

targets such as forest cover, forest type, and forest conversion pressures are being measured to ensure performance-based conditionality for watershed AND REDD payments. More work is needed to identify common monitoring elements and reduce transaction costs needed to ensure transparency and credibility where feasible.

To address these issues, the province and MARD recently called a national stakeholders meeting in Lam Dong, which was attended by MARD, MONRE,

Ministry of Finance, Ministry of Justice, MOIT, EVN, Lam Dong PPC, provincial, district, and commune implementation agencies, and local level stakeholders. Local voices were strongly heard and considered by all. Their concepts and ideas will support further versions of the draft in terms of mechanism development with reference to organization of the patrols and recommendations that payments, contracts, and responsibilities for carrying them out go to individual households while patrols be conducted in groups.

The experience generated thus far is informing the writing the PFES decree. It has identified many improvements that can be made including the need to be more specific about design of the national and provincial payment mechanisms, implementation of the land-use strategies, and enforcement approaches that will be required to strengthen additionality and conditionality to strengthen and sustain national and international PFES markets.

REWARDS, USE AND SHARED INVESTMENT IN PRO-POOR ENVIRONMENTAL SERVICES - AN EXPERIMENT IN DOING PES IN VIET NAM

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training in PES at the local level. This is where RUPES II can complement the national efforts.

The four-year RUPES II program (Rewards, Use and shared investment in Pro-poor Environmental Services) starting from October 2008 was approved by IFAD. It is building on the success and experiences of RUPES I

(Rewarding Upland Poor for Environmental Services that they provide). RUPES II is further developing and propagating Rewards/Payment for Environmental Service (RES/PES) mechanisms, and supporting RES/PES being integrated into policy in various Asian countries. Viet Nam is one of the RUPES II

1. PES and RUPES in Viet Nam

Although the Vietnamese Government welcomes pro-poor RES/PES, implementation on the ground is challenging due to: (i) overlaps in organizational structures and functions among different ministries; (ii) critical gaps in the supportive laws, regulations and policies needed for local communities to participate in PES contracts; and, (iii) limited understanding of PES and pro-poor PES among decision-makers, the private sector and communities (Pham et al., 2008). Progress requires a multi-sector approach and further action research to support policy development and



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action sites.

RUPES II activities in Viet Nam are at two levels with specific objectives:

National: Influencing policy in order to create an enabling environment for Reward for Environmental Services (RES).

Action site: Developing and propagating RES at (i) the buyer level (water users, carbon funds and markets, eco-tourism) to build attention for ES provided by the rural poor; (ii) incorporate the development of RES/PES mechanisms into mainstream IFAD rural development projects and other relevant GEF co-funded development programs; (iii) support for brokers, certifiers and other intermediaries who link ES sellers to buyers; and, (iv) providing training for trainers (ToT) on Rapid appraisal methods, developed by ICRAF and partners within RUPES I project.

2. How to apply PES experiences and lessons learnt in Viet Nam to Bac Kan?

2.1. PES lessons learnt in Viet Nam

Lessons learnt (Hoang et al., 2008a) have shown that:

For watershed function: (1) demonstrating the costs and benefits from watershed protection is a key requirement to persuade buyers to become involved; (2) government enforcement is needed in addition to voluntary contracts between buyers and sellers; and, (3) initial funding is needed to enable changes in land use practices.

For carbon sequestration: (1) forestry development projects can be integrated with carbon benefits using voluntary payment mechanisms; (2) clear benefit sharing arrangements and the involvement of local communities and farmers are critical to successful project implementation; and, (3) making carbon benefits tradeable is important,

requiring government support through policy, capacity building, and, in particular, raising awareness of climate change.

For landscape beauty: substantial funds can be generated through tourism by introducing user fees for service provision. Challenges still exist in identifying a clear mechanism for the allocation of funds to local communities.

2.2. Integrated watershed management approach in Bac Kan and three potential environmental services

Many research and development programs have shown the integrated watershed management approach to be suitable for achieving the triple goal of poverty alleviation, sustainable economic development and environmental protection in upland areas. Bac Kan province, with five rivers running through all seven districts and Bac Kan town, is an ideal place to apply this approach.

In each watershed, environmental services are defined and the relationship between upstream and downstream is mapped in order to define ES providers and ES beneficiaries. Intermediaries and their roles in linking ES providers and ES beneficiaries are identified. The potential intermediaries can be organizations working directly at a

'grass roots' level, such as farmers' associations, women's associations and other civil organizations such as research groups, universities and NGOs. Since PES is new, capacity building in PES terms and methods is essential. A series of rapid appraisal methods on environmental services will be used for training to enhance the capacity of intermediaries as well as relevant stakeholders.

Three potential environmental services in Bac Kan are: (i) watershed protection, (ii) carbon sequestration, and (iii) landscape beauty. The first two services have potential in all three project districts, while landscape beauty is particular to Ba Be (Hoang et al., 2008b).

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