

Vietnam’s Payment for Forest Ecosystem Services

Critical transitions:



Innovation: Paying for nature

Geographic focus: Vietnam

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In 2008, Vietnam was the first country in South-East Asia to pilot a national policy called the Payment for Forest Ecosystem Services (PFES) scheme, with the support of USAID. After two years, the scheme was launched nationwide through legislation²⁰⁰ establishing the forest environment services that must be paid for by beneficiaries (e.g. hydropower plants, water utilities, industry, tourist service providers) to forest owners. Forest services include soil protection, maintenance of water sources, carbon sequestration, biodiversity conservation and the provision of spawning grounds, sources of feed and natural seeds.

To date, the majority of the buyers of PFES have been water supply companies and hydropower plants. Deforestation causes sediment runoff from loose soils, which impacts their operations. The payments from the sale of PFES contracts are distributed to ecosystem service providers (e.g. local communities/land users) via government agencies. Vietnam’s PFES differs to other “payment for ecosystem services” schemes in that payments are not linked to results, but rather the scheme compensates individuals for engaging in active forest conservation – independent of performance. The primary beneficiaries are the local communities with rights to the forest lands. Overall, 355,000 households are receiving PFES payments by managing 3.5 million hectares of forest (25 percent of the total forest area in the country).²⁰¹

Stakeholders:

Vietnam Ministry of Agriculture and Rural Development; Winrock International; USAID

Status:

● Operational