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SITE PROFILE

Tram Tau Protection Forest

Management, governance and finance





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Part I: Management and governance

History and development

Tram Tau district is located in the Hoang Lien Son - Pu Luong mountains, about 230km northwest of Hanoi. The district is one of the more remote parts of western Yen Bai province, and shares its western border with Son La province. Elevation in Tram Tau ranges from 400 to almost 3,000m. The area is characterized by steep slopes and fragmented terrain. Nearly 85% of the district has slopes of 25° or more. Two of the country's highest peaks, Ta Chi Nhu (2,979m) and Ta Xua (2,865m), dominate the landscape.

Figure 1: Location of Tram Tau District within Yen Bai



The district is part of the Red river watershed. Its numerous streams are important water sources for the lower Mu-ong Lo field, and Van Chan district and Nghia Lo town. The streams¹ could potentially be used for power generation in small and medium hydropower plants, or to storage water for dry season water supply. Flash flooding in the rainy seasons poses a risk to downstream infrastructure and people².

Forest cover in Tram Tau district is estimated to be 49.285,9 ha of forests, equal to a forest cover of about 62% . The conservation and sustainable management of these forests in Tram Tau district is important to mitigate potential risks such as landslides and floods. Accordingly, 73% of Tram Tau's forests are categorized as protection forests. The vast majority of the existing forests (40.919,08 ha) are managed by the Tram Tau Protection Forest Management Board (PFMB).

¹ Ngoi Thia, Ngoi Nhi, Ngoi Mu, Nam Tung, Nam Nhi, Nam Dong and Huoi Sa Phin

² Investment Project on Sustainable Forest Development for Tram Tau district in the period 2011-2015 and direction to 2020 (electronic document, provided by Tram Tau PFMB, December 2019)

Frequently used acronyms

CPC	Commune People's Committee
DARD	Department of Agriculture and Rural Development
DONRE	Department for Natural Resources and the Environment
FPD	Sub-Department of Forest Protection
NP	National Park
NTFP	Non-Timber Forest Products
MARD	Ministry of Agriculture and Rural Development
MONRE	Ministry of Natural Resources and the Environment
MOST	Ministry of Science and TECHNOLOGY
PFES	Payments for Forest Ecosystem Services
PPC	Provincial People's Committee
VNFOREST	Vietnam Administration of Forestry

People and land use

In 2019, Tram Tau district had a population of 33,600 persons, i.e. a comparatively low population density of about 45 people/km².³ However, annual population growth is high with about 2.5%. Twelve ethnic groups live in Tram Tau district. The indigenous H'mong people constitute the majority (79%). Kinh/Vietnamese people make up only 5% of the population. The remaining population belongs to other minority ethnic groups, including Thai (13%), Tay, Muong, Nung, Dao, Cao Lan, Kho Mu, Day, Phu La and Bo Y.

All groups rely heavily on natural resources, particularly forests and land, for their livelihoods. Common land management practices include shifting cultivation for rice and maize, free grazing of livestock (pig, buffalo, cattle⁴), harvesting of timber and non-timber forest products, hunting, and gardening (vegetables, fruit trees). The strong focus on agricultural activities makes people vulnerable to adverse weather conditions and other risks: coldness, drought, flash flooding and animal disease outbreaks.

Alternative income opportunities promoted by the government are the establishment of plantations growing perennial crops such as Shan tea and Son Tra (*Dacrydium indicum*), and timber (*Po Mu - Fokienia hodginsii*; *Ma-vi pine - Pinus massoniana*)

Poverty and belonging to an ethnic minority are considered as underlying causes for deforestation and forest degradation in Tram Tau. Among 9 districts of Yen Bai province, Tram Tau is the poorest one. In 2019, the poverty rate of Tram Tau district was at 44%. The Provincial Communist Party set the target to lower the share of poor households to 37.5% by the end of 2020.⁵ With the exception of Tram Tau town, all communes are formally categorized by the Government as extreme hardship communes.⁶

Drivers of forest degradation and unplanned deforestation are:

- Illegal forest encroachment and forest fires caused by swidden cultivation practices in dry seasons
- Illegal logging and unsustainable harvest of NTFPs linked to forests become more accessible from roads established for hydropower schemes and reservoirs
- Free grazing of livestock in (young) plantation forests.
- Communities resettled for the development of the Pa Hu and Tram Tau hydropower plants depend on forest resources, lacking of alternative incomes.

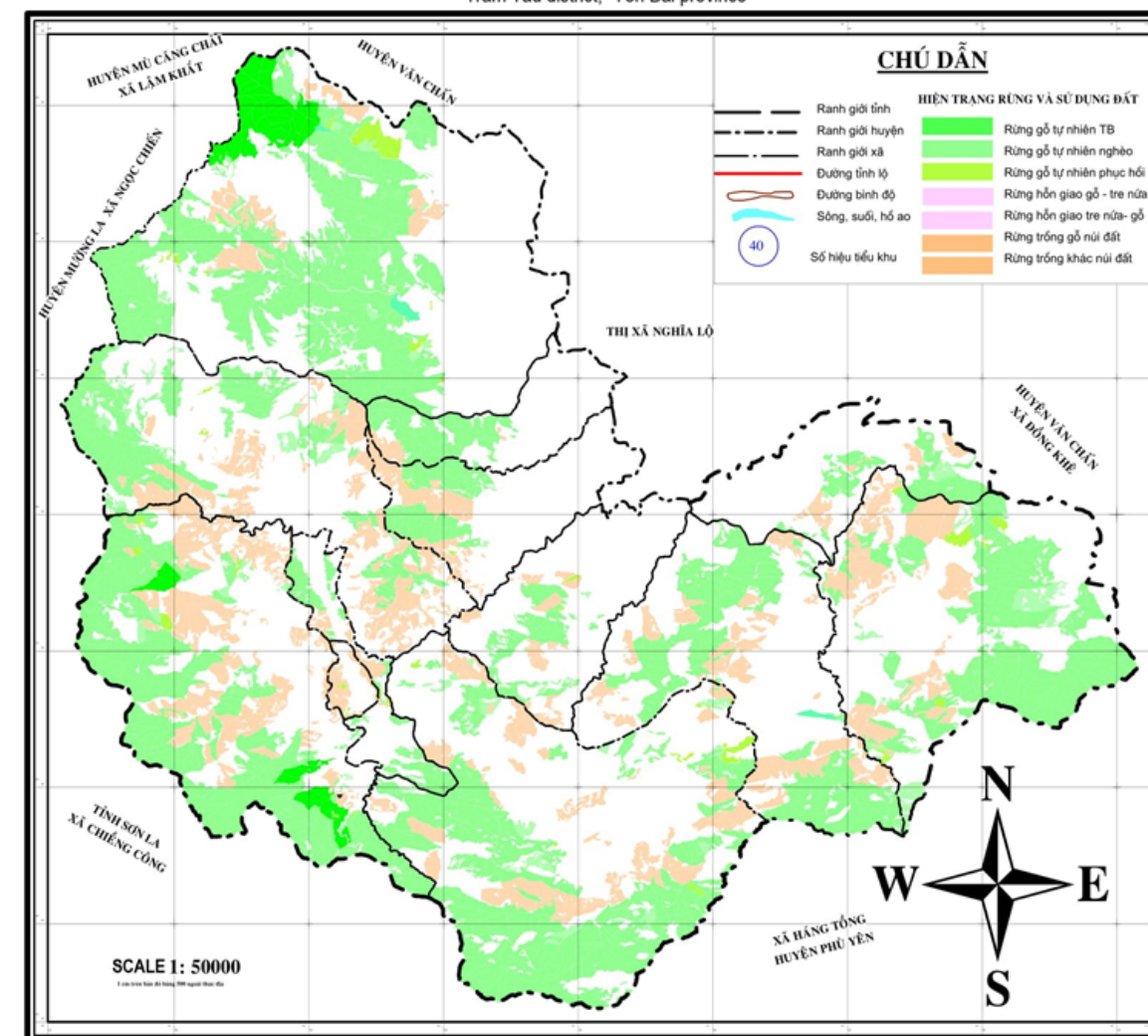
Conservation and sustainable use

Almost 58,000 ha of Tram Tau district are designated forestland. About 60% of this area is currently covered with forest. About 75% of forests are natural forests. However, the majority of these forests (>90%) are degraded.

Forest area and designated forestland fluctuates a little. In the period 2016 - 2020, the Government assigned 109 ha to other land uses. Land currently used for residential purposes is planned to be reforested in the period of 2021 - 2030.⁷

Figure 2: Forest and forest land in Tram Tau district

FOREST ENVIRONMENTAL SERVICE PAYMENT MAP
TRAM TAU PROTECTION FOREST MANAGEMENT BOARD
Tram Tau district, Yen Bai province



Tram Tau forests provide important ecosystem services listed in Table 1. However, there is no evidence or assessment in place to confirm conservation values of this forest block, except the recognition of diversity of the mixing tropical broadleaf and sub-tropical pine forests. Along with adjacent protected areas (such as Mu Cang Chai and Na Hau in Van Yen district), Tram Tau is one of the high conservation forested areas of Yen Bai province.

The importance of forests is reflected in the provincial conservation action plan. The plan aims at enhancing quality and increasing the area of (natural) protection forests, promoting biodiversity in plantation forests, restoring degraded ecosystems, as well as the sustainable utilization of natural resources.

³ National inventory of population and housing 2019 (Tram Tau District People Committee): 635 households 69 villages, 12 communes; See: <http://tramtau.yenbai.gov.vn/noidung/tintuc/Pages/chi-tiet-tin-tuc.aspx?ItemID=571&I=Tinhoatdong&lv=11>

⁴ Livestock number estimated at 43,200, producing about 295 tons of meat in 2020.

⁵ The plan No.170 dated January 2020 issued by the Provincial Communist Party of Yen Bai to implement sustainable reduction of poverty in 2020

⁶ Area III: socio-economics. Decision 50/2016/QĐ-TTg dated 3rd November 2016 issued by Prime Minister regulating criteria for villages of extreme hardship, communes of minority ethnics and mountains for period 2016-2020; Decision 582/QĐ-TTg dated 28th April 2019 issued by Prime Minister ratifying the list of communes of extreme hardship in minority ethnic and mountain areas for period 2016-2020

⁷ Draft Sustainable Forest Management Plan for Tram Tau PFMB for the duration 2021-2030.

Table 1: Summary of important forest ecosystem services to Tram Tau PFMB

Type	Forest ecosystem services in Tram Tau
Provisioning services	<ul style="list-style-type: none"> • Timber reserves estimated at 2,828,000 m³ • Bamboo estimated at 53,900 culms of all kinds • Non-timber forest products from many species used for various purposes such as food (bamboo shoots, <i>Dioscorea persimilis</i>, vegetables, Son Tra, ...), medicine or spice (cardamom, Hoang Lien ginseng, <i>Paris polyphylla</i>, ...), turpentine
Regulating services	<ul style="list-style-type: none"> • Regulation of water flow and quality for hydropower production & water supply • Prevention of erosion and land slides • Carbon storage and sequestration
Cultural services	<ul style="list-style-type: none"> • Tram Tau has a beautiful and typical landscape of the Northern mountainous region with high rocky mountains, terraced fields and attractive sites such as Eo Gio pine hill, Hang De Cho waterfall, adventure climbing points, hot mineral springs, etc. providing the basis for ecotourism development • Distinct and unique traditions of the indigenous ethnic groups linked to forests create valuable cultural values and are the basis for development of community-based tourism & experience travel.
Supporting services	<ul style="list-style-type: none"> • High biodiversity with 1,013 plant species & 255 animal species • Natural forests provide habitat for native flora and fauna.



Sustainable forest management and forest conservation

Tram Tau PFMB is the largest forest owner in the district, responsible for 50.812,7 ha (68%) of designated forestland. Of this area 40.919,08 ha are currently forested. Over 9,000 ha under its ownership are currently not stocked or used for agriculture but have been allocated to the PFMB for reforestation.

Against this background, the PFMB does have a critical role in achieving the environmental and social objectives of Tram Tau district (e.g. area under sustainable forest management including the shift to longer-rotation plantations, forest cover, availability of water resources, community access to forest, and improvement of local livelihoods via agro-forestry (e.g. collection of pine resin, Son Tra plantations (*Docynia indica*)).

Table 2: Land use in Tram Tau PFMB management area

Land use	Area (ha)	Area (%)
Protection forest	36.402,74	72%
Production forest	4.516,34	8%
Non-forest	9.893,62	20%
Total	50.812,7	

Source: Tram Tau PFMB 2018⁸

Key objectives of Tram Tau PFMB are:

- to maintain forest cover in the district by sustainably managing production and protection forest and
- to restore degraded or deforested areas

The PFMB receives funding from the Payment for Forest Environmental Services (PFES) for the area currently stocked with forest. The organization receives annual payments of 20-25 billion VND (USD 900,000-1,100,000).

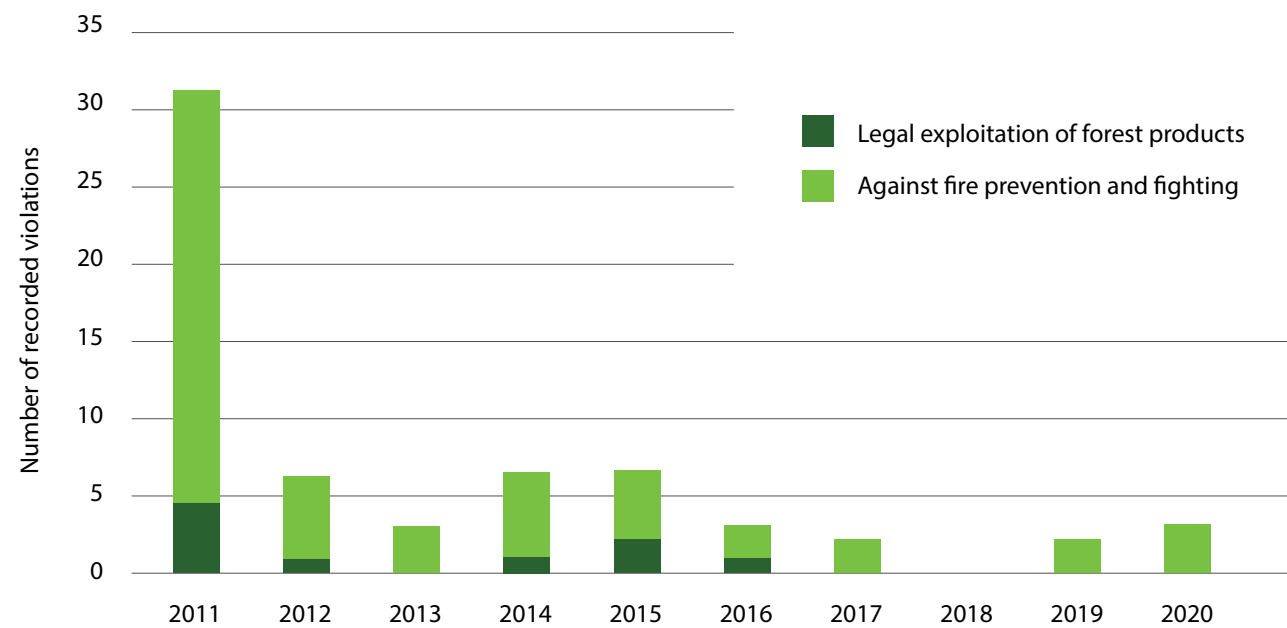
Since 2017, households can participate in PFES through the PFMB. By 2018, 5.623 households (85%)⁹ in the 12 communes were contracted through Tram Tau PFMB for forest protection. Households receive on average 300 USD per year. In some communes, had to contribute (part of) their PFES revenue to public infrastructure development (ie. village roads) as a part of the implementation of the New Rural Program. Hence, the actual impact of PFES payments on forest protection and local livelihoods needs to be assessed.

Overall, the number of forest law violations has been decreasing since 2011. The law enforcement in Tram Tau PFMB is becoming strict and more effective, and the management and protection of forests are getting better over years. Violation forms are related to the prevention of forest fires regulation (i.e. uncontrolled burning material during soil preparation), forest encroachment, and illegal harvesting of forest products.

⁸ Tram Tau PFMB, 2018. Performance Report for 2018 and Directions, Tasks and Solutions for 2019 (provided by Tram Tau PFMB, December 2019)

⁹ Arranged in 197 groups of households.

Figure 3: Decrease of violations against the forest law



Management and stakeholders

Tram Tau PFMB is the largest and almost exclusive forest owner in Tram Tau district. I.e. the PFMB is critical for the sustainable management and protection of the natural forests in the district, shaping future landscapes, and sustaining local environmental services and community livelihoods.

The PFMB was established in 2006 by Yen Bai Provincial Peoples Committee (PPC) as state-owned/public organization under the direct administration of DARD. It was given the responsibility to manage, protect and develop the allocated protection and production forests and non-forested areas in Tram Tau district. The PFMB received legal tenure over the allocated forestland in 2009.

In 2018, the PPC decided to transform the PFMB from a state funded forest entity to partly self-financed entity based on their income from production forests and provision of forestry silviculture services.

The PFMB functions, tasks, rights and organizational structure in its current format was decided and authorized by DARD in 2017. The structures enables the PFMB to oversee the management and utilization of forests (40.919,08 ha) and forestland (non-forest 9,893.62 ha) in all 12 communes of the district.

The PFMB Board of Directors supported by the PPC/DPC, coordinates four units: Technical/planning, Administration, Forest protection, Services, and social associates...In 2021, the PFMB had 28 employees at management level, and 13 other employees (labor).¹⁰ The PFMB has one main office and three stations for forest protection.

The PFMB is mandated to:

- Manage and protect forests;
- Develop new plantations and agroforestry, and restore protection forest;
- Produce and trade trees seedlings;
- Harvest timber and NTFPs.

Activities are financed through:

- Budget allocated by the provincial government
- Project-based investments (30A program; sustainable forestry development),
- PFES and offset plantation¹¹,
- Revenues from seedlings and forest products, and
- Support from development partners (GIZ, ICRAF).

Stakeholders can be categorized into four groups:

The Provincial group (vertical dimension) consists of Yen Bai Provincial Peoples Committee (PPC), Department of Agriculture and Rural Development (DARD) and of Natural Resources and Environment (DONRE), Department of Planning and Investment (DPI), Financial Department and other departments. These organizations ensure that the PFMB performs according to the “united state management” within the provincial forestry sector and contributes to the provincial forestry objectives and targets.

- As the leading entity, the Yen Bai PPCs requests DARD, DONRE and district authorities, and other departments as needed, to oversee and facilitate the work of the PFMB. The aim is to ensure that the PFMB contributes to the implementation of key policies/programs:
- DARD and its line-departments, including the provincial and district Forest Protection Departments (FPD), are responsible for guiding, overseeing and facilitating the PFMB in regard to forest management, protection and development activities.¹²

¹⁰ 7 employees are women. 25 have university education.

¹¹ A trust fund for reforestation restoring areas that had been converted to other land uses.

¹² In line with the Forestry Law, particular Decree 156/2018/ND-CP, Decree 01/2019/ND-CP (ie. organisation of professional forest protection force), Decree 06/2019/ND-CP and other circulars such as #28/2018/TT-BNNPTNGT on sustainable forest management and #27/2018/TT-BNNPTNT on forestry product management

- DONRE and its district line agencies are responsible for monitoring and facilitating the PFMB regarding land-use regulations. They provide guidance for the resolution of land-use conflicts in collaboration with Tram Tau DPC.¹³

In the district group (horizontal dimension) the main actor is the Tram Tau District Peoples Committee (DPC). The DPC directs the PFMB to respond and contribute to the district's economic, environmental and social objectives including forest management, land-use, livelihood development, ethnic affairs, etc.

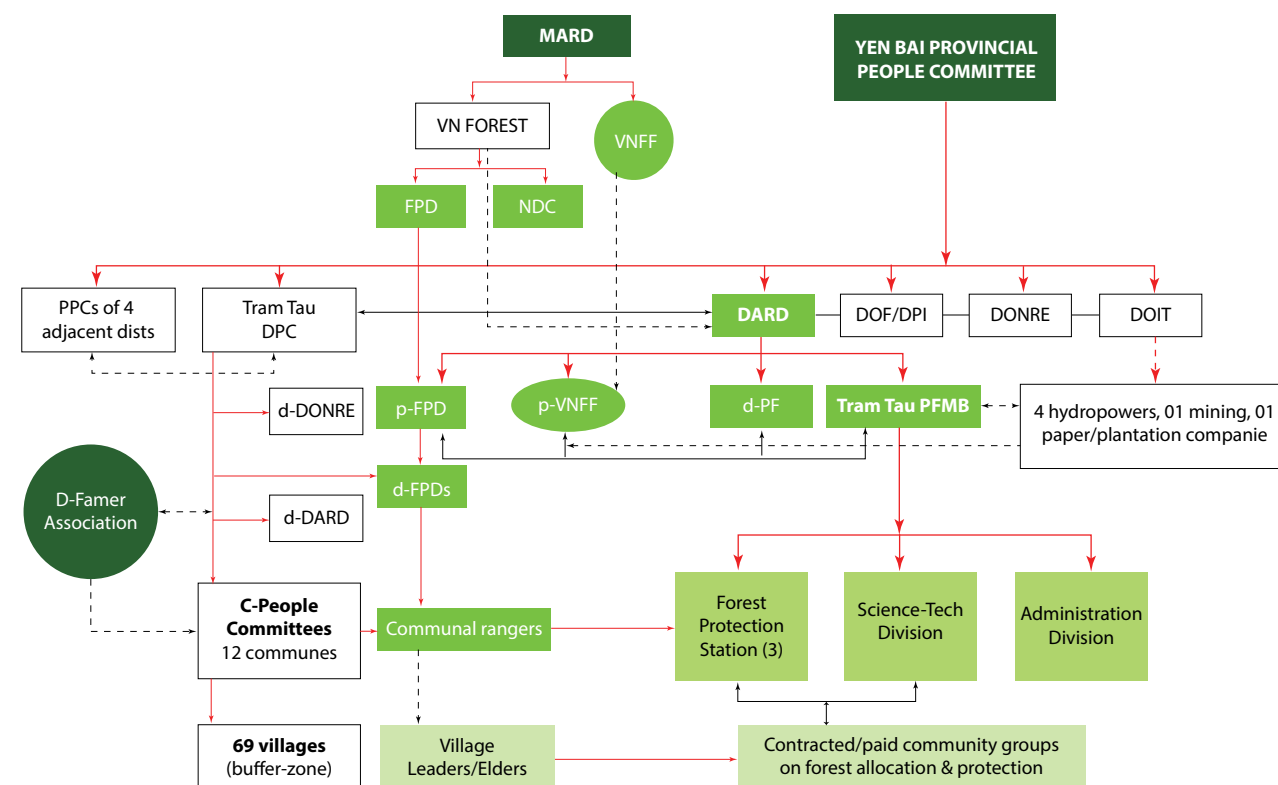
Communal authority (CPC) and village communities have been allocated or contracted entire forested area of the PFMB for management and protection to 5.623 households in the 12 communes. Several institutions were established with the assistance of the PFMB and district FPD/forest rangers:

- 12 communal command boards with 301 members in charge of forest fire prevention and forest protection;
- 12 communal mobile teams with 394 members in charge of forest fire prevention
- 64 village forest protection and fire prevention teams with 675 members as representatives of households being contracted by the PFMB on forest protection
- Communal police and army members are also members of the command and mobile groups

Collaborative stakeholders exist different levels. The PFMB has partnerships with the Yen Bai Provincial Forest Protection Fund (VNFF), companies (hydropower, mining, paper; provincial), farmer associations (district), local authorities (commune) and communities. The PFMB also has "cross-border" collaboration with forest institutions of Phu Yen in Son La province. There is no evidence of direct collaboration or exchange between the PFMB and local social organizations or companies (hydropower, mining).

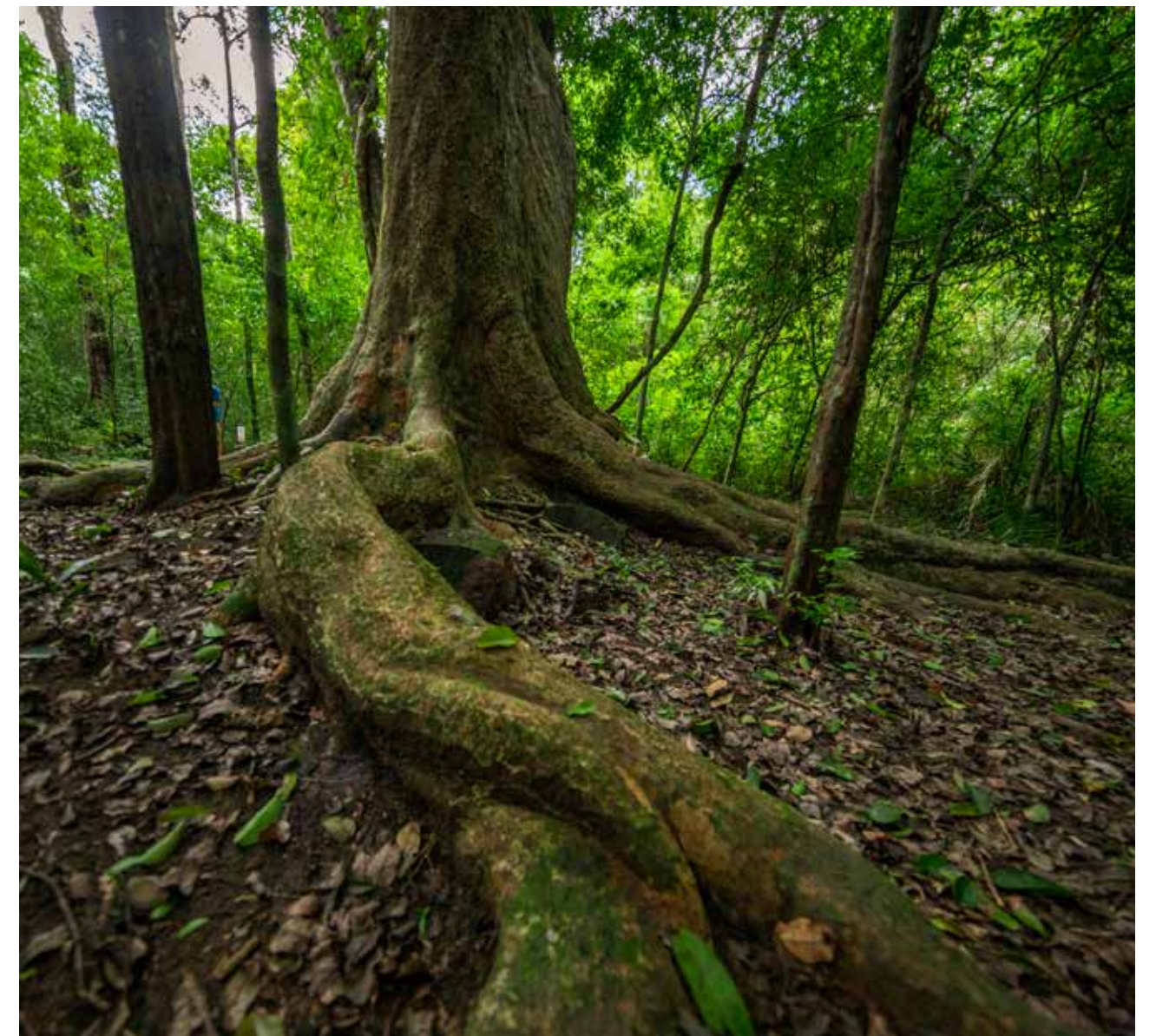
The diagram below maps out the above-described stakeholders in forestry and their relations with the PFMB. The diagram clearly shows the top-down governance at sub-national level. Province government organizations authorize, regulate and monitor decisions and performance of the PFMB.

Figure 4: Stakeholders in Tram Tau Protection Forest



Conservation challenges and way forward

- Tram Tau PFMB has mixed mandates: as a not-for-profit public service provider (protection forest, implementation of government programs and support to communities) and as commercially oriented business with commercial forest plantations for timber and resin production. The mixed mandate is a challenge for the PFMB managers and staff (related to capacity gaps, effectiveness of law enforcement, and motivation – low salaries).
- Clear and coordinated land-use planning and appropriate timely financing could further improve effective and efficient implementation of the PFMB's management mandate which otherwise could be hindered. This furthermore allows for strengthened human and technical capacities, improving both the sites infrastructure and forest protection/conservation performance.
- Effective collaboration between Tram Tau PFMB and local authorities (in particular Tram Tau DPC) and other stakeholders could strengthen their joint mandate to maintain forest cover and improve livelihoods through the implementation of different programs¹⁴.
- Targeting PFES payment rates or linking the disbursement to a better monitored results-based payment approach could allow for increased payments in priority areas, where current payments are perceived too low to offset opportunity costs from potential alternative land-use options for the same areas. Through this, land use conflicts, in particular between the MB and the main ethnic minorities (H'mong) on preferring non-forest land uses over forest protection could be reduced.



¹³ For example, related to forest demarcation not yet installed or customary community tenure not yet recognized by the existing regulations.

¹⁴ E.g. the DPC implements the New Rural Program, the PFMB PFES. Programs have common targets but different means to achieve them.

Part II: Finance

Methodology

The financing assessment was initially conceived as an in-depth, flexible and iterative process. However, due to the restrictions on travel resulting from the global COVID-19 pandemic, this was not possible. It was therefore redesigned as a more structured exercise, based on checklists that can be filled in with PA staff and other key stakeholders.

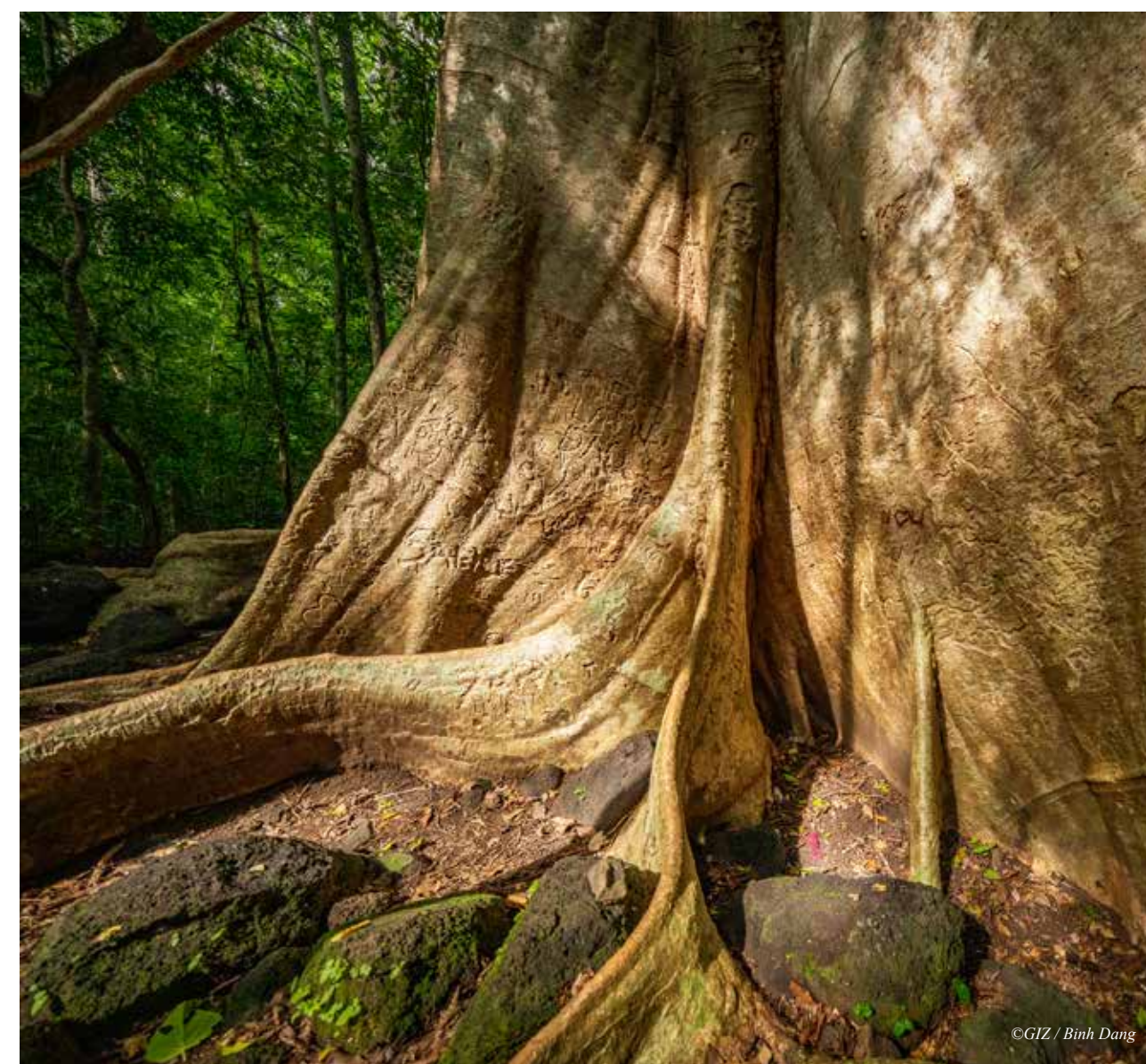
A 'PA Financing Self-Assessment Tool' (PAFSAT) was developed, to be completed with key stakeholders in and around BNNBP and CTNP. It assesses the overall financial status of the PA in both qualitative and quantitative terms. As well as collecting budget data and other financial information, it assesses the perceptions of PA managers, finance and budget planners, and local communities about PA financing needs, challenges and opportunities (Table 1). The PAFSAT is administered via interviews with three sets of expert stakeholders: PA Management Boards, Finance Departments of VNForest (for centrally-managed PAs) or Provincial People's Committees (for Provincially-managed PAs), and Buffer Zone Commune Authorities. The aim is to get different perspectives on PA financing from the main agencies that are responsible for funding and managing conservation activities in and around the PA.

Table 3: Information collected via the PAFSAT tool

PA Management Boards	Finance Departments	Buffer Zone Commune Authorities
<ul style="list-style-type: none"> Funding flows and composition Funding adequacy and gaps Past and projected future funding trends Expenditure levels and composition Past and projected future expenditure trends Self-generated income levels and composition Past and projected future income trends Mechanisms for income management and retention Financial constraints Financial advantages, opportunities and areas of potential Ideas for improving the financial situation of the PA Strategic documents, plans, by-laws and regulations on PA financing 	<ul style="list-style-type: none"> Total expenditures and proportion allocated to PAs Past and projected future trends in spending overall, and on PAs Process of PA budget planning, requests, approval and allocation PA revenue retention needs and mechanisms PA financial self-sufficiency PA financing constraints PA financing opportunities and potential 	<ul style="list-style-type: none"> Expenditures and funding for biodiversity and nature conservation Total expenditures and proportion allocated to biodiversity and nature conservation Past and projected future trends in spending overall, and on biodiversity and nature conservation Access and adequacy of funding for biodiversity and nature conservation Budgetary priority given to biodiversity and nature conservation Opportunities and potentials to source more funding for biodiversity and nature conservation Community participation in PFES and other income/funding activities associated with the PA, biodiversity and nature conservation Ways in which the PA benefits the local economy and community Ways in which the PA causes costs and losses to the local economy and community Opportunities and potentials to improve the positive financial and economic impact of the PA to the local economy and community

In TTPF, the PAFSAT was administered to the Management Board, Trạm Tàu District Finance Division, Yên Bái Province Department of Finance, Yên Bái Province Department of Agriculture and Rural Development (DARD), and Bản Công and Hát Lừu Commune authorities.

The PAFSAT has wider applications than the current project alone. It offers a framework that can be replicated elsewhere and used to compare and aggregate site-level data between PAs, and/or applied to track and monitor change over time. It draws on other existing PA assessment, tracking and scorecard tools that are already in common usage in Viet Nam and worldwide, such as the PA Management Effectiveness Tracking Tool (METT) developed by WWF and the World Bank¹⁵, the PA Financial Sustainability Scorecard developed by UNDP¹⁶, and Protected Area Benefit Assessment Tool (PA-BAT) developed by WWF¹⁷. While including some overlapping information, it can also be applied as an add-on or plug-in, alongside these other tools.



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¹⁵ See https://wwfeu.awsassets.panda.org/downloads/mett2_final_version_july_2007.pdf

¹⁶ See https://www.undp.org/content/undp/en/home/librarypage/environment-energy/ecosystems_and_biodiversity/financial-sustainability-scorecard-for-national-systems-of-pas---2010.html

¹⁷ See <https://wwf.panda.org/?174401/PABAT>

Summary of financing self-assessment

Status/score	↓ (0)	→ (1)	↗ (2)	↑ (3)
Financing constraints and enabling conditions				
Adequacy of funding to meet needs	Inadequate even for basic management & conservation	Covers only minimum management & conservation activities	Covers an adequate level of management & conservation, but still leaves some gaps	Enough to cover all PA needs
Range (diversity) of funding sources	PA relies on only one source of funding	PA relies almost entirely on government & international funding	PA funding also combines self-generated revenues & private contributions	PA funding also integrates several non-traditional financing mechanisms
Budgetary and political priority given to PAs	PAs are far below other sectors	PAs are low priority	PAs are given some priority and attention	PAs are one of the highest priorities
Predictability and stability of funding	Budgets & funding fluctuate widely and unpredictably every year	Budgets & funding fluctuate every year, but are known in advance	Budgets & funding are relatively stable	Budgets & funding are very stable, and can be well-planned in advance
Cost-effectiveness of spending	There is a lot of unnecessary wastage in spending	Spending is not always cost-effective	Spending is usually cost-effective	Explicit efforts are made to ensure that spending is cost-effective
Timing of funding flows	There are major delays in receiving funding	There are minor delays in receiving PA funding	PA funding is usually, but not always, received on time	PA funding is always received on time, when it is needed
Targeting and alignment of PA budgets with conservation needs and priorities	Budgeting and conservation planning processes are completely separate	There are some efforts to reflect conservation priorities in budget planning	Budget planning considers conservation and PA management priorities	PA conservation and financial planning are completely integrated
Adequacy/coverage of budgeting categories and accuracy of cost norms	Core expenditure items are omitted, and all cost norms are too low	Non-core expenditure items are omitted, and most cost norms are too low	Most expenditure items are included, and cost norms are mainly realistic	All expenditure items are included, and all cost norms are realistic
Revenue retention	All revenues are required to be remitted centrally	PA allowed to retain less than half of revenues	PA allowed to retain more than half, but not all, revenues	PA allowed to retain all revenues
Capacity of PA staff in sustainable finance	No financial expertise or qualifications	Include qualified financial experts	Have been trained in sustainable financing planning & mechanisms	Are qualified and experienced in sustainable financing
Integration of biodiversity conservation in sectoral budgets	Line agencies & local authority budgets exclude biodiversity conservation	Conservation is a minor priority in line agencies & local authority budgets	Line agencies & local authority budgets include biodiversity conservation	Line agencies & local authority budgets make good provisions for conservation
Local stakeholders' access to conservation funding and incentives	No funding/financial incentives available	Only a very small amount of funding/financial incentives are in place	Several sources of funding/financial incentives, but more needs to be done	Sufficient funding/financial incentives in place
Trends over time				
Funding availability	Decreased/got worse	Stayed the same	Increased/improved a little	Increased/improved significantly
Diversity of funding sources	Decreased/got worse	Stayed the same	Increased/improved a little	Increased/improved significantly
Adequacy to meet needs	Decreased/got worse	Stayed the same	Increased/improved a little	Increased/improved significantly
Amount of spending	Decreased/got worse	Stayed the same	Increased/improved a little	Increased/improved significantly
Amount of income	Decreased/got worse	Stayed the same	Increased/improved a little	Increased/improved significantly

*Note: where there is no status/score, that question was not answered by the PA Management Board.

Funding status and trends

In 2019, total expenditures for TTPF were VND 28.65 billion, which translates into VND 29.73 billion at constant 2020 prices¹⁸ (Table 4). Of this funding, 11.5% was provided from the annual government budget, 76.9% came from PFES funding for PA management, and 11.6% was earned from wood, pine resin and nursery sales from the production forest. This translates into spending of VND 57.95 million per km².

Table 4: Income & expenditures 2016-20 (constant 2020 VND billion)

	2016	2017	2018	2019	2020
Expenditure					
Staff costs	2,641	2,649	2,543	2,849	2,327
Office running & maintenance	267	233	258	63	13
Protection, patrolling, enforcement & fire control	229	569	1,250	503	200
PFES funding for PA management	151	182	307	348	177
Forest planting, management & rehabilitation	2,744	6,868	5,520	4,249	3,386
PFES forest protection contracts	7,624	7,785	23,025	21,717	*
Total	13,656	18,286	32,902	29,730	**
Self-generated income					
Self-protection	-	-	-	678	-
PFES funding for PA management	150	181	306	348	176
Sales of wood & non-wood products***	-	-	-	-	-
Taxes & payables to the state budget****	-41	-41	-43	-83	-47
Total	108	140	264	943	129
Area (ha)	51,302	51,302	51,302	51,302	51,302
Average spending (VND million/km ²)	26.62	35.64	64.13	57.95	**

*The expenditure amount had not yet been approved for 2020. **It is not possible to calculate these figures, due to missing data on PFES forest protection contract expenditures. ***Although the management board stated that TTPF generated income from wood, pine resin and nursery garden sales, earning VND 3.28 billion in 2020, this does not appear in the financial data provided. ****From wood, pine resin and nursery garden sales.

Expenditure has risen over the last four years in real terms¹⁹, more than doubling from the 2016 figure of VND 13.66 billion (Figure 5). This means that, overall, spending per km² has also increased commensurately, from VND 26.62 million/km² in 2016 to VND 35.64 million in 2017, VND 64.13 million in 2018 and VND 57.95 million in 2019. Staff costs dominate spending, accounting for between 80-86% of all non-investment/forest protection costs between 2016-2020 (Figure 7).

Income has fluctuated considerably between years, rising from under VND 150 million in 2016 and 2017 to VND 264 million in 2018 and then peaking to VND 943 million in 2019, due to a large amount of revenues from self-protection and PFES funding for PA management (Figure 6). A variety of self-generated income is earned by TTPF, including from PFES management fees (set at 10%), as well as self-protection charges, wood, pine resin and nursery sales (from which 10% VAT is paid to the state budget).

Figure 5: Expenditure

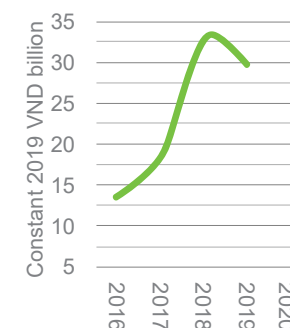


Figure 6: Income*

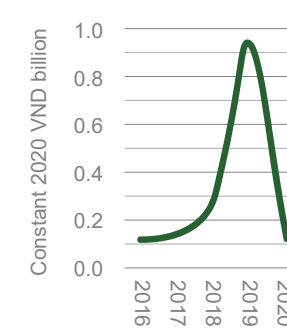


Figure 7: Staff costs as % of expenditures

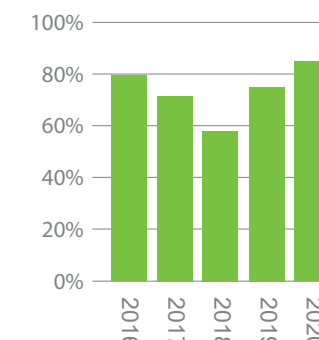
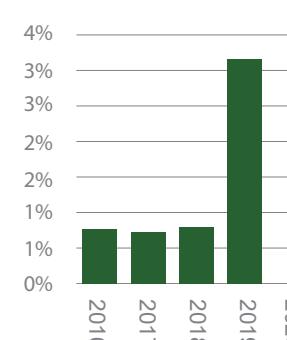


Figure 8: Income* as % of expenditures



*It is not possible to calculate figures for 2020, due to missing data on PFES forest protection contract expenditures
**Refers to self-generated income (i.e. not budget provided from Province or target programmes)

Unfortunately revenues from sales of wood and non-wood products are not recorded in PA financial statements (except for the year 2019), so are not reflected in the figures presented in this document. Without taking account of sales of wood and non-wood products, PFES-related self-generated income makes only a very minor contribution to PA funding, worth just 0.8% of expenditure between 2016-2018, and 3.2% in 2019²⁰ (Figure 8). However, at VND 3.28 billion in 2019, wood, pine resin and nursery sales would have increased TTPF revenues by almost 4.5 times, taking the share of income to 14% of expenditures. Although figures for sales of wood and non-wood products are not available for other years, it might be assumed that a similar proportion of income would be added.

TTPF has benefited from one externally-funded project over the last five years. This is a tree plantation project being carried out under the cooperation on afforestation between DPDHL and GIZ, and runs between 2018-21. This provides funding of VND 3.884 billion for the full three-year project period, of which VND 880.54 million was provided in 2019. In addition, the government-funded programme on afforestation and support to planting in protection and plantation forests ran between 2016-17, and provided VND 7.63 billion (considerably less than the five-year budget of VND 196.80 billion that was requested). Both of these sets of activities are targeted at local households.

The funding and income received by TTPF is only enough to cover only minimum forest management and conservation activities. The greatest funding gaps are for fire prevention and control, awareness-raising, infrastructure (such as offices and forest ranger stations), and the purchase of equipment for patrol activities.

Although the amount of funding is perceived to have improved a little over the last five years, there has been no improvement in its adequacy to meet management needs. The range (diversity) of funding sources has also stayed the same. PA managers expect that all of these aspects will improve over significantly the short-term.

Trạm Tầu District Finance Division and Yên Bái Province Department of Finance stated that the proportion of overall provincial and district budgets spent on TTPF has stayed the same over the last five years. Over the coming period, the amount of budget allocated to TTPF for non-salary expenditures will however be decreased each year. This is in line with the transition to self-financing, under which TTPF will be expected to cover salary costs from own source revenues. It was recognised that this process of progressively reducing dependency on the national budget places pressure on TTPF, as income possibilities are limited, and the forest is located in a poor, remote area.

Over the last five years, PA managers perceive that total expenditures have decreased over the last five years. This is because the amount of salary payments covered from the state budget have declined since 2016, associated with the transition from a revenue-generating unit to full financial autonomy. Most other components of spending (infrastructure, equipment, scientific studies, community activities, fire prevention and forest planting, management and rehabilitation) have stayed the same. Only expenditures from PFES have increased a little. Over the next few years, it is expected that all expenditure components will rise slightly.

In 2019 TTPF earned self-generated income from sales of wood, pine resin and plants/seedlings worth VND 3.28 billion. The PA retains 90% of these earnings, and remits the remaining 10% to the state budget as a tax payment. The only other source of income is from PFES funding for forest management, worth VND 335.64 million. Revenues have increased slightly over the last five years, although the range and diversity of income sources has stayed the same. Total income is expected to increase significantly over the short-term, including from the development of tourism and other new revenue sources. PA managers believe that the diversity of income will also increase accordingly.

¹⁸ In order to adjust for inflation and make the data comparable over time, all figures are expressed as constant 2020 VND. This has been done by applying a deflator based on the average consumer price index for each year.

¹⁹ When expressed in constant 2020 VND terms.

²⁰ These figures are slightly confusing. Although 'PFES funding for PA management' was recorded at VND 21.94 billion in 2019 (at current prices), income from 'PFES funding for forest management' was stated as only being VND 335 million, and revenues from self-protection at VND 653.46 million in the same year. It is not clear why these figures are so disparate.

Constrains and enabling conditons for sustainable financing

The most severe financial constraint in TTPF is perceived to be its location. The access road is very small, and ends at Trạm Tàu. There is no through traffic or transport, and it is only possible to travel through the area by motorbike. The local communities are poor, and there are few large enterprises.

An additional challenge is that Yên Bái is not a rich province. There is very little budget for biodiversity conservation, which is not considered a priority by the Provincial People's Committee. This also means that budgets and funding are not well-aligned with PA conservation needs and priorities. Biodiversity conservation is not adequately mainstreamed into the budget of other line agencies and local authorities that operate close to the PA or otherwise impact on it. Other stakeholders that use and have an impact on PA biodiversity also do not receive sufficient funding and incentives to support conservation, especially communities and businesses in the buffer zone.

Other financing constraints facing TTPF include that budgets are not stable or predictable, and fluctuate between years. Budget planning templates, categories and cost norms do not always allow for realistic costing and accurate pricing of all the inputs and materials that are needed for PA management. Cost norms are too low, meaning that non-core expenditure items are omitted. There is also no capacity or expertise among PA staff in sustainable finance planning. Budgeting and conservation planning processes are completely separate from each other.

A draft sustainable forest management plan has been developed for TTPF, and includes a brief/summary financing and business plan.

Key financing opportunities

Although Trạm Tàu is very remote, it is located in a very beautiful area. The management board considers that this offers the potential for developing ecotourism — for example based around trekking, hot springs and sightseeing.

There are also good natural conditions to develop non-timber forest products, which could benefit local communities as well as earning income for TTPF. In addition, there is potential (and plans) to increase the areas under PFES beyond the current 69% coverage.

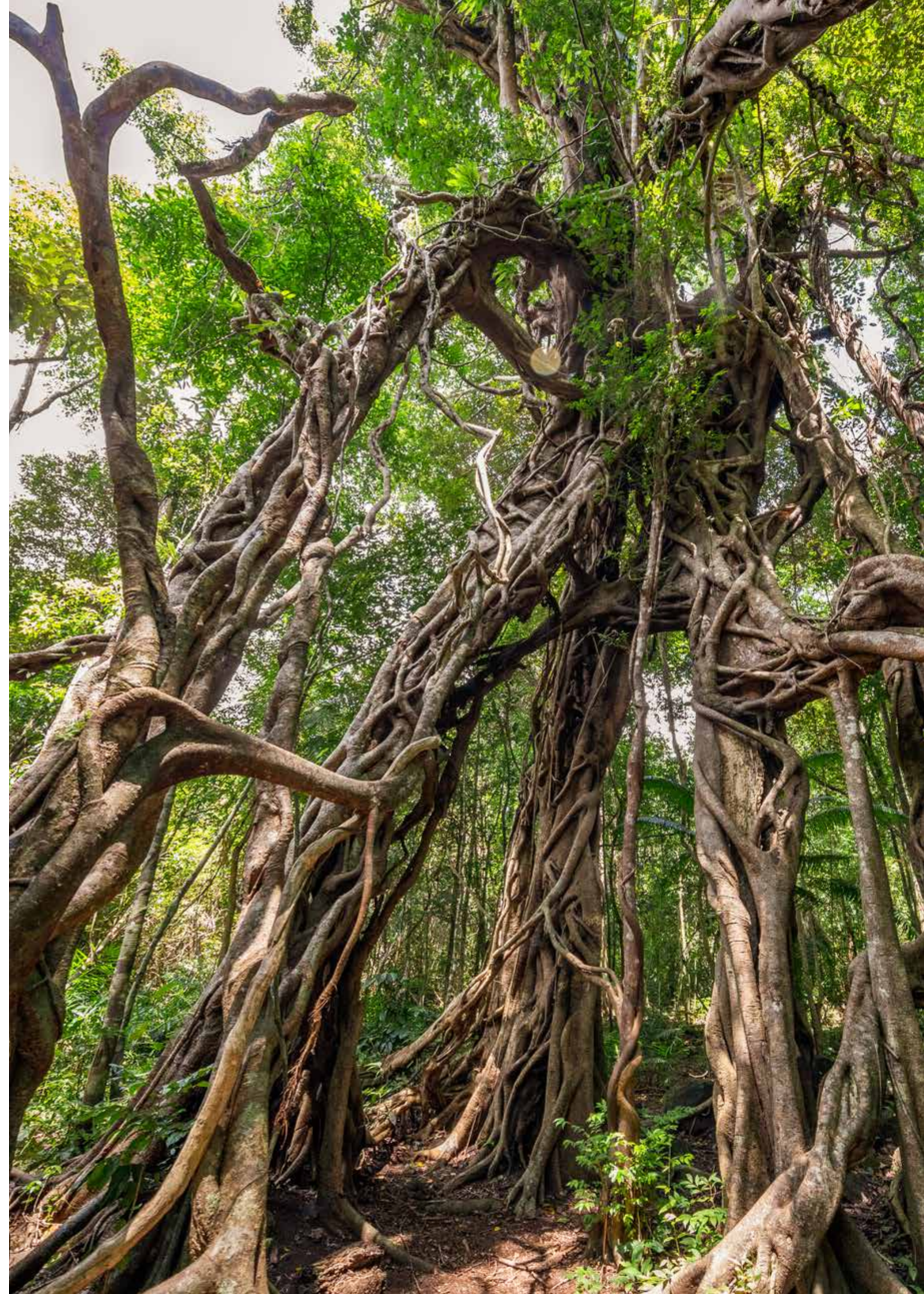
Trạm Tàu District Finance Division, Yên Bái Province Department of Finance and DARD also stated that the development of tourism and non-timber forest products offered key opportunities to improve the financial situation of TTPF. Yên Bái DARD further noted that there was a need to build that capacity of the management board in writing proposals, as well as in technical aspects such as medicinal plant cultivation and afforestation techniques.

Financing for biodiversity conservation in the buffer zone

Neither of the communes interviewed have undertaken or participated in any biodiversity or nature conservation projects – either those carried out with TTPF, or those funded by government, NGOs, international organisations, private sector, etc. Households in both communes have however benefited from in-kind support provided by Trạm Tàu Agriculture and Rural Development Division, through the distribution of pigs and chickens (funded under Programme 135). This has helped to strengthen livelihoods.

The communes also do not receive any substantive funding or in-kind support from TTPF, aside for a small a sum of VND 1 million a year for participating in meetings. No commune budget is allocated to biodiversity conservation, as it is believed that conservation is not the responsibility of the commune. A small amount of funding is however received for local people to participate in fire prevention and forest patrol activities. All ethnic community households in both Bản Công and Hát Lừu Commune also receive PFES payments, but the amount is very low due to the need to distribute funding between all of the local households.

Commune authorities identify several opportunities and potentials for the commune to source more funding for biodiversity conservation. One area mentioned is the development of ecotourism and adventure tourism. Bản Công Commune also pointed out that income from non-timber forest products (such as medicinal herbs, honey, etc.) could provide additional income sources that would help to improve local livelihoods and reduce pressures on the forest.



SITE PROFILE

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Management, governance and finance

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