

VIETNAM: PRESERVING FORESTS, ENGAGING COMMUNITIES



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With approximately 92 million people living in the country's 330,000 km² land area, Vietnam is Asia's most densely populated country. About 71% of Vietnam's population lives in rural areas and relies heavily on the country's vast forests for survival. Nearly half of the country is comprised of forest and despite a relatively small net rate of national deforestation, the issue remains a cause for concern in multiple provinces. Efforts to halt or slow this forest exploitation can provide significant economic and climate benefits to Vietnam and its people.

The province of Thanh Hoa is no different, as the majority of farmers live at or below the poverty line in many of Thanh Hoa's rural communities, driving them to exploit their local forest resources. "Of our 164 households, 19 are considered poor and 43 live below the poverty line," said Mr. Hong, the Chairman of Thanh Hoa's Hang Cau village. It is in places like Hang Cau, where both people and ecosystems stand to benefit most from Payments for Forest Environmental Services (PFES), a payment mechanism established between forest environmental service users and forest environmental service providers, with an aim to mobilize contributions from society for forest protection and to enhance the economic value of the forest environment.

In 2012, USAID's Vietnam Forests and Delta Program partnered with the Government of Vietnam's Ministry of Agriculture and Rural Development (MARD) to implement the PFES, which became a nationally mandated decree in 2010. To date, this is the first PFES system to be nationally mandated in all of Asia and currently accounts for \$55-60 million USD annually, nearly 25% of the Government of Vietnam's total annual investment into the forestry sector.

In the case of Vietnam, hydropower users pay for the bulk of ecosystem services provided through maintaining and enhancing upland forest watersheds. Currently hydropower plants pay 20 VND per kilowatt-hour to the Forest Protection and Development Fund (a government organization under MARD). Twenty VND is the equivalent of about one tenth of a cent. While one-tenth of a cent seems minuscule, the PFES system generated \$157 million USD between 2011 and 2014 and has expanded from three



Le Van Hong (village head) shows Le Cong Cuong (PPMU) the new fence, paid for by PFES earnings, that keeps cattle from damaging the forest.

initial provincial forest funds to 37 funds servicing 100,000 forest owners and users. Furthermore, the annual PFES money paid to forest owners has protected nearly 3.3 million hectares of forest yearly, accounting for 27 percent of Vietnam's total forested area.

Mr. Cuong, Director of Thanh Hoa's Provincial Forest Protection and Development Fund stated, "PFES is still a relatively new policy here in Vietnam but we think it's hugely important. For the first time forest conservation is widely recognized by the public which has greatly changed the awareness of forest protection and management." He added, "Plus, this system will help create financial resources where government investment is currently limited."

On average, households in Vietnam received 1.8 million VND per year (about \$82 USD) through the PFES system. That amount can range as high as \$400 USD per year in some provinces, but payment varies greatly depending on how much forested land each province protects. The PFES benefits are tangible, even in Thanh Hoa, a province with a smaller area of forest to benefit from and protect.

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In the village of Hang Cau, the people who monitor the forest receive 150,000 VND per person per day of work (about \$7 USD). To put this into context, the average per capita income in Vietnam in 2014 was just under \$5.50 USD per day. The rest of the money is put toward village renovation and an emergency fund. Last year the village was able to completely renovate its deteriorating community center and put up a new fence to control cattle grazing over 38 hectares of land. “Before the fence, the cattle grazed freely and often imposed damages on the forested land. The fence allowed us to establish a cattle zone which has lessened the cattle’s impact on the forest,” said Mr. Hong.

In addition, the village was able to set aside additional funds, which will be used to co-finance – with the government of Vietnam – vital improvements to the village road, making it easier for farmers to reach the countryside and transport their harvests back home.

Mr. Hong stated, “The system is new, so it won’t lift us out of poverty immediately but we have been able to make these infrastructure improvements that benefit the forest and our community.”