers of forest loss*: Cocoa production can be a direct cause of deforestation. However, there are many underlying problems in the cocoa sector itself. Mighty Earth views that the CFI has not yet fully tried to address those underlying problems, including tree tenure reform, land governance and corruption.

- (4) *Ineffective monitoring, traceability and transparency*: Although multiple monitoring and tracing systems have been operated with the lead of the private sector, the landscape of data monitoring and traceability is fragmented, causing both duplication and inadequacy.
- (5) *Lack of joint actions between producer and consumer countries*: This point relates to considerations of global justice in general, and environmental justice specifically. The quantities of product supplied to domestic markets in most producer countries are far fewer than those to meet international demands, usually to the most developed countries. Therefore, it is both ineffective and unjust for those rich markets to merely impose product standards that require immense efforts from producer countries, including the poorest communities to meet. Mighty Earth hence calls for stronger formalisation of collaboration between consumer and producer countries to have fairer solutions.

Reflecting upon the key principles of jurisdictional approaches discussed earlier, the above criticisms are also relevant for considerations in establishing jurisdictional approaches in Vietnam. However, despite those criticisms, the CFI initiative itself also introduces two important recommendations.

Firstly, the CFI initiative formalises the involvement of the national level through establishing national steering committees and technical working groups to support local initiative projects (IDH & World Cocoa Foundation, 2018). This approach might be helpful to mobilise the involvement of relevant state actors at multiple governing levels. Indeed, accessing state actors is a challenge in some political systems such as Vietnam.

Secondly, the CFI requires the establishment of national implementation plans and publishing annual progress reports (Ministry of Waters and Forests of Côte d'Ivoire & IDH, 2020). Besides being a multistakeholder communication channel, this national planning and progress reporting requirement also offers an opportunity for improving the governance process in various ways. For instance, national planning helps promote synchronisation in policy directions. Meanwhile, national reporting requires the establishment of multilevel reporting systems. Although these reporting systems may be superficial in the beginning, they offer a foundation to develop database management systems for data tracking and reporting in the long-term.

### **3.4. Summary of lessons learnt and key issues to be addressed when applying jurisdictional approaches in Vietnam**

Based on the limitations and lessons learnt as reviewed in this section, there are some key issues to be addressed when applying jurisdictional approaches in the Vietnamese context. Those issues can be categorised as follows:

#### *Synchronisation of legality and standard setting:*

- Mismatch among the standards of international certification schemes, international market regulations and local conditions usually hinder a profound translation of international requirements to local practices. Dynamic landscapes of international markets and regulations and diverse local conditions globally diverge. Therefore, it

might be helpful to develop flexible frameworks and approaches through which actors from the value chain can negotiate their demands and conditions to find common grounds for effective and meaningful practice.

- It is crucial to address fragmented and unsynchronised governance due to inconsistencies between the scopes of the governed objects and the limits of local decision-making powers over policy making and implementation.
- Horizontal and vertical policy integration is fundamental. Horizontal cooperation and integration of policy making need to be conducted from the national level to avoid fragmentation and conflicts among different policy areas managed by different ministries. It can also address multidisciplinary issues when it comes to sustainability governance. Such horizontal integration needs to be translated into the top-down management direction. It is particularly important for Vietnam's dual decentralisation model in which a subnational specialised administrative entity is controlled by both its sectorial ministry (for sectorial management) and its local authority (for administration and budget issues).

#### Considerations in multistakeholder engagement:

- Voluntary commitments create uncertainties for effective long-term participation in governance processes.
- Multistakeholder platforms that are not representative and do not include key decision makers tend to fail.
- Involving national-levelled actors and planning through formal institutionalisation might help mobilising responsible engagement of subnational state actors.
- It is important to have coordination among sectors (horizontal) using technical working groups and platforms.
- Policy communication among stakeholders plays a crucial role in consensus-building and facilitating cooperation. Therefore, it is necessary to diversify policy communication methods using both formal and informal arrangements.
- Exclusion of indigenous cultures and knowledge in governance processes may lead to adverse side effects of the policies imposed on local communities, consistent local non-compliance, or/and local resistance to behavioural changes.
- Bias on technical focus over stakeholders' discourses may create bias in policy decision making and/or exclusion of stakeholders' opinions.
- International actors need to be involved in local sustainability governance processes. The involvement can be arranged through different channels, including bilateral national cooperation agreements and the coordination of international non-governmental organisations.

#### Data management:

- Jurisdictional data management (including collection, tracing and reporting) systems need to be built upon existing systems but further developed/adapted for future demands.
- The development of data management processes should be mindful of the gaps between three attributes of data, namely official, reliable and valid:
  - *Official*: governmentally own data is officially published and used for official verification. This official characteristic also relates to matters of sovereignty and jurisdictional powers. International actors may not always trust governmental data, but they are still bound by domestic regulations and data management requirements depending on specific national governance contexts. However, it remains problematic that governmental official data in Vietnam is still inadequately developed. Therefore, official data in Vietnam is sometimes unreliable.
  - *Reliable*: Reliability is built upon trust among stakeholders. That trust then relates to the politics of interactions between them. Therefore, reliable data does not necessarily mean valid data.
  - *Valid*: Reflecting upon the two aspects above, valid data can be official or reliable or neither of them. That relationship depends on who generate the data, how it is created, and how it is communicated among the involved stakeholders.
- Data management needs to be formally institutionalised for consistent long-term operation and compliance.

## SECTION 4. GAP ANALYSIS FOR APPLYING JURISDICTIONAL APPROACHES IN VIETNAM

### 4.1. The current policy framework for forest protection in Vietnam

The Law on Forest Protection and Development was passed by the National Assembly on 3 December 2004 and came into force on 1 April 2005. After 16 years of implementation, the Law on Forest Protection and Development created a favourable legal framework in the field of forest protection and development, such as institutionalising the Party's views on forestry development, creating important changes in the field of forestry. This legal framework also allowed a shift from: the dominance of state-owned forestry to social forestry with the participation of many economic sectors; and a focus on exploiting and taking advantage of natural forests to protecting, nurturing, planting and developing forests. It specified the rights and responsibilities of forest owners are codified, guaranteed by the State, and initially created for forest owners to attach and feel secure to invest in forest protection, to develop production and business, and to effectively produce on forest land. The State's management of forest protection and development has seen many positive changes, shifting from management by administrative documents to mainly using legal instruments and economic leverage policies associated with the development of forests.

On 12 January 2017, the Secretariat issued Directive No. 13-CT/TW, on "strengthening the leadership of the Party in forest protection and development", which states that: "Forest management, protection and development is the responsibility of the whole political system, agencies, organisations, households and individuals, especially for the locality that has forests" and the State has to "strengthen the supervision of people, communities, mass organisations, mass media agencies in forest management, protection and development".

On 15 November 2017, the XIV National Assembly passed the Law on Forestry to replace the Law on Forest Protection and Development to overcome its shortcomings. The Law on Forestry contains many new elements, but the provisions on forest protection and development (chapters IV and V) still hold a very important position in the state management of forestry.

The Forestry Law defines forests as an ecosystem including forest plants, forest animals, fungi, microorganisms, forest soil and other environmental factors, in which the main component is one or several species of woody plants, bamboos and areca trees whose height is determined according to the flora on the mountain; rocky, wetland, sandy soil or other typical flora; an area of 0.3 hectares or more; and a tree cover<sup>2</sup> of 0.1 or more. According to the provisions of the Forestry Law and its guiding documents, forest protection and development is understood as an activity of organisations and individuals in combination with reasonable exploitation to prevent invaders and damages to forests such as deforestation for swidden cultivation, forest product exploitation and illegal hunting of wild animals. Forest development means the activities of afforestation or reforestation after exploitation or damages caused by natural disasters or other causes; zoning, promoting forest regeneration, restoration,

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<sup>2</sup> Canopy is the degree of vertical coverage of forest trees per unit area of forest, expressed in tenths.

reclamation of poor natural forests and the application of other silvicultural techniques to increase forest area, reserves and quality.

In principle, the State allocates and leases forests, organises the management and protection of forests, and ensures that forest areas are owned. Forest owners must implement sustainable forest management and be responsible for the management, protection, development and use of forests according to forest management regulations. The system of state management agencies in charge of forestry is uniformly organised. The Government, ministries, ministerial-level agencies, and people's committees at all levels are responsible for the state management of forestry, in which the Ministry of Agriculture and Rural Development is the focal agency to assist the Government in managing the forestry sector. Forest rangers manage and protect forests, including by preventing and fighting fires, and ensure the observance of the law on forestry.

According to the 2013 Land Law, the State allocates land without collecting land use levy if that land is regulated as natural forest including protection forest, special-use forest, or production forest. According to the 2019 Statistical Yearbook of Vietnam, around 70.4% of total forest area is natural forest, equivalent to 10.3 million hectares. The Central Highlands has a total of 2.5 million hectares of forest, of which, around 2.2 million are natural forests. Thus, it is reasonable for one to conclude that about 88% of forest land assigned to the Central Highlands people is without any charge. Yet, individuals, organisations or other entities having access to forest land regulated as agriculture land (which includes production forest land, protection forest land, and special-use forest land) can convert their forest land to another use, including agricultural use.

This situation raises a problem of handing over. Licensing forest management and use to individuals and organisations can lead to overlaps, avoidance of responsibilities as well as difficulties in forest management. Chapter IV of the 2017 Forestry Law includes seven articles on forest protection. The fifth clause stipulates that the responsibility for patrolling, inspecting and protecting forests is carried out by forest management boards and specialised forces, such as forest rangers and forest owners. Furthermore, the seventh article also stipulates that the people have the responsibility to promptly notify in-charged state agencies or forest owners about forest fires, forest pests and violations of regulations on forest management. Also, according to the first clause of Article 60 of the Law on Forestry, the intercropping of crops and non-timber forest products, livestock and aquaculture under the forest canopy is legal as long as the forest quality is not degraded. The second clause of this article stipulates that the use of non-forested land for agricultural and fishery production is also allowed as long as it does not degrade and pollute the land and does not change the forest land use purpose.

From the above legal bases, it can be observed that the Vietnamese Government has relatively clear regulations on the handover, management and use of some types of forest land, especially production forests. However, because various implementing regulations of the Forest Law still have not been adopted, and problems with the current implementation of the law, encroachment and damage to forests still occurs.

## **4.2. Socioeconomic issues**

## 4.2.1. Issues with land tenure and forest protection

### 4.2.1.1. Gaps in regulations

Forest loss is a highly complex issue, with economic, social and natural causes. Natural causes, including forest fires, droughts, pests and diseases, and climate change, lead to a decrease in forest area and quality in many localities. In addition, three other direct economic and social causes leading to deforestation and forest degradation in Vietnam include: conversion to agricultural land (especially for perennial cash crops); infrastructure development; and unsustainable logging (both legal and illegal). Furthermore, indirect causes of deforestation and forest degradation in Vietnam include: increasing demand for agroforestry products; population growth; lack of sustainable financial resources for forest protection and development; and ineffective law enforcement in forest land management. These drivers vary widely across regions and over time.

According to our interviewees, the major problem with land-use legality relating to forest land in Lam Dong and Dak Nong provinces is the risk of people being evicted from previously state-owned agricultural and forestry farms (VN01-INGO; VN04-REDD+ expert). Since 2008, only in Lam Dong province, more than 250 projects have been proposed by state-owned companies to develop agriculture (VN04-REDD+ expert). These projects were incentivised by a 50-year land rental period. After those companies disbanded, the land became vacant wasteland yet it cannot be recovered because it must be re-evaluated to see how much deforestation has been caused. This is regulated by Article 21 of the Forestry Law 2017 as follows: The project owner is responsible for submitting the replacement afforestation plan to the provincial People's Committee and complying with that plan if approved. Moreover, for planted forests, the area of replacement planted forest must be equal to the area of forest converted to another use and for natural forests, three times the area of forest converted to another use.. However, some of the interviewees also indicated that forest encroachment is not due only to agricultural activities. Illegal conversion of forest and farming land for real estate development is also occurring (VN01-INGO; VN04-REDD+ expert; VN11-Cooperative).

Other interviewees also indicated that most deforestation, especially in Lam Dong Province, is due to real estate development and other land ownership transfer or encroachment issues (VN01, VN02, VN03, VN07). Thus, coffee production activities nowadays leads to little or no deforestation in this province. These interviewees also stated that the natural forest has been closed since 2016, and that deforestation had occurred more than 15 years ago. At present, forest products are not as valuable as before. Real estate development brings more benefits than forest exploitation. Furthermore, coffee plants are not as valuable as other crops and commodities (VN01, VN02, VN03, VN07, VN12 interviews). Despite these opinions, VN04-REDD+ expert asserts that deforestation due to coffee and other crop production is still occurring at an alarming rate without being officially disclosed. Further investigation is therefore needed through other complementary methods and technologies to shed a clearer light on the real status of deforestation associated with agricultural production in the Central Highlands.

Moreover, not only forest land, but farmlands is also subject to encroachment. Therefore, the problem now is not only about promoting sustainable coffee production but also how to sustain sustainable coffee production because farmers are shifting from coffee production to land trading and other jobs.

The responsibility of the Government is to devise highly encouraging policies to improve the living standard for the people, while protecting and developing forests, and effectively responding to natural disaster risks. However, some of our interviewees underlined that the current policies are still incomplete and have not motivated and supported people and communities to protect and develop natural forests (VN04-REDD expert; VN06-INGO; VN12-Forestry expert). For instance, policies reducing local administrative budgets and personnel lead to the reduction of the number of rangers and budgets for irregular expenses, such as bonuses paid to citizens for reporting deforestation acts (VN12-Forestry expert).

After 13 years of implementation, the Law on Forest Protection and Development of 2004 had proven its ineffectiveness in preventing and reversing “new-style forest loss”, namely the loss of reserves and the degradation of forests rather than of forest areas (VN12-Forestry expert; VN14-INGO). One major policy of the Government is to strive to “bring the mountains to catch up with the lowlands”, but in reality, the disparity is getting bigger and bigger (GSO, 2021; Viet, 2020). Meanwhile, natural forest resources have been degraded; policy resources are scattered and have not yet created suitable livelihoods and stable income sources to help people live from forestry.

Over the years, the government has issued many policies for agricultural economic development, in which the issue of forest protection and development is also considered. Although current policies have somewhat reduced the scale, speed and extent of deforestation in some localities, deforestation still occurs. The implementation of many policies still faces many difficulties due to lack of funding, inefficiencies in vertical and horizontal coordination, and failure to attract the participation of the poor.

In the past 30 years, the proportion of natural forests has increased from 9 million hectares to 14.6 million hectares, 10.3 million hectares of which are natural forests. So, compared to 30 years ago, the natural forests area has increased by 1.3 million hectares. However, the quality of natural forests is not good. Out of the 10.3 million hectares of natural forests, only 15% is rich forests, 50% medium forests, and 35% poor forests.

Another shortcoming in Vietnam’s policies is that there is no link between adaptation and mitigation of climate change impacts. Forest-based climate mitigation policies at the central and local levels have not taken into account the adaptation needs of local communities, many of which are suffering from the impacts of climate change. The policy focuses only on increasing the forest area through new planting programmes, underestimating the importance of restoring ecosystem functions and services and preserving biodiversity. However, the Forest Law No. 16/2017/QH14, came into force on 1 January 2019. Thus, Vietnam finally had a law that helps to address the right to access and benefit from forests. Some of its main features can be summarised as follows:

- Forest owners are organisations, households, individuals and communities that are allocated forests, leased forests, allocated or leased land for afforestation by the State.

- The law thus recognises for the first time the right of communities to be forest owners. However, the Civil Code of 2015 contains inconsistent provisions on communities' legal personality, which hinders the recognition of communities' rights to land.<sup>3</sup>
- Forest self-recovery and development; socialisation of forestry activities.
- Participation of organisations, individuals, households and communities in forest communities like forest management, afforestation, reforestation, forest restoration and scientific research, among others.
- Protection of the rights and interests of organisations, households, individuals and communities.

Nevertheless, there are overlaps and contradictions between the Forestry Law 2017 and the Land Law 2013. First, regarding the definition of land plot, forest plot, due to inconsistency in measuring between two laws, the process of implementing the Land Law when measuring, mapping, and inventorying land is not limited to a certain area (details in the table below).

**Table 3. Comparing key features of land inventory and forest land inventory**

	<b>Land Law 2013</b>	<b>Forestry Law 2017</b>
<b>Scope</b>	By administrative unit at the ward level	Done at specific administrative levels in collaboration with specific forest owners in the whole country
<b>Statistic cycle</b>	Once a year, except the inventory years	
<b>Inventory cycle</b>	Every 5 years	Every 10 years in accordance with the time of land inventory
<b>Unit</b>	Land lot – assembled by ward	Forest plot – assembled in compartment and district
<b>Person/entity responsible for inventory</b>	<p>The People's Committees at all levels conducting land inventories and make land use status quo maps of their respective localities.</p> <p>The People's Committees at commune and district levels reporting to the immediate superior People's Committees.</p>	<p>Organisations as forest owners: forest owners conducting inventory, inspected by provincial forest administration agencies.</p> <p>Households, individuals, or local communities as forest owners: forestry agencies at</p>

<sup>3</sup> Articles 76 and 211 of the Civil Code 2015 are contradictory. Article 76 does not list communities as having legal personality. On the other hand, article 211 stipulates conditions for communities to enjoy property rights.

The provincial-level People's Committees reporting to the Ministry of Natural Resources and Environment.	the district level conducting inventory.  The Ministry of Agriculture and Rural Development regulates forest inventory.
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*Source: Adapted from the Land Law 2013 and Law of Forestry 2017*

Second, regarding land and forest use planning, the Land Law stipulates land-use planning at three levels (national, provincial and district). The national and provincial land-use planning period is five years. District-level land-use plans are made annually (Articles 37, 38, 39, 40 of the Land Law). Meanwhile, according to the Law on Forestry, the planning term of the national forestry plan is 10 years with a vision of 30–50 years (Clause 1, Article 11 of the Law on Forestry). The content of the plan must include orientations for sustainable development of special-use forests, protection forests and production forests at the national level.

Lastly, regarding land and forest inventory, the Land Law calls for the gathering of annual land-related statistics, except for the years when a land inventory is carried out (clause 2, Article 34 of the Land Law), which is every five years. Meanwhile, the Law on Forestry requires an annual update of forest cover statistics and monitoring of forest changes (Articles 34 and 35 of the Law on Forestry). Also, according to Clause 2, Article 34 of the Land Law, land inventory is conducted every 5 years. Meanwhile, according to the Law on Forestry, forest inventory is carried out every 10 years, in accordance with the time of land inventory (Clause 3, Article 34 of the Law on Forestry).

The Forestry Law also needs to create conditions for forests to become part of the “livelihood assets” of people and communities. This is very important for the formation of “true intentions” to bring “real benefits”; taking the poor and poor areas as the centre of policies to improve livelihoods associated with forest protection and development.

#### **4.2.1.2. Gaps in enforcement**

Besides gaps in policies, enforcement and implementation has many weaknesses. The current Forestry Law allows for the allocation of forest land to forest owners to manage, but the authorities let loose in the management stage, aiding loggers to destroy the allocated forest. In many cases, forest owners and authorities do not have the capacity to address illegalities. In some cases, public authorities are aiding loggers to destroy forests. This issue has been reported multiple times in different the Central Highlands provinces, including Dak Lak (Nguyen, 2021), Gia Lai, Dak Nong (Ly & Yen Bao, 2020), and Lam Dong (Mai Van, 2020).

According to Directive 13-CT/TW of 12 January 2017 of the Secretariat on enhancing the role of the Communist Party in forest protection and development, by 2018, provinces had to: overcome and completely resolve the situation of disputes and encroachment on illegal forests; and complete the allocation of land, forest and grant of certificates of forest land-use rights to organisations, individuals, households and communities. However, this task is almost impossible because in order to come up with solutions, provinces must assess the changes in forest resources, set up a rural cadastre, delimitate forests areas and enforce forest protection. However, private forest operators, forest management boards and state forestry

companies reduce the effectiveness of the direction and administration of the government by dishonestly reporting forest data. Many units collude with forest thieves to extract forest resources, tolerate deforestation to occupy land, and convert forest land into production and residential land for families and relatives.

#### 4.2.2. Market gaps

Nowadays, the consumers' requirements of good coffee are not just a matter of taste, quality and price but also responsibilities of growers, processors and trading companies in production, food safety and product traceability. Facing increasingly demanding market requirements, Vietnamese coffee farmers and enterprises are making constant efforts to shift to sustainable coffee production.

However, perfection and quality in the manufacturing requires effort, time and money. Markets can easily plummet or soar, whereas supply, labour and input prices/costs remain stable or rise due to inflation. Furthermore, exchange rate fluctuations can also have a significant impact on the price farmers receive in their own currency. Consequently, farmers are the ones who absorb the majority of these macro market shifts.

As per discussion with farmers, their most common worry is the lack of output markets for certified/sustainably produced coffee, coupled with low selling prices compared to the efforts made to comply with stringent production requirements. Farmers appear unconcerned about the distinction between home and foreign markets. The prices received by farmers are not significantly different whether they are selling to domestic or international markets. Farmers face uncertainties regarding international export, but also find it difficult to access the domestic market because they cannot technically prove the sustainability of their coffee, or at least their deforestation-free origin, without participating in costly certification schemes. Lam Vien Cooperative (Lam Dong Province) – an independent collective following 4C standards – ended up renouncing to its sustainable coffee production in 2021 and reverted back to traditional cultivation for not being able to sell their outputs.

Farmers need to sell their entire coffee production. This is often overlooked. However, not every farmer can achieve a full harvest of “top-notch coffee”. To recoup investment or at least reach a break-even point, the lots falling in the grey area (reliable but less than outstanding) must be sold higher than the market price. This can soon become burdensome if expected results and prices are not attained.

Farmers sell their coffee through a variety of channels. First, at the start of the harvest season, fresh beans can be sold to free and local markets. The quality and origin of the product is not considered in this channel. Therefore, some people might try to steal fresh beans from any farms to sell to any small local markets. That is one of the reasons while some farmers prefer to pick unripe beans to avoid robbery, which ironically lowers the quality of their products (VN10-Company). Most farmers sell their coffee to their trusted traders who are flexible in terms of volume, transportation and price's liquidation. In addition, since small-scale farmers cannot afford the construction of their own storage, they frequently choose to consign their products to small dealers, which could result in price rigging, underpricing and low coffee quality. The biggest drawbacks of this channel are that quality is not taken into account, there is no legal or binding structure in place, sellers' trust may readily be abused, and unfair competition may occur when prices change suddenly.

Reacting to this point, a representative of a global trader did admit that the output market for non-certified products remains abundant as low-yield sustainable coffee products do not always meet the demands of big buyers for each transaction. In that case, large traders who own a huge contract prefer buying non-certified coffee to cover such gap. According to interviewees from a Foreign Direct Investment (FDI) company and an INGO, managing foreign traders is challenging. They informed that some foreign traders, especially those outside the regions with high sustainability requirements, are usually unconcerned about sustainability. What motivates them the most is low-cost purchases so that they can maximise their profit.

Another factor that may cause smallholders to lose their interest in sustainable coffee production is the considerable gap between the price paid by traders and the market price. For instance, since the law of Vietnam does not allow FDI companies to purchase products directly from farmers, these enterprises must go through domestic local agencies instead. With that mechanism, the value chain is expanded when an increasing number of local agencies engage in as middlemen. Subsequently, the initial prices that farmers sell their coffee at are often not attractive because the product is sold various times before it reaches FDI (VN05-FDI; VN07-Public expert; VN10-Domestic company).

There are also other problems arising from that FDI regulation issue, including speculation by domestic companies. A representative from one of the most influential coffee buyers (FDI) in the Central Highlands described a peculiar situation in which coffee prices in Vietnam are sometimes even higher than those on the international market. This is due to the fact that a domestic corporation can bulk-buy coffee directly from farmers at higher prices than international traders who cannot directly do so. Consequently, prior commitments between international businesses and farmers often collapse in this situation. In some collaboration schemes, farmers have the freedom to trade without being obligated to sell to one corporation, even if they have previously signed contracts of collaboration.

### **4.3. Gaps in environmental governance**

Although the legal system on environmental protection is made up of the Environmental Protection Law No. 72/2020/QH14 of 11 November 2020 and some articles of the Forestry Law (No. 16/2017/QH14), the Land Law (No. 45/2013/QH13), and the Water Resource Law (No. 17/2012/QH13), it still contains many shortcomings. Many provisions and regulations are too general. Regulations on environmental protection of land, water and air, waste recycling, pollution remediation, environmental improvement and restoration, and sustainable consumption are either lacking or inadequate. There is no legal basis for environmental planning, ecological functional zoning as a basis for planning socioeconomic development strategies, sectoral, field and regional development planning. The legal and policy framework fails to create a favourable environment to encourage the development of industries, environmental services and environmentally friendly products. There are no mechanisms for compensation for damage caused by environmental pollution, settlement of disputes and environmental conflicts. Although the Penal Code includes provisions on environmental crimes, they are incomplete and unspecific. As a result, they have not been implemented in practice. Many provisions on the socialisation of environmental protection activities only set out broad principles. They lack an appropriate mechanism for implementation and have not been effective.

Mechanisms and policies for environmental protection are slow to innovate and not synchronised with market institutions. Environmental taxes and fees have only initially created a source of revenue for the state budget but have not yet played their role as an economic tool to incentivise pro-environmental behaviours on a large scale. In addition, due to the inadequacy of the legal framework on the protection and development of forests, fisheries and biodiversity, there are many overlaps in the provisions relating to the management of protected areas and wild species, leading to ineffective implementation. Our interviewees also pointed to ongoing non-compliance with environmental regulations in coffee and other farming activities, especially the use of prohibited chemical substances. Such non-compliance relates to insufficient and loose monitoring and formal inspections in relation to both environmental and market regulations. Other concerns include ineffective policy communications to citizens with diverse backgrounds and understanding capacity. Also, among farmers who have a low level of education or are illiterate, fake fertilisers and leftover stock of prohibited chemicals are often being used for farming, causing damages to the environment.

In terms of fertilisers and pesticides, Vietnam's standards and requirements are lower or do not match most major international requirements. For example, Vietnam does not prohibit some chemicals that are banned by some international certification schemes. One of our interviewees pointed out that even though national policy prohibits glyphosate<sup>4</sup>, this substance is still sold to farmers. Moreover, the imports of these substances have not been controlled since "Governmental authorities can't control illegal markets" (VN01-INGO). A public expert interviewee (VN07) pointed out a few reasons why farmers use chemical pesticides and herbicides containing glyphosate or/and other banned chemicals. The first reason is due to the long and complicated list of prohibited chemicals, causing confusion upon farmers so that they cannot remember or even identify prohibited chemicals. Farmers are also sometimes mistaken among different substances on fertiliser or pesticide labels. However, that expert and a local company participant (VN10) are still optimistic about the chemical substances used by farmers. They think that the current circulation of prohibited chemicals is those remaining from imports before the banning policies. Once they are sold out, there will be no more environmentally harmful substances left. Furthermore, farmers are gradually getting used to not using prohibited chemicals and changing their farming habits. It takes time but is going on the right track to naturally eliminate those chemicals in agriculture.

In terms of policy enforcement, although the state management apparatus for the environment has been consolidated, it is still not synchronised and unified from the central to local levels, not commensurate with the assigned functions and tasks, and has not effectively solved the problems related to the environment. In the context of accelerating industrialisation and modernisation of the country facing climate change, lack of effective policy enforcement causes cross-sectoral development issues. The assignment of state management tasks on environmental protection is still scattered, overlapping and unreasonable, especially in waste management, nature conservation and biodiversity. There is still a lack of a unified coordinating institution on biodiversity conservation. State management responsibility for biodiversity conservation is shared between the Ministry of Agriculture and Rural Development (MARD) and Ministry of Natural Resources and Environment (MONRE) and People's Committees of the provinces, overlaps and conflicts exist. There are still too few State

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<sup>4</sup> Glyphosate is a widely used herbicide that controls broadleaf weeds and grasses.

management staff members on environmental protection and they are poorly qualified. The number of officials is much lower than in other countries in the region. At Sub-Departments of Environmental Protection, there is a lack of specialised units and staff qualified on biodiversity issues. Thus, although the policy has covered the majority of environmental problems, its implementation is still lagging.

#### 4.4. Financing gaps

Three main gaps in financing deforestation-free commodity production and forest protection in the Central Highlands of Vietnam identified in the interviews are the following:

- Lack of public financing for forest protection
- Problems with sustainable access to financial support for investments in sustainable agriculture
- Gaps in public-private partnership

##### 4.4.1. Public financing for forest protection

One of the problems in public financing for forest protection is the payment mechanism for forest owners to afforest. According to an expert in forestry (VN12 interview), previously, payments were reviewed with instalments paid by period. However, it is now set as a one-off payment after four years of the afforestation activity.<sup>5</sup> The payment is uncertain and makes the afforestation risky over a long time for forest owners. Furthermore, forest owners do not receive the amount that match their proposed financing plans outlined in their proposals. Therefore, it is uncertain for forest owners to plan their activities on top of inadequate funding. Consequently, many forest owners have given up and do not engage in such activities.

The second problem is the decrease in public budget for rangers and forest protection units following an overall trend of cutting public personnel budget (VN12-Forestry expert). For instance, in Lam Dong, the province and district authorities cut down their overall budgets, including those for salary and regular activities. Without a sufficient budget for regular operation, forest protection units cannot afford additional protective activities such as payments for citizens reporting deforestation acts.

##### 4.4.2. The sustainability of financing sustainable agricultural production

Most interview participants share a common concern of access to financial sources for sustainable agricultural production. According to the latest study on access to finance in the coffee supply chain in Lac Duong District, Lam Dong Province, carried out by the REDD+ Coffee project of SVN in 2021, the majority of smallholder farmers, cooperatives and businesses participating in the coffee supply chain receive financial support for their production through three main channels: (i) official channel (e.g., loans from the Vietnam Bank for Social Policies, the Bank for Agriculture and Rural Development, or the Supporting Fund for Farmers); (ii) input credit providers (e.g. local suppliers of seeds, fertilisers, pesticides); and (iii) output credit providers (e.g. local coffee purchasing agencies) (VN14-INGO).

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<sup>5</sup> Decision 38/2016/QĐ-TTg dated 14/09/2016 on promulgating policies to protect, develop forest and support investments in infrastructure, public service duty allocation for agroforestry enterprises.

Furthermore, some companies support initial investments and bonuses for smallholders through projects or certification schemes. However, these sources are not sustained for a long time and disappear when the projects stop (usually due to the cut of sponsorship for the projects themselves).

Establishing sustainable and reliable financing sources is also necessary to help smallholders avoid getting trapped in high interest loans. Smallholders, especially those with a low financial management capacity and investment outlooks, borrow money from middlemen – acting as input credit providers – with high interest rates. Those middlemen can be suppliers of input materials or local coffee agencies.

An expert participant (VN12) indicated that payments for forest environmental services can be a sustainable financing source. Additionally, in the long-term, a carbon market in Vietnam would contribute as a stable financing source. However, this will only be the case if there is good management and that adequate income from the carbon market funds forest protection and deforestation-free production. It can be expected that there will be sectorial competition to make use of profits from the carbon market.

### 4.4.3. Public-private partnerships

Public-private partnerships (PPPs) have been promoted in coffee production in the Central Highlands of Vietnam in recent years with projects involving local authorities, international NGOs and companies (VN02-INGO; VN05-Company; VN06-INGO; VN13-Global trader). Some projects are heading towards a 4P model, which is Public-Private-Producer Partnership (VN14-INGO). However, those partnership programmes have faced challenges. Below are the main challenges identified in the interviews.

- Gaps in understandings and consensus building:  
INGOs usually struggle to mediate the differences in understandings and objectives of public and private actors vis-à-vis long-term visions for sustainability to convince them to invest in sustainable commodity production projects. Furthermore, most of the current biggest private investments in sustainable commodity production projects in the Central Highlands rely on the financial strength of international traders. In the long term, this can be unsustainable given the uncertainties and volatility of the global coffee market. Therefore, a shift to enhancing the understandings and hence consensus and involvement of domestic state and non-state investors is necessary for a more sustainable vision.
- A vicious cycle of input-output financial flows:  
Input investors require high-quality sustainably produced coffee, sometimes in large quantities. That requirement leads to two situations that are also connected. On the one hand, the amount of sustainably produced coffee sometimes does not meet the required quantities of the end buyers. These buyers therefore switch to conventionally produced coffee, cutting the output markets for sustainable coffee (VN13-Global trader). On the other hand, if smallholders want to increase the sold amounts and, hence, break some sustainable rules of farming practices to unsustainably increase productivity, their products are not eligible to be purchased as sustainable coffee. If they break the rules as such, they fail to receive further input investments for sustainable production.
- Gap in financial flows within the value chain:  
There is a gap in the value chain that indirectly affects the investment prospects of farmers in sustainable production. It is the gap between farmers and large-scale traders, especially foreign traders who are not allowed to purchase products directly from farmers by Vietnamese regulations. As mentioned in the section of market gaps, farmers mostly sell coffee through different layers of local agencies (known as middlemen). These middlemen usually try to keep the costs spent on farmers as low as possible to control the prices and benefits for them along the value chain until the final clients. Such low output values influence the input investments for farmers to sustain their sustainable practices.

The above-mentioned gaps in financing sustainable agricultural production in the Central Highlands are not exhaustive. More details of financial issues will be explored and discussed in the Finance component during phase 2 of this project.

## 4.5. Technical gaps

### 4.5.1. Challenges to meet international regulations

The Vietnam - EU Free Trade Agreement (EVFTA) came into force in August 2020. This landmark document includes commitments related to tariff reduction and other trade barriers that will create opportunities for Vietnam to increase coffee exports to the EU market, especially processed coffee. However, technical standards and rules related to product origin remain significant hurdles for Vietnamese coffee. If the industry does not match these requirements, it will not be able to reap the benefits brought by the EVFTA. Regulations on non-tariff measures in general and EU sanitary and phytosanitary measures in particular are still complicated, making the cost ratio to meet non-tariff measures in Vietnam very high. The ability of the Vietnamese coffee industry in general to adapt to the EVFTA is inadequate, especially in terms of satisfying localisation requirements, quality and environmental standards. Meanwhile, many Vietnamese enterprises that export their coffee products to the EU are small and medium-sized enterprises with limited resources, low production processes, and insufficient investment in R&D.

To curb the accelerating pace of man-made climate change, the European Commission has been proposing and preparing regulations which ban the sale of agricultural products made in deforested lands (a cut-off date has been set to provide a basis for the evaluation of whether there has been deforestation). The proposed regulations require companies importing listed commodities to carry out due diligence, assessing compliance with the deforestation-free definition and applicable legislation in the country of harvest or production. If the company disregards the rules and continues to sell non-compliant products, the national regulators can impose penalties based on environmental harm, confiscate the goods, and even seize the revenue obtained from its sale.

As one of Vietnam's main coffee export markets, the EU's promulgation of these stringent provisions may put the Vietnamese coffee sector in jeopardy. Theoretically, the requirements should direct consumers and investors towards more sustainable and responsible markets and encourage similar legislation in other countries. However, in practice, many interviewed stakeholders considered the proposed EU requirements unsuited to local conditions and a reflection of global development gaps. A public expert said coffee enterprises and smallholders would be the most affected by the proposed EU regulation. According to this expert, Vietnamese farmers on average produce approximately 1.7 million tons of coffee per year, of which 1 million tons is certified. The problem is what to do with the non-certified 700,000 tons and whether the certified 1 million ton can meet the EU's standards on traceability. There are two reasons why traceability becomes a daunting puzzle for the Vietnamese coffee sector – the monitoring and evaluating mechanism in Vietnam is generally weak, and the coffee value chain involves many intermediary actors (middlemen) increasing the risk of leakage of non-certified coffee.

In addition, compliance is also a source of concern. Our interview data suggests that non-compliant products can still find their markets in the European countries under different irregular channels/mechanisms (informal). It is still unclear how such type of coffee can still be exported to the EU market while failing to meet its standards. However, this point can be important and relates to a popular opinion that non-sustainable coffee goods can still survive

quite easily even in the most demanding markets. Therefore, it is critical to investigate these informal or irregular channels because they may stymie efforts to persuade farmers to adopt sustainable agricultural techniques if unsustainably produced products can still be sold on international markets.

On the other hand, when it comes to national laws, coffee export contracts today are still in the form of a two-party commercial agreement on quality, mostly based on the three main criteria: moisture, percentage of black beans, percentage of broken beans. There have been no official compulsory regulations issued by the Vietnamese government in response to the requirements of the EU or other foreign markets. This issue was raised by an interviewed expert, who called for the government's role in certifying the origin of the beans because otherwise, companies would be hesitant to work with local farmers and invest in the area (VN06 – INGO)

Given all the points mentioned above, increasing demand for sustainability in producer countries are perceived by some relevant actors as a political response to pressures from national climate commitments of developed countries. It reflects a shift of climate change mitigation and sustainable development responsibilities towards developing countries, rather than a contribution to addressing existing challenges in coffee sustainable production. In this context, there should be a fairer global approach with more effective mechanisms for technical and financial support from developed countries (the consumers) to developing and least developed countries (the producers) to jointly address global sustainability issues. Furthermore, international regulations need to consider practical transition periods for producer countries to adapt to and prepare for new challenges, again, with meaningful support.

#### 4.5.2. Participation in certification schemes

##### **International schemes**

By the end of 2017, more than 200,000 ha (accounting for more than 30% of the total coffee growing area of Vietnam), were certified by sustainable development initiatives (International Coffee Council, 2019). 4C and UTZ were the two main standards applied in the Central Highlands. According to CBI, Vietnam houses most 4 C-certified groups, followed by Brazil, Colombia, and Indonesia (Centre for the Promotion of Imports from developing countries (CBI), 2021). The Vietnamese Government advocated the use of international certifications to address the impact of coffee on deforestation. For example, The Sustainable Coffee Plan to 2020 and Vision to 2030 has the target for have 80% of coffee output by area to meet certification standards such as UTZ, 4C Rainforest Alliance, and VietGAP by 2030 (under MARD's Decision 5499/QĐ-BNN-CB dated 22 December 2014). However, the majority of respondents in this study shared the opinion that certification standards were not seen as addressing the pressing sustainability issues due to many reasons analysed below.

In most cases, the companies must actively engage farmers in certification training activities because farmers do not volunteer to participate. Meanwhile, significant bonuses, usually ten times higher than a normal bonus, are a huge incentive for smallholders to maintain sustainable practices (VN10-Company conducting a sustainable certification scheme).

We conducted two focused group discussions with two groups of farmers, participants and non-participants in certification schemes. Farmers who participate in certification schemes prioritise benefits gained from long-term capacity building over bonuses from the companies (VN08 – Smallholders). Farmers not participating in certification schemes, on the other hand, find the bonuses and the selling prices of certified coffee not attractive enough (VN09 – Smallholders)

According to officials from INGOs, Vietnamese farmers generally are unfamiliar with management work and obtaining certification is pricey for them (VN04 – expert). Most certification costs must be borne by farmers (both direct costs such as fees, and indirect ones, such as the costs of establishing the structures needed to meet traceability requirements). Farmers that already produce high-quality products and have a greater asset base are in a better position to meet certification standards. As a result, certification could be a driver of rural differentiation, enhancing the livelihoods and market possibilities of farmers who are not among the poorest (Blackmore, et al., 2012). According to UTZ Vietnam's calculations, the average cost for a ton of coffee to be granted sustainability certification is USD 18–20 in the first year of application and 60% of that amount in subsequent years (COSA, 2013).

4C standards could only work for farmer groups because it could create the economy of sale, allowing farmers to pay lower fees and the leader to earn a worthy remuneration. However, creating a farmer group to implement 4C is difficult due to the heterogeneity of growers' cultivating areas, production capacities, quality and skills. Furthermore, the Government does not recognise farmer organisations as legal entities capable of receiving government assistance, obtaining credit, or conducting transactions on behalf of their members.

There is also no guaranteed premium, and the roasters do not promise that they will purchase all 4C certified goods. As a result, farmers are discouraged to participate in sustainable coffee production. As mentioned in the above section, Lam Vien Cooperative has given up this model, explaining the low benefits (low bonuses, prices, and output markets) could not compensate farmers' efforts and resources spent on meeting international standards.

Up until now, Vietnam still does not have a compulsory system of monitoring and evaluation for sustainable production. Therefore, all the supervision and quality control is handled by private entities (VN05 – Company). The lack of an effective monitoring system leads producers to disregard all compulsory standards, including child labour exploitation during peak hours, the use of prohibited chemicals and pesticides, and unfair treatment of seasonal workers.

Furthermore, certification standards are not perceived as adequately addressing significant sustainability issues that go beyond the farm unit, such as water scarcity and agrochemical (pesticide and fertiliser) use (VN07 – public expert).

## National standards

The Vietnamese Government has established technical criteria for coffee goods. TCVN 4334:1986 was the first set of technical standards in Vietnam, and it specifies technical specifications for coffee goods. After its adoption, various domestic standards continued to provide updates to stakeholders in terms of processing techniques, classification, and technical specifications for various coffee products (and intermediate products). TCVN 4193:2014, the most recent set of technical standards, is used to replace its previous version (TCVN 4193:2005) and is in line with international principles.

However, despite the Government's recommendation for the widespread use of such standards, not many coffee growers and processors have applied this set of technical guidance. This is because the application of TCVN 4193 is still based on a voluntary basis. At present, the issuance of coffee quality and standards in Vietnam is not accompanied by an implementation roadmap and enforcement.

Vietnam has its own sustainability certification, called VietGAP (Vietnamese Good Agriculture Practices), issued by MARD in 2010. Producers applied this standard to ensure production technique, food safety, product traceability, protection of environment and health. However, this standard has also not yet been recognised by law. In reality, participation of small-scale farmers and other relevant stakeholders remains limited because of high production costs and low output markets (VNA, 2018).

At present, Vietnam does not have a legal framework for sustainable agricultural production. The only compulsory requirements for all agricultural products including coffee are stipulated in the Law on Food Safety 2011. This law specifies maximum residue limits for compounds in a range of foods. However, according to interviewees, Vietnam's national regulations do not always coincide with international ones. For example, all herbicides containing glyphosate are forbidden from being produced in or imported into Vietnam starting June 2021 (under MARD's Decision 1186). On the other hand, the European Union has started the process to renew its market approval of glyphosate, which is expiring in December 2022 (European Commission, 2022). Furthermore, a cross-check of the highly hazardous pesticide inventory in Vietnam with the Pesticide Action Network 2019 list shows that 104 active ingredients are still allowed for use in Vietnam although they are internationally banned (Phong & Thong, 2020).

### 4.5.3. Gaps in data management

Data management is crucial for effective monitoring, tracing and evaluation. It is, nonetheless, one of the greatest challenges in Vietnam, specifically in the coffee sector in the Central Highlands area. In recent years, there have been efforts from INGOs and companies to conduct projects with enhancements in monitoring, tracing and reporting practices. However, these efforts are still fragmented.

For instance, an international company has its own scheme that relies on the peer pressure and cross-checking mechanism (VN05-Foreign company). That system is operated with an elected leader of each smallholders' community in the project as the focal point for monitoring and reporting the compliance of sustainable practices. Meanwhile, a local domestic company in Lam Dong (VN10-Company) operates another scheme and cooperates with international certification organisations. That company's tracking system relies on smallholders and middle

agencies without specific focal points. Some other monitoring and reporting mechanisms include the involvement of representatives of farmers' union branches, cooperatives or other social organisations (VN08-smallholders participating in certification; VN11-Cooperative). Nonetheless, those mechanisms still mainly rely on a voluntary basis from the farmers' end, while these organisation's personnel resources for operating the monitoring systems are very limited (Ibid.). Thus, a common comment is that it is very difficult to monitor practice compliance and trace the sources of products to the very origin without any officially binding regulation and resources for proper implementation.

Indeed, there are gaps in the current fragmented landscape of data management for sustainable agricultural production, at least in the Central Highlands area. Firstly, each certification scheme or sustainability programme has its own requirements for monitoring indicators and processes. Some processes rely on a peer-pressure reporting system (e.g., VN05-Foreign company), while others cannot (e.g., VN10-Domestic company; VN11-Cooperative). However, many indicators used to assess sustainability are quite common. Therefore, there might be duplication in data collection and verification among different management processes. This duplication can be identified by mapping the required indicators of major international certification schemes and other projects relating to agricultural production.

Secondly, monitoring activities of individual projects or certification schemes are not legally required. Therefore, voluntary mechanisms may fail if smallholders decide not to report or if middle agencies fail to maintain proper tracking. The interviewees indicated that the various monitoring and reporting systems can function to a certain extent, which is promising to develop a synchronised system. Nevertheless, most participants complained about the lack of stringent monitoring efforts from state actors, even for checking the status of compliance with official regulations such as prohibiting the use of glyphosate. Some non-state participants, therefore, showed distrust in state performance and capacity to take a leading role. Enhancing the role of state actors is therefore key. While the efforts of non-state actors can be effective in small-scale projects, their upscaling requires more stringent and synchronised arrangements of state regulations and management. Enhancing the role and performance of local state actors relates to a wider context of addressing public financing shortage for local state management operation.

Thirdly, there are gaps in the roles of different actors and personnel resource allocation in data management. During the interviews, when we asked where to find the relevant data, most interviewees directed us to different sources or theoretical mechanisms to track down data. However, accessing such data is difficult or almost impossible in practice. The difficulty does not lie in monitoring, but mostly in collecting and reporting data and to whom, as well as who stores and shares what data. The collection and reporting process itself currently involves many actors, leading to the fragmentation and loss of the original data. Meanwhile, forest and agricultural management authorities from the district to the provincial levels seem to manage all relevant data in forest-risk agricultural production with very limited personnel resources. They seem to act as data hubs without on-site checking for data collection credibility. Therefore, the gap between data sources and management units needs to be bridged, either by modifying the data management process with effective role assigned to all relevant stakeholders or with technological applications, or both.

#### 4.5.4. Gaps in technical support for farmers

Given Vietnam's long history in coffee cultivation, particularly in the Central Highlands, it would not be an exaggeration to say that Vietnamese farmers are excessively skilled at coffee farming practices. Smallholders in Vietnam have long benefited from programmes that promote sustainable development, to the point where "teaching" them what to do in terms of production skills is of little added value. Indeed, what farmers need is a strong mechanism to support and organise their production to distribute profits in a more equitable manner (VN01 – INGO).

The most pressing need of farmers is to enhance the quality and price of coffee products through advanced technology and improved tracking systems (VN08 – Smallholders). In particular, most interviewees recognised the significance of modernising their farming operations in light of current megatrends (Industrial Revolution 4.0, climate change, etc.). This requires changes in growing practices and harvesting and post-harvest procedures (drying, processing, labelling, and so on). Furthermore, the use of digital traceability would allow farmers to reach more customers on domestic and international markets. A respondent admitted that coffee buyers from large cities like Hanoi have begun to demand verification of origins, but it is too costly for farmers to develop their own tracking system.

Even though farmers in the Central Highlands have heard about the QR technology for traceability in recent years, most have not had the opportunity to use it due to a lack of investors (VN08-smallholders). As suggested by an INGO expert, drones can be utilised to support the current tracking system in terms of detecting the coffee location and determining whether the coffee is grown on agricultural or forest land. This is perceived not only as an effective tool for farmers to provide traceability data but also a beneficial reference for firms seeking potential farmers for investment commitments. The same expert also shared a similar viewpoint to the farmer interviewees, stating that high-tech equipment or facilities such as coffee processing machinery or coffee drying greenhouse would substantially modernise coffee production while contributing to climate change adaptation. However, technological support in high-quality production remains a weakness in Vietnam due to limited capital.

Additionally, according to the farmers and other interviewees from relevant organisations, intercropping (crop diversification) has become a preferred method for many smallholders to increase household income and maintain motivation in coffee production when prices fall. For that reason, many coffee farmers have expressed the need to be provided with technical support for effective implementation of intercropping. Growing macadamia alongside coffee is a popular choice among Central Highlands producers. Macadamia trees have a number of distinct advantages: they may be planted in a random pattern; they provide shade for coffee plants; they are classified as a forest tree, but their nuts have a high commercial value; and macadamia nuts can be stored for a long time without rotting. Other options for intercropping with coffee include pepper and fruit trees such as mango, durian or avocado.

In brief, farmers today require instructions on how to adopt agroforestry and plant coffee more efficiently in a smaller area than in the past (so that they can grow multifunctional trees for more secure income). On the other hand, coffee producers should be encouraged to pursue non-forestry livelihoods such as artichokes, medicinal plants, husbandry and tourism (coffee tours), according to one expert (VN06 – INGO).

## 4.6. Gaps in multistakeholder participation in governance processes

Enterprises and coffee farmers commonly interact through production and consumption contracts (early crop contracts), investment contracts, contract delivery and receipt, and contracts to buy and sell products. Economic linkages between farmers and businesses focus on the areas of product consumption, technical support, material support, fertilisers, machinery and information sharing.

Agriculture in the Central Highlands has great potential but has not been effectively exploited. It is hindered by low labour productivity and low competitiveness. This is mainly due to the inefficient association of the "four parties": farmers, the State, scientists, and businesses. This inefficiency leads to a lack of investment capital, high-quality labour, infrastructure and services.

Enterprises are concerned about prices, purchasing processes, reducing costs, and reducing loss rates in processing, which altogether contribute to their profit. Meanwhile, farmers care about immediate profit from product sale. The puzzle in the Central Highlands as informed by various local actors (via interviews) is how to effectively involve farmers in the coffee value chain to help them attain fairer benefit share with intermediaries.

For the Central Highlands provinces to create a high value chain, production linkages must be created and a closed process be implemented: production – processing – market. This is being implemented by the Central Highlands provinces with many drastic measures. Early 2018, the Kon Tum Provincial People's Committee issued Decision No. 39/QD-UBND on linking production and consumption of a number of agricultural products in the province, in order to reorganise production and breeding according to the model. Accordingly, the Province built chain links for the following products: coffee; tea; vegetables; medicinal materials; noodles (cassava); sugarcane; feed crops; rice; passion fruit and local specialty products. Gia Lai Province has set a target to build a large field with a total area of about 18,000 ha for five main crops over 2016–2020, namely: coffee, pepper, sugarcane, wheat and wet rice. At the same time, the province also supports enterprises that have signed contracts to associate production, consumption of agricultural products, and mechanisation services by providing low-interest loans to purchase machinery and equipment for production. Dak Lak Province has 62 agricultural cooperatives associated with enterprises in production and business. In the coffee sector, there are 25 cooperatives with 1,700 members, producing coffee on an area of 3,000 ha. In the future, the provinces will have appropriate policies and solutions to continue to overcome the limitations and inadequacies outlined above, and strengthen the linkages between the four parties (farmers, the state, scientists and businesses).

Our interviewees described the coffee value chain as follows: farmers – local coffee agencies – traders/roasteries – sellers – consumers, with relevant actors including central government (planning and policy directions), local governments, research actors, and NGOs. However, as stated by VN05-Company, VN06-INGO and VN10-Company, the coffee value chain is still lengthy, with multiple middlemen, leading to higher costs. Also, some domestic companies can influence the whole value chains by buying coffee directly from farmers at unmatched prices, probably to control prices of the end products later (VN05-Company). This is considered as a kind of coffee speculation that might make it unfair for companies who invest in capacity building of local producers and hence cannot afford high prices (VN05-Company).

VN10-Company suggests reducing intermediate phases without creating benefit conflicts to encourage farmers to carry out a preliminary processing of the coffee (e.g., drying) to increase its value and price so that only big companies can afford direct purchases without the competition from smaller local agencies (middlemen).

## SECTION 5. CONSIDERATIONS FOR APPLYING JURISDICTIONAL APPROACHES

### 5.1. Suggested translation

What makes the jurisdictional sustainability concept and the jurisdictional approach different from other landscape approaches is the emphasis on jurisdictional powers, including enhancing the roles of governmental actors in local governance processes and addressing legality issues. In other words, jurisdictional approaches do not only mean to govern by administrative boundaries but also emphasise the needs of effectively devolving and practising governance powers according to specific jurisdictional levels.

Therefore, the translation of these two notions should explicitly mention the ‘jurisdiction’ aspect. In that light, the translations for “jurisdictional sustainability” and “jurisdictional approach” are recommended as “*sự bền vững theo vùng thẩm quyền*” and “*phương pháp tiếp cận theo vùng thẩm quyền*” respectively in Vietnamese for a literal understanding.

### 5.2. The status of landscape approaches to sustainable commodity production in Vietnam

There have been an increasing number of landscape approaches projects in Vietnam to achieve sustainable commodity production, especially for forest-risk commodities. Within the limited scope of this project, this section focuses on the lessons learnt from our interviews about the projects conducted in the Central Highlands, Vietnam.

#### 5.2.1. IDH’s Initiative for Sustainable Landscape Approach in the Central Highlands of Vietnam

IDH’s landscape approach is based on three objectives: creating sustainable **Production** areas; ensuring the **Protection** of forest and natural resources in sustainable production areas; and enhancing the **Inclusion** of farmers’ and communities’ livelihoods (PPI) (IDH (b), 2018). The PPI objectives can be achieved by strengthening landscape governance, connecting demand with supply and catalysing new sources of finance (Ibid.). IDH started engaging in the Central Highlands in 2013 and started the first landscape project in 2015 (interview an IDH representative). The Initiative for Sustainable Landscape Approach (ISLA) is applied to the coffee production in Lam Dong and Dak Lak Provinces, Vietnam.

A strength of ISLA in Lam Dong is the engagement of a high-level governmental official (the Vice-chairman of the People’s Committee of Lam Dong Province) as the Chair of the Landscape Steering Committee (IDH (c), 2018). Provincial approvals help facilitate the activities of non-state actors within the programme. The Committee was established by IDH in 2016 and comprises some key governmental departments, three large international companies, and a state-owned coffee exporter (IDH (c), 2018).

At the provincial level, ISLA supports Lam Dong Province to develop their Green Growth Action Plan. This Plan is part of the Lam Dong Master Plan – a legally binding document to be approved by the Prime Minister of Vietnam with public funding allocation for implementation.

At the district level, ISLA facilitates PPI compacts. These compacts aim to establish agreements among key stakeholders to promote sustainable agricultural practices while protecting forests and improving smallholders' livelihoods. However, no representative of domestic private actors (of either large or small scales) or smallholders sit on the compacts. As mentioned in the lessons learnt from some international practices in Section 3.3., exclusion of diverse domestic non-state actors on the high-level Landscape Steering Committee should be revisited to promote 'inclusion' beyond ISLA's objective, namely the inclusivity principle of jurisdictional sustainability. As the Landscape Steering Committee operates at the provincial level while PPI compacts are at the district level, there might be some engagement gaps between domestic non-state actors and smallholders in PPI compacts with the steering committee. If those gaps are not fully addressed beforehand, there might be challenges when operating PPI compacts.

At the beginning, the ISLA relied on the support of large international companies to operate PPI models in the compacts. However, an IDH representative indicated that since 2018, IDH has shifted from relying on companies to involving local authorities at the ward level. Since 2020, IDH has scaled up the compacts to the district level (Di Linh and Lac Duong districts). To do so, IDH conducts pilots at some wards, while the district people's committees cover the rest. Accordingly, the management board of each compact comprises a district leader as the chairperson, together with IDH and a representative of a large company (if available). The management board of a PPI project includes the following members:

- Chairperson: Chairperson/Vice-Chairperson of the district people's committee
- Standing Vice-chair: IDH
- Vice-chair: a company (depending on each project area)
- Secretariat: usually the district agriculture division, with IDH support
- Project director: a representative of a private company
- Project vice-director: a representative of a ward people's committee
- Consultation meetings: inviting ward representatives, communities (commune level) depending on consultation scales.

In each project area, the aim is to follow global standards, in particular those of the EU and the US. However, IDH does not conduct commodity certification schemes (interview with an IDH representative).

According to an IDH representative, the biggest challenges to expanding their model are resources, consensus-building, and information/data sharing to effectively operate the monitoring and assessment systems. Regarding resources, IDH's resources (as a non-profit organisation) does not suffice to cover large-scale projects in the whole provincial jurisdictions. Therefore, since 2018 IDH has developed connections with, and capacity building for local authorities to enhance their roles in conducting landscape projects in their jurisdictions. As for consensus building, IDH finds it crucial for smallholders to reach consensus, since they are the direct practitioners. However, the demographic features of the Central Highlands are diverse, with smallholders from both the Kinh and ethnic minority groups. Hence different approaches are required to work with different communities. Finally, data sharing and management is key to ensure consistent governance across a landscape and sectors. For instance, responding to the ban of using glyphosate in agricultural production, an IDH

representative shared that, Krông Năng and Di Linh districts collaborate and effectively share information for compliance monitoring. Meanwhile, it is still an unresolved problem in many other jurisdictions in the Central Highlands as local authorities cannot regulate illegal markets selling glyphosate to farmers (VN01-INGO, VN07-Public expert).

### 5.2.2. The CAFÉ-REDD project in Lam Dong

Building upon the experience gained from promoting sustainable agriculture in Vietnam and elsewhere over the years, SNV sets out six key elements of sustainable and deforestation-free agriculture to achieve REDD+ and low emission land-use goals in Vietnam (SNV, 2021):

- (1) Understanding landscapes and changing practices
- (2) Public-private partnerships
- (3) Private sector engagement in deforestation-free supply chains
- (4) Adaptive and collaborative management at the farm-forest interface
- (5) Supporting smallholders to transition to sustainable agriculture
- (6) Leveraging finance

Accordingly, SNV promoted the Café-REDD project with a landscape approach in Lam Dong during 2018–2021. The project comprises three components (SNV, 2021):

- Strengthening institutional capacity for landscape governance
- Engaging the private sector on deforestation-free and inclusive agribusiness models
- Supporting smallholders' transition to coffee agroforestry and alternative livelihoods

In an interview, an SNV representative provided more details on the project activities.

#### ***(i) Strengthening institutional capacity for landscape governance:***

- Enhancing public-private dialogues to establish mutual understanding of each other's needs, objectives and challenges to bridge the gaps among stakeholders.
- Supporting Lac Duong District to review its land-use plan to ensure 85% of forest cover while maintaining livelihoods for smallholders.
- Supporting institutional establishment for local forest protection and community-level land-use planning.

#### ***(ii) Capacity-building for the private sector:***

- Signing collaboration contracts with cooperatives in Lam Dong Province.
- Supporting local brand development and developing business plans.
- Supporting application of new technologies such as electronic tracing.
- Supporting knowledge sharing on sustainable coffee production models.
- Supporting the participation in sustainable coffee certification schemes.

#### ***(iii) Supporting smallholders transition to coffee agroforestry and alternative livelihoods:***

- Providing technical training for sustainable farming practices.
- Supporting equipment, organic fertilisers, high-quality seeds, etc.
- Supporting smallholders to generate evidence of deforestation-free production land areas.
- Supporting the creation of non-forestry livelihoods.
- Ongoing plans: seeking credit mechanisms suitable for smallholders.

Like IDH, SNV identifies the enhancement of stakeholders' understandings of the objectives and benefits sustainable and deforestation-free agriculture in the region as a major challenge. The lack of understanding among stakeholders would affect the collaboration among stakeholders and make it difficult to convince smallholders to engage (interview with an SNV representative).

Furthermore, SNV recognises the crucial role of local authorities, from the provincial to lower levels. Once these authorities understand and agree with the objectives of promoting sustainable agriculture, their involvement and support can help ensure the consistency of the management process and gain the collaboration of other actors. In particular, local authorities can enforce actions to protect smallholders and private actors participating in sustainable schemes against outsiders with conflicting objectives (SNV interview).

Another huge challenge that SNV is trying to tackle is traceability. Currently, the CAFÉ-REDD project uses a satellite monitoring system called Terra-I, which detects land-cover changes resulting from human activities in "near real time" (SNV, 2021). However, this system still does not constitute a complete supply chain traceability system because in practice, it does not show if a deforested area falls into a planned or unplanned area (SNV interview). Therefore, it requires rangers to double-check on site to identify whether actual deforestation occurred. However, rangers are usually already busy with other tasks (Ibid.). SNV proposes three options to improve the traceability system:

- (1) Linking their existing "near real time" deforestation monitoring system with the existing databases and traceability systems of traders and certification schemes that are operated in the Central Highlands.
- (2) Promoting self-traceability of small- and medium-sized local companies.
- (3) Creating a district-wide arabica production region by establishing a network of local traders acting as village-level collectors to collect all arabica coffee within that region.

The first option relates to the problem of lacking a sustainable commitment to maintain operating data management when relying on international actors. Accordingly, there should be a link to local state actors and incorporate such databases and monitoring systems into the governmental systems.

The second option should also be linked to the first option in the long-term. A possible governance vision might be towards creating a network for bottom-up data collection that helps small- and medium-sized local companies to work as intermediate data hubs.

Meanwhile, the third option seems to replace the involvement of informal unregistered middlemen in the value chain. That option, therefore, might face political obstacles due to

benefit conflicts with these actors. However, it is also a favourable option mentioned by some interviewees in this study to shorten the value chain for better data management, as well as mediating better benefits for farmers who are sometimes adversely influenced by the interference of some middlemen.

### 5.3. Considerations for applying the Transparency Pathway model to Vietnam

Lessons learnt from previous studies reviewed indicate that there are some common requirements for developing an effective application of the jurisdictional approach in Vietnam, given the existing challenges for local sustainability governance, such as fragmented stakeholder involvement, lack of devolved powers, insecure policy prospects, and inefficient compliance monitoring:

- Regulated and enabled *multistakeholder participation* in the whole governance process, focusing on:
  - Multistakeholder interactions and participation in local governance processes are enabled and supported by regulations.
  - Ensuring equity and inclusivity among participating stakeholders.
  - Empowering stakeholders' engagement through capacity building and effective policy communication. Empowering stakeholders can enhance informed autonomous participation rather than coerced compliance. This point raises the need for transparency and stakeholder communication.
  - Enhanced roles of governmental actors to proactively support the whole process.
  - Enhanced roles of international state cooperation agreements and non-governmental organisations.
  - Sharing, respecting and understanding indigenous values and conditions.
- Effective *distribution and synchronisation of authority powers*, including:
  - Supportive involvement of central governmental actors in local governance.
  - Effective decentralisation of decision-making powers to local governments to enhance their roles in local governance processes, especially in relation to usually high-level policy-making fields such as land-use and sectoral planning.
- Secured and consistent *legal basis and management instruments*, including:
  - Domestic regulation: consistent and synchronised legality across governing levels (central policy directions versus local interpretation and implementation) and sectors/fields (avoid conflicts and gaps among policies in different management fields) to reduce policy fragmentation and insecure forecast of policy directions.
  - International regulation: matching domestic regulations and standards to the most common international requirements.
- A reliable and transparent *data management system* to increase the traceability and credibility for the governance process through:

- Participatory monitoring and reporting to enhance transparent and peer pressure via cross-checking (for instance, lessons from the cases of Minas Gerais in Brazil and Terpercaya in Indonesia), and to empower all local actors, especially the most vulnerable.
- Public-private collaboration in data management systems for seamless information sharing.
- Sustainable *financial mechanisms* to enable long-term operation, including:
  - Diversifying market access – reaching out to diverse international and domestic markets for sustainably produced commodities.
  - Supporting small producers who cannot afford joining international certification schemes, to prove the sustainability of their products (through a traceable system) and help them find domestic market outputs.
  - Enhancing the role of domestic businesses and mobility of resources beyond international financial aids.

## SECTION 6. CONCLUSION AND RECOMMENDATIONS

The Central Highlands is an important region for Vietnam both for socioeconomic and natural resources-environmental aspects. Government policies on economic innovation in recent decades have created great changes in the socioeconomic structure of the Central Highlands, such as demographics, economic activities and the exploitation of natural resources. Therefore, the impacts of economic activities on the natural forest ecosystem in the Central Highlands are also very significant. For years, the Central Highlands provinces have suffered great damages from deforestation driven by illegal logging, over-exploitation and agricultural production. Because of the disadvantages of terrain, culture and socio-political issues, forest protection in the Central Highlands has always been difficult for all management levels. This has raised questions about the effectiveness and practical impact of current forestland management frameworks.

Numerous programmes and projects have sought to promote sustainable and deforestation-free agricultural production in the Central Highlands with the involvement of prestigious international actors, enterprises, and even provincial to local authorities. Some projects have even proved success is possible at small-scale landscape levels. Nonetheless, an unanswered question remains among our interviewees: why can these successful pilot models of sustainable agricultural production be up-scaled at the district and provincial levels?

Although not exhaustively, this report points out some gaps in seeking to answer this question. It shows that most of the gaps are interconnected. For instance, some programmes (such as those coordinated by IDH and SNV) have successfully involved the provincial level in steering committees and ensured multistakeholder engagement in pilot projects. However, there is still a gap between the high-level steering committees and the grassroot multistakeholder engagement. This gap is the absence of representatives of domestic non-state actors, sub-provincial authorities and farmers on those steering committees. It might be cumbersome to include many actors in a provincial steering committee. However, even in that case, the planning of activities should be better prioritised in a bottom-up approach. Currently, most governance processes in the Central Highlands (as well as elsewhere in Vietnam), even through innovative landscape approaches promoted by INGOs, are still largely top-down, in which higher-level actors set directions for implementation at lower levels. From policy making and governance target-setting to managing local compliance and actual practices, our empirical data raises the issue that locally contextualised governance has not been performed as meaningfully as it should be.

These gaps in multi-level governance arrangements then cause fragmentations in perceptions of sustainability objectives and values among stakeholders. While knowledge and information can be conveyed through training and communication, in-depth understanding that leads to autonomous actions is not easily grasped by all stakeholders equally. Throughout our interviews with smallholders and those working closely with them, there was a sense of expectations from farmers asking for support being constantly postponed, while other actors complain about farmers' resistance to change their farming practices, even for such a small step as picking green fruits that causes low-quality products. That is a vicious cycle of lacking *relevant and meaningful* support leading to low capacity of farmers to make the contributions

that they want to. Such a cycle then leads farmers to be the most affected and the most blamed simultaneously.

Furthermore, an important concern in multistakeholder engagement is the role of local authorities and their performance. Many actors still view approvals and support from authorities as key to ensure successful sustainability governance. However, as analysed in Section 4, some instances of ineffective engagement and performance of local authorities stem from other gaps in the institutionalisation and public financing mechanisms for forest protection and sustainable agriculture promotion. Meanwhile, problems with financing sustainable agriculture and forest protection are closely linked to gaps in production value chains, certification schemes and market outputs.

Given the interconnections of the gaps analysed in this report, they need to be addressed in a synchronous manner. Moreover, building upon the experiences from previous landscape projects in Vietnam and elsewhere, the pursuit of jurisdictional sustainability in the Central Highlands region should take advantage of jurisdictional aspects to tackle existing gaps in local sustainability governance. A way forward could be, not only to engage, but to empower local authorities and communities to shape their own priorities and tackle their own problems. Indeed, a subtle difference between landscape and jurisdictional approaches is the capacity and power of local authorities at each jurisdictional level to make the choices that suit their local contexts and needs. Therefore, local empowerment should be done with the involvement of actors from different levels and sectors, including central state actors to decentralise appropriate decision-making powers and supporting instruments for local authorities to perform their roles. International actors, from NGOs to enterprises and even certification schemes, have laid a helpful foundation for the introduction of sustainable agriculture in Vietnam and create markets for sustainable products. However, it is domestic resources and capacity that will define sustainable operation of local sustainability governance systems.

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**EU REDD**  
Facility





**Mekong Development  
Research Institute**  
Power of Knowledge

**Add:** 8<sup>th</sup> Floor, Mercury Building,  
444 Hoang Hoa Tham, Hanoi

**Tel:** +84 24 3247 4668

**Email:** [info@mdri.org.vn](mailto:info@mdri.org.vn)

**Fax:** +84 24 3247 4596

**Website:** [mdri.org.vn](http://mdri.org.vn)