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Impact of Payments for Ecosystem Services on Livelihoods of Local Communities Around National Parks in Vietnam



Introduction

- About PES in Viet Nam
 - Deforestation has created problems for local people in the uplands with downstream negative effects (erosion, drought, flooding, landslide, etc.)
 - To protect ecosystem services, and to reward local communities in the uplands who protect forest in the watershed areas (including protected areas) Viet Nam has issued a number of policies.
 - In 2010, the government of Viet Nam became first country in Asia to institutionalize a nationwide policy on “Payment for Forest Environmental Services” (PFES).
 - This Decree No. 99 requires users of forest environmental services to pay for suppliers of these services.
 - The service users identified are water supply companies, hydropower plants and tourism companies.
 - These companies charged their users 20 VND/1kwh of electricity; 40 VND/1m³ of water, and 1%-2% of tourism company revenues.
 - If a Protected Area is located in a river catchment/watershed area and provides above services, then they receive PES payments

Protected Areas in Viet Nam and PES

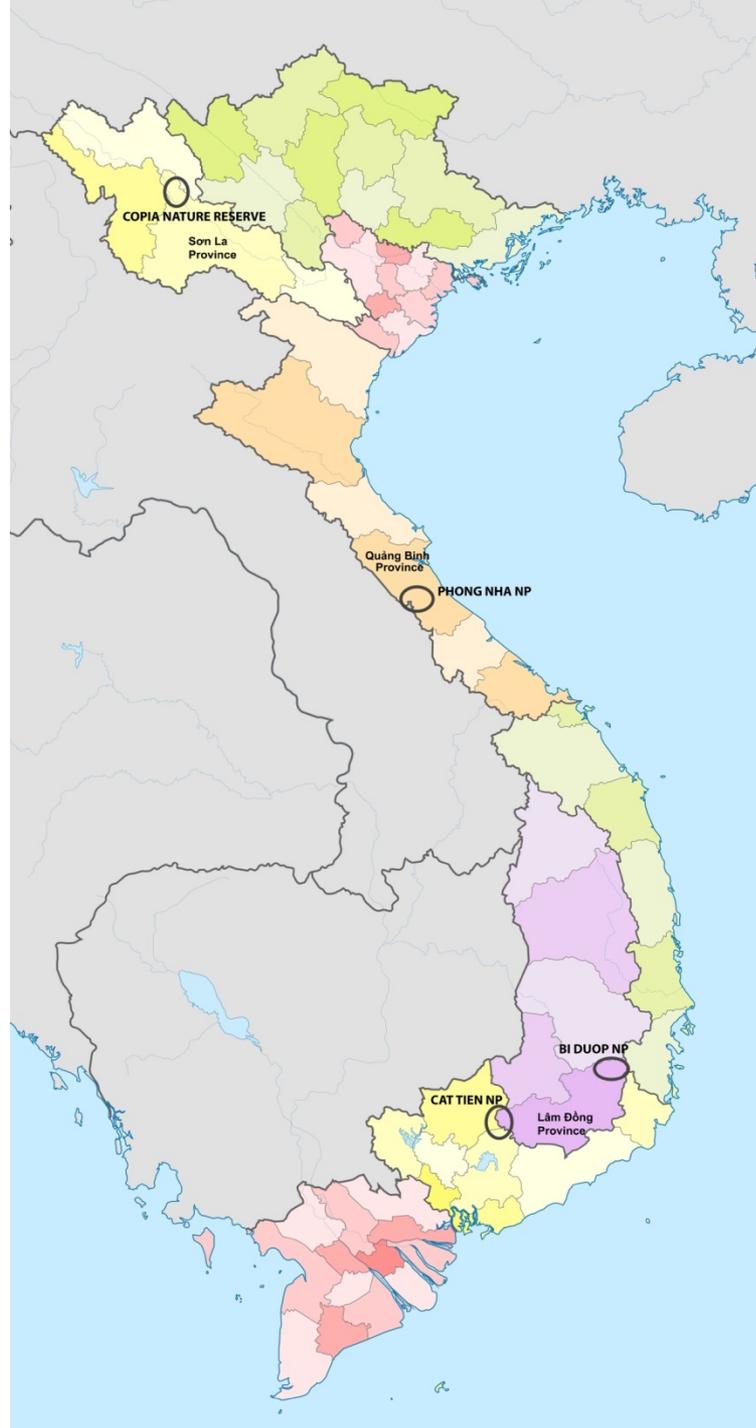
- Vietnam classifies forests into three types: special use, protection and production (ranked in order of biodiversity importance).
- As of 2010, 161 Special Use Forests (2,198,744 hectares) have been identified and classified, including:
 - 30 national parks
 - 55 nature reserves
 - 11 species and/or habitat reserves
 - 45 landscape protected areas
- There are no clear statistics yet on how many PAs are receiving PES money, but it appears to be less than other types of forest (protection & production) (see following table). This is because special use forests are not always located in upstream watershed areas (sites of most PES payments).

Selected Provinces	Special-use forest (ha) receiving PES	Protection forest (ha) receiving PES	Production forest (ha) receiving PES	Total Forest area receiving PES	% of Provincial PES money that goes to special use forests
Cao Bang	2,530	57,358	33,295	93,183	3%
Binh Dinh	125	4,016	728	4,869	3%
Lai Chau	29,410	226,307	168,335	424,052	7%
Lao Cai	15,288	64,006	42,208	121,502	13%
Kon Tum	45,749	102,441	176,729	324,919	14%
Quang Nam	52,556	105,978	18,072	176,606	30%
Dien Bien	54,913	65,968	57,130	178,011	31%
Dac Nong	53,148 (combined with protection)		110,749	163,897	32%
Quang Tri	3,352	3,890	1,218	8,460	40%
Thanh Hoa	22,308	11,027	9,500	42,835	54%
Binh Phuoc	26,133	11,726	4,655	42,514	61%
WHOLE COUNTRY	233,189	695,207	628,283	4,232,531	6%

Models of PES for PAs

- Most PAs receive PES money on a yearly basis from the provincial government (e.g. they do not contract directly with buyers) in which they are located based on the acreage and topography.
 - Entrance fees to parks are NOT considered PES fees. Parks in general do not keep or manage entrance fees (they go to the provincial or national budget).
- It is not yet entirely clear how PAs can legally use the PES money they have been receiving since 2012. For example,
 - Can they spend on hiring new rangers?
 - Can they spend on tourism activities?
 - Can they spend on educational activities?
- To date, most PAs have spent PES money on contracting with local households to supply protection activities (e.g. patrolling PA lands, signing agreements to not deforest in PA lands, etc). This is clearly allowed in the PES law, while other activities of PAs are unclear in the law.

MAP OF PROTECTED AREAS DISCUSSED IN PRESENTATION



1. Copia Nature Reserve, Son La Province

- Total area: 11,999 ha, under management of the province
- Subcontract with local community to protect forest (2,102ha). PES paid about 454 mil. VND (22,700 USD)
- Payment from PES adds to other payments to pay to community for patrolling and watching the forest.
- With the added payment of PES, the payment for protecting forest has been increasing which has motivated/encouraged local people to be more interested in forest protection and local people understand the benefit of protecting the forest
- The PES payments are very small, so it can not be divided to every households in the village but it is used as community budget and paid for common village events such as New Year's party or buying equipment for community house.

2. Bi Duop National Park, Lam Dong province

- Bi Duop NP was established in Nov. 2004
- Total area: 70,000 ha, located in Lam Dong province, Central Highlands of Viet Nam
- Bi Duop is watershed of Da Nhim, Krong No rivers with hydropower plants down streams.
- 42,000 ha forest contracted with 1,245 HH, and 5 groups for protection. Average 37.2ha/HH protected per HH.
- About 8 bill. VND (400,000USD) yearly paid local people for forest protection
- Average amount received by a HH is about 8.2 mill. VND/year (410 USD) -- nearly 82% of annual HH income.
- This provides good cash income for local people if the forest area allocated to the HH is large (more than 30 ha/HH).



3. Cat Tien National Park, Lam Dong, Dong Nai and Binh Phuoc Provinces

- Total area: 71,350 ha over 3 provinces. Received: 7,892,813,500 VND (\$375,850 USD) from PES in 2013
- Area of forest contracted with local people: 26,636 ha to 927 households. Households receive 300,000 VND (14 USD)/ha for protection activities, and patrol in community groups. HH can make up to 13.5 million VND (\$642 USD)/yr.
- Nearly all participating HH are in ethnic minority communities enclosed within park who have little other job opportunities
- Payments can be complicated because payment rates per ha for PES differ between provinces (and the park lies in 3 provinces). Thus the park has to pool PES funds to ensure every HH gets equal payments. This can reduce true conditionality (there is no direct linkage between buyer/seller of env. service)

4. Phong Nha-Ke Bang National Park, Quang Binh Province

- This PA has the only case of direct buyer to seller PES in the whole country.
 - It is also a case of PES coming from tourism (not energy or water user fees); only 40 tourism PES contracts have been used in Vietnam, accounting for less than 1% of total PES fees in whole country.
- Private tourism companies have negotiated directly with the park to provide PES funds to be used for park protection activities.
 - For example, the tourism company Oxalis pays \$400/guest to the park for tourists who take a special caving tour of the park (priced at \$3000/pp/6 days total).
- However, the park is encountering pressure from the provincial authorities who want to use the tourism PES fees for the provincial budget, rather than direct payment to the park. If this happens the park is unlikely to see much of that PES money.

Pros of Using PES Funds for PAs

- Motivating local people as well as social organizations and even private companies to be involved in forest protection
- Generate more funds for forest protection and reduce burden for government budget
- Decrease the pressure of forest dependence of the local people
- PES works for protected areas that are upstream of water/energy users so that sufficient funding can be generated
- Potentially increase the forest area, especially in the watershed area
- New sources of funds for PAs outside state budget
- Potential cash income for local people in the uplands



Constraints of PES implementation for protected areas

- PES is not well targeted to the most biodiverse protected areas because it is based mostly on watershed services, not on other environmental services.
- Bureaucracy and complicated monitoring system have lead to delayed payment to local people
- Different payment rates in different areas lead to conflicts among communities
- Potential conflict among communities created when some get PES payment and some does not
- Complicated monitoring system undertaken by Forest Fund leads to delay and is costly
- Pressure on PAs from other government agencies to take PES funds for other uses.

Conclusion

- PES: - Good lessons for involvement of LP in forest protection and
 - A substantial contribution to the national forestry development budget
- PES works when: - clear beneficiaries,
 - where: - forests are not fragmented
- PES does not work when: - funding amounts are low and forests are fragmented
 - where: - no clear beneficiaries for PES
 - local officials see PES as a way to increase state budgets, not fund environmental protection
- Monitoring and evaluation system needs to be improved to reduce cost, and speed up disbursement process.
- Mechanism of feedback, participation, negotiation between payers – buyers should be clearly set up

