



MOBILIZING FINANCE FOR BIODIVERSITY

VIET NAM



DEVELOPMENT CONTEXT

3 financial goals in the GBF

Plagued by the triple planetary crises with one of them being biodiversity loss, the world is in critical need of sufficient financing for restoring and conserving nature while creating sustainable incentives for financial regeneration. The 2022 Global Biodiversity Framework has set out 3 financing-specific targets that aim to:

1

Phase out or reform harmful subsidies by at least **\$500 billion** per year while scaling up positive solutions for conservation

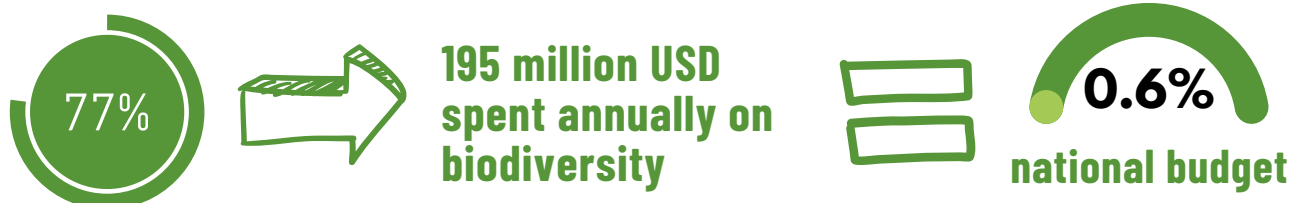
2

Mobilize at least **\$200 billion** per year from private and public sources for biodiversity-related funding

3

Funnel at least **\$30 billion** per year from developed countries to developing countries.

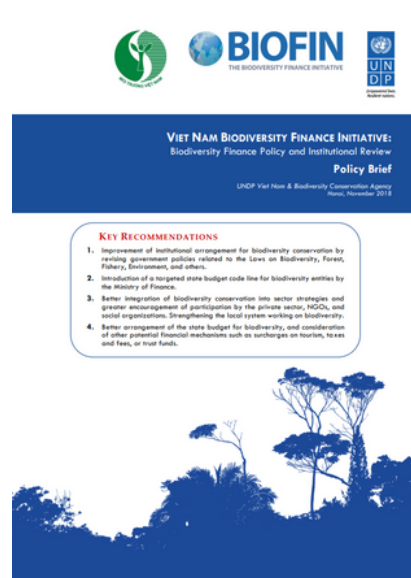
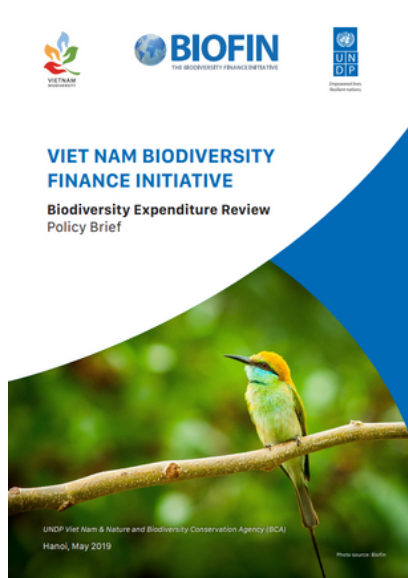
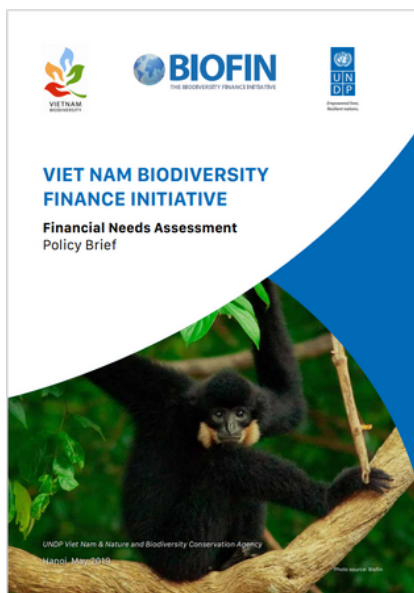
In Viet Nam, financing for biodiversity conservation is factored into various levels of regulatory conducts; however, overall budget allocation is low and incompatible with the economic return of the ecosystem services. Total biodiversity expenditure accounted for 0.16% of the GDP and 0.58% of the national budget which, despite having been increased compared to the previous years, still is insufficient and inefficient given that biodiversity in Viet Nam continues to degrade. Between 2011 and 2015, **4,582,003 million VND (approx. 195 million USD) was spent on biodiversity on average annually**. Public sector spending accounted for 76.7%, implying a great dependency on the government to protect Viet Nam’s biodiversity resource. Yet, data indicated that annual public spending on biodiversity has been decreasing, with private spending remaining relatively constant.



Regarding maintaining and expanding the system of Protected Areas in Viet Nam, the financial resources needed to attain both prospects remain insufficient, lacking 23,000 billion VND (approx. 936 million USD) to help maintain the PA system and 58,000 billion VND (approx. 2.4 billion USD) to generate more PAs for the 2018–2030 period.

1%-2% decrease in public spending on biodiversity is expected annually until 2030

With future biodiversity expenditure forecasted to increase, it’s assumed relative contribution from public sources will continue to decline between 1–2% annually by 2030 while that of private sources will on average increase by 1%.



▶▶▶ Viet Nam will have to both systematically and practically delegate its financial resources, create alternative avenues for increased financing, implement result-based budgeting, and promote public-private partnerships in biodiversity conservation.

BIOFIN IN VIET NAM AT A GLANCE

Project Name:

The Biodiversity Finance Initiative (BIOFIN)

Commissioned by: BIOFIN

Total Project Budget:

US \$ 1,250,000.00

Implementing Partner:

Nature and Biodiversity Conservation Agency (NBCA)
Ministry of Environment and Natural Resources

Co-Implementing Partners:

- Department of Fisheries Surveillance, Ministry of Agriculture and Rural Development
- Cuc Phuong National Park
- Hon Cau Marine Protected Area, Binh Thuan province
- Fisheries Association of Binh Thuan province
- Phu Yen Provincial Women's Union

Contact person:

Programme Analyst in UNDP Viet Nam - Hoang Thu Thuy - hoang.thu.thuy@undp.org

Geographic Coverage:

Nationwide, Ninh Binh, Phu Yen and Binh Thuan provinces



PHASE I
2017 - 2019



US \$ 500,000

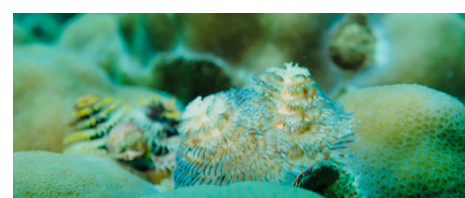
PHASE II
2019 - 2025



US \$ 750,000

This map is solely intended to depict the project demonstration site and does not encompass the entire territory of Vietnam

BIOFIN was initiated in response to the urgent global need to divert more finance from all possible sources toward global and national biodiversity goals, first highlighted in the 2010 Aichi Targets and later reaffirmed in the 2022 GBF. Taking in the conclusions and suggestions of the Policy and Institutional Review (PIR), Biodiversity Expenditure Review (BER), Financial Needs Assessment (FNA), and Biodiversity Finance Plan (BFP), BIOFIN in Viet Nam has been working toward implementing the following **6 financial solutions**:





FINANCIAL SOLUTION 1

Renovation of the Nature Museum at the Cuc Phuong National Park to improve visitor experiences and generate more visitors' fees for conservation

»»» CONTEXT

The Cuc Phuong Nature Museum is precious for its collection of biologically diverse specimens, some of which are only spotted in Cuc Phuong National Park and endemic to Viet Nam in general. BIOFIN identifies a great need for the improvement of the nature museum's facilities to help draw in more visitors. As a result, a "Refurbishment plan to improve visitor experiences and services offered by the Nature Museum in Cuc Phuong National Park" was developed.

Since the completion of the museum's upgrades, the Park has annually received 120,000 visitors, with about 1/4 of whom have visited the nature museum. Visitors have expressed great impression of the design and exhibition at the museum and many have showcased interest in coming back for more.

before



\$94,000
mobilized
for the
renovation

after



»»» IMPACTS

Finance: Given the support of BIOFIN, the Park successfully mobilized 2.296 billion VND (approx. 94,000 USD) from the Ministry of Agriculture and Rural Development (MARD) for the renovation of its museum during the 2019 – 2020 period. Furthermore, it can be said that the renovated museum has contributed to the average annual revenue of about 4 billion VND (or 170,000 USD/year) from the park's entrance fee and will even help mobilize more direct revenues in the future when the visitor fee to nature museums in national parks is issued by the MoF.



Policy: The Renovation of the Nature Museum of Cuc Phuong National Park was also intertwined with the development of the visitor fee collection scheme that resulted in the draft “Circular on charge rates, charge collection mechanisms, charge payment, management and use of fees for visiting Viet Nam’s forest resource museums”. It will support the implementation of the Law on Fees and Charges, building upon the government decree on autonomy mechanisms for public non-business units and specifically making use of opportunities for the self-generation of alternative, stable, and sustainable sources of financing.

Conservation: The added value of improved facilities and infrastructure of nature museum serves to effectively communicate with and educate thousands of annual visitors on the many unique traits of Cuc Phuong National Park’s biodiversity. Hence, it helps maintain continued interests in conservation and environmental sustainability for the next generations to come.





FINANCIAL SOLUTION 2

Development of guidelines, procedures, and standardized costs for biodiversity inventory and monitoring in Viet Nam's Protected Areas as well as for the application of Result-based budgeting processes

>>> CONTEXT

To start off, under BIOFIN phase 1, BIOFIN wanted to gauge the feasibility of result-based budgeting (RBB) in forest protection which had resulted in a pilot operation in Sao La protected area. This pilot scheme later synthesizes a guideline on the application of RBB in Viet Nam's protected areas which has not been formally issued by MARD.

Moving into phase 2 of BIOFIN, the project has been pursuing the issuance of standardized costs for biodiversity inventory and monitoring in Viet Nam (upon the issuance of the Guidelines on biodiversity inventory and monitoring) together with the Ministry of Natural Resources (MONRE). It's expected that the Guidelines will be issued by the end of 2023 and subsequently, the issuance of the standardized costs for inventory and monitoring activities in PAs in 2024.

>>> EXPECTED IMPACTS

Finance and Policy: Biodiversity inventory and monitoring is loosely enforced in Viet Nam with the lack of a well-maintained database on biodiversity. The guideline and standardized costs of differing conservation activities will foster further transparency in central government's determination of state budget allocation as well as in avenues for PA requests for state subsidies. State budget would be more efficiently allocated across PAs based on the set cost norms and that the PA in need of specific assistance could tap into the limited state fund to pay for local inventory and monitoring activities. This level of transparency would reduce the likelihood of mis-using financial resources toward biodiversity conservation.



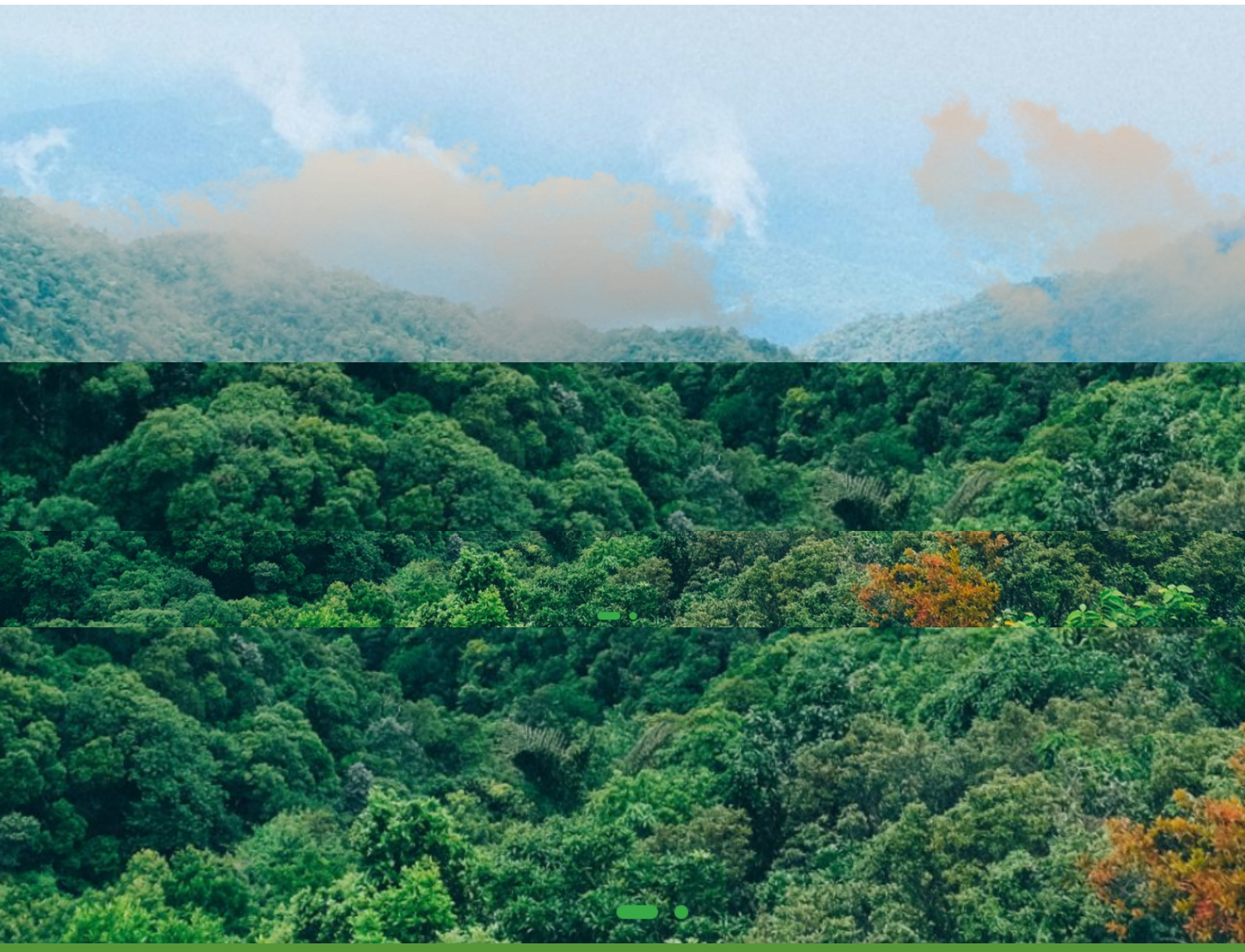


Conservation: This level of transparency also encourages a higher degree of accountability among the central government and local PA management. In turn, enforcement of biodiversity inventory and monitoring would render better results, leading to further improvements in the quality of biodiversity conservation.

➤➤➤ CHALLENGES

Bureaucratic processes and state capacities continue to be great hurdles in pushing for fast-paced execution of project activities. Work progress has been delayed for almost 2 years. Nonetheless, recent communication with MONRE has still confirmed the necessity of the proposed work under BIOFIN, with expected completion in 2024.

“This level of transparency would reduce the likelihood of mis-using financial resources toward biodiversity conservation.”





FINANCIAL SOLUTION 3

Establishment of a tourism fee system for Hon Cau Marine Protected Area, Binh Thuan province

»»» CONTEXT

The development of a tourism fee scheme in Hon Cau MPA is meant for its replication in the wider PA system. The tourism fee scheme will generate revenue channeled into conservation of the MPA and promote community-based ecotourism development. The tourism fee proposal has been developed and integrated into the development plan of community-based ecotourism in Hon Cau MPA.



The proposal has passed Binh Thuan's Provincial People Committee's (PPC) clearance in 2021, which could already be considered as a great milestone to be achieved. However, it has not been passed by the Binh Thuan People's Council yet due to its comments regarding Hon Cau not being a landscape site at the time to be eligible for the stipulations of the fee regulations. In March 2023, Hon Cau MPA requested the Department of Agriculture and Rural Development (DARD) to further finalize the report addressing the already resolved comments so that the PPC can re-submit the proposal and request for its approval.

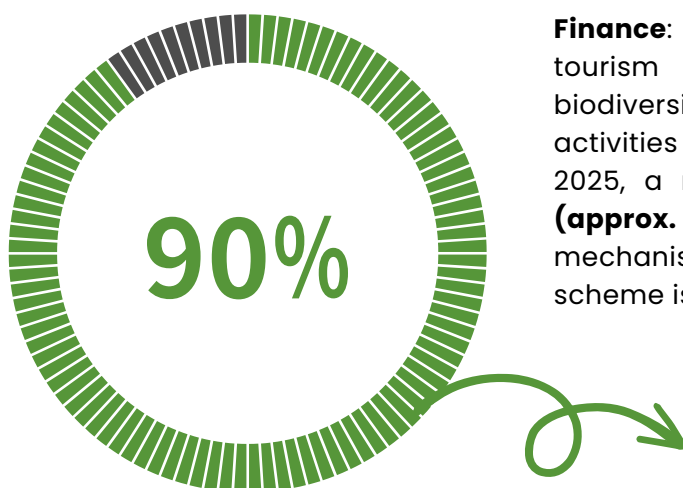


»»» CHALLENGES

Time-consuming bureaucracy continues to be an issue given changing politics and regulations. COVID happened to be an impeding force during 2021-2022 that slowed down the process of fully adopting the tourism fee scheme for Hon Cau MPA.

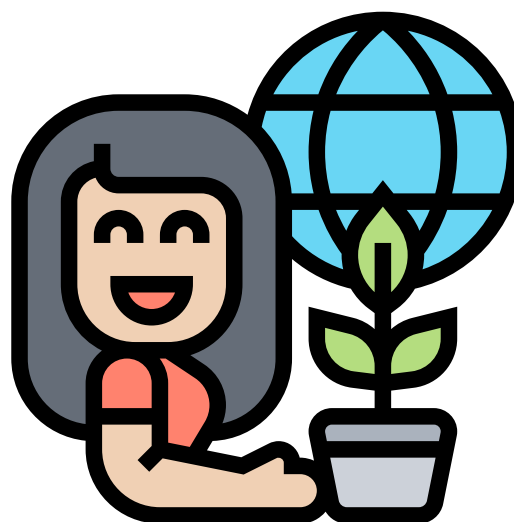


EXPECTED IMPACTS



Finance: The idea is to retain 90% of the collected tourism fee to be funneled into the fund for biodiversity management and other conservation activities by the Hon Cau MPA. It's estimated that by 2025, a minimum of 1,920,000,000 VND per year (**approx. 80,000 USD**) will be collected from this mechanism with **40,000 visitors**, once the fee scheme is approved and put into operation.

Policy: If the tourism fee scheme in Hon Cau MPA is successfully enforced, it will serve as a good example for many other MPAs to follow suit. One example is the Ly Son MPA in Quang Ngai province where there is no institutionalized fee scheme, and hence the MPA finds it challenging to mobilize sufficient funding for its operation and conservation activities.



NEXT STEPS



Working closely with local counterparts in having the visitor fee scheme for Hon Cau MPA approved and enforced.



Facilitating enhanced visibility of the Protected Area as well as its ecotourism activities through marketing and communication to help increase tourist visitations.



FINANCIAL SOLUTION 4

Identification of a financial mechanism for sustainable community-based management (co-management) of fishery resources in Ham Thuan Nam, Binh Thuan

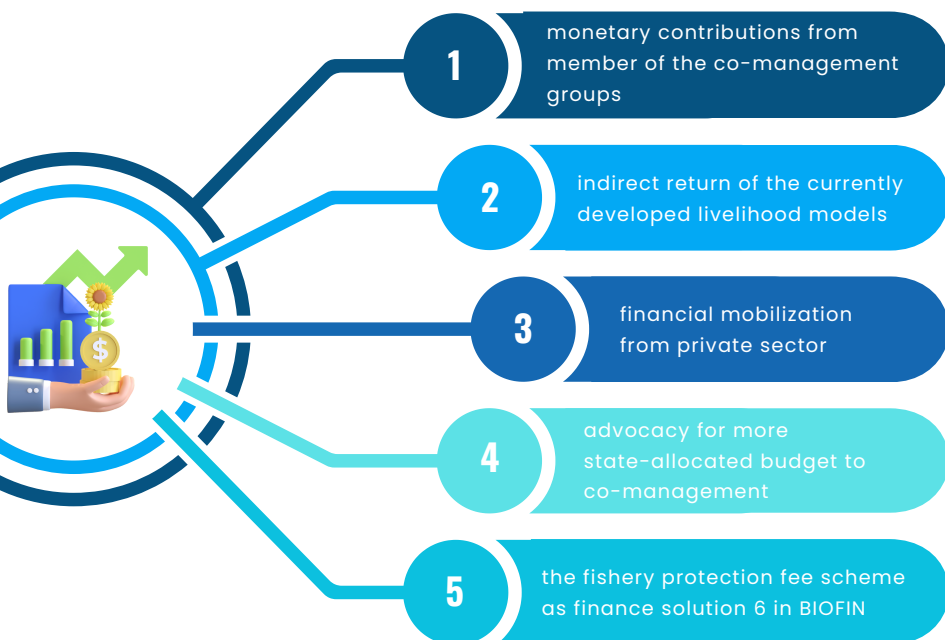


>>> CONTEXT

The solution entails working with the co-management models in Ham Thuan Nam, Binh Thuan province to find ways to increase the revenues for the co-management funds and to promote their use to effectively foster conservation measures, therefore emphasizing conservation as an important agenda of the co-management model. This is seen as an important solution to ensuring the sustainability of the co-management model that is enabled and promoted through the vested interests of local fishery communities in conserving coastal fishery resources. The modality setup is also promisingly replicable to other similar coastal areas that are applying co-management in fisheries.

Under BIOFIN, the consultants have worked with local fishermen co-management groups in 3 communes to understand their needs and challenges in sustaining the current co-management models. Having the fund for minimum community meetings and patrolling of the co-managed areas remain as priorities in sustaining the models. The project has also trained the co-management groups in developing their workplans and budget plans for activities such as group meetings, patrolling, etc., which were unprecedented. The workplan and budget plans will help build up effective and professional operation of the groups as well as contribute to their resource mobilization efforts.

The financial mechanism in Ham Thuan Nam, Binh Thuan entails exhausting all measures of maintaining the co-management funds used for the protection of fishery resources whether:





➤➤➤ EXPECTED IMPACTS

Finance: A total of 69,825 USD was mobilized for biodiversity during 2022-2023. During 2021-2023, BIOFIN has worked towards streamlining community's commitments towards co-management through continued contribution by community members to the "Community Fund for Co-Management." The fund contribution by community members in 3 communes have been maintained at pre-COVID level of about 10,000 USD from 2022-2023, or about 15 USD/household/year.

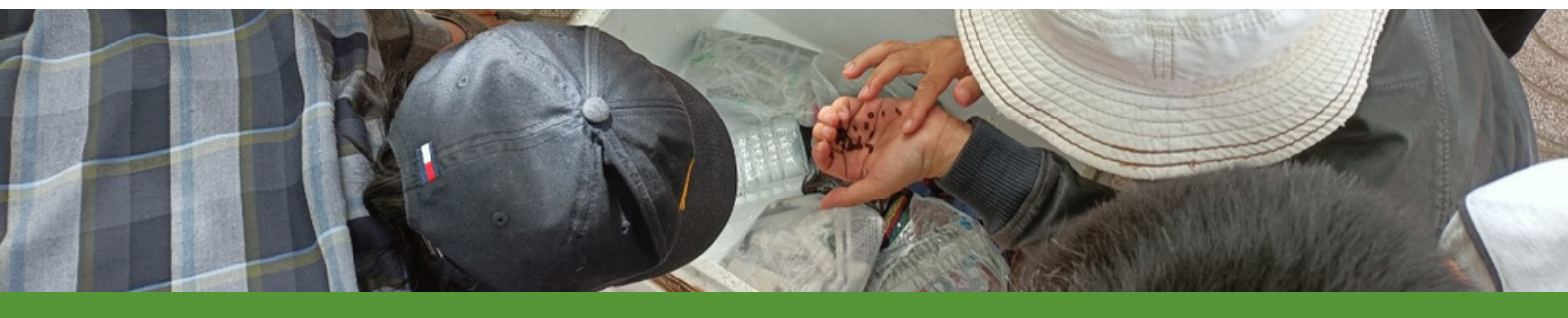
In 2023, 38,936 USD from non-state organizations and 20,889 USD from commune people's committees were mobilized to implement the placement of marker buoys for improved division of guarded marine areas for patrolling and protection purposes.

Conservation: Co-management has proved to deliver improved patrolling and management of marine areas, with increased fisheries resources observed in 3 communes in Binh Thuan. During 2021-2023, community members have contributed, in labor, a total of 318 patrolling rounds, aiding improved protection of the marine areas and coral reefs.

In 2023, community members have contributed, in material resources and labor, by placing 23 artificial reefs to improve the nursing grounds for fish.



Policy: BIOFIN is facilitating a dialogue between the Minister of Agriculture and Rural Development (MARD) and local fishermen in the co-management areas to help bridge the policy-practice gap in understanding the practical barriers of effective co-management, thereby advocating for more support from the state in ensuring the rights and benefits of the communities taking part in co-management.





FINANCIAL SOLUTION 5

Development of a new user fee system for coral protection in Hon Yen, Phu Yen

>>> CONTEXT

The solution entails working with the Hon Yen Services Cooperative, Phu Yen province in evaluating the capacity of the island in receiving tourists, in proposing a tourism fee and a mechanism for managing the received tourism fee for conservation.

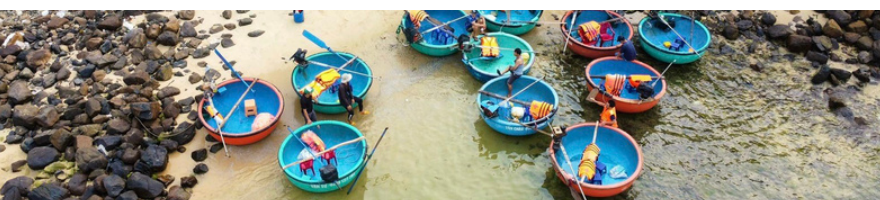
>>> EXPECTED IMPACTS

Finance: BIOFIN has worked with Hon Yen Services Cooperative since June 2022 to develop 7 community-based tours to introduce visitors to the unique natural beauty of Hon Yen coral reefs and their surroundings. So far, the Cooperative has welcomed 300 tourists, with US \$1,522 of generated revenues, of which 15% (about US \$228) is funneled into the cooperative fund that is exclusively spared for coral reefs protection (e.g., community-led patrolling).

7 community-based tours:

slow and steady... first

\$ 228 of its
revenue toward
conservation



Conservation: Well-designed and managed community-based tourism in Hon Yen will help preclude unsustainable tourism practices that are conventionally developed spontaneously within the community, contributing to the preservation of Hon Yen coral reefs. Frequent patrolling will help detect and prevent unsustainable tourism, fishing and other activities around Hon Yen coral reefs site, resulting in better protected biodiversity and fisheries resources.



FINANCIAL SOLUTION 6

Study for the collection, management, and usage of fishery resource protection fees

>>> CONTEXT

The solution aims to identify a viable financing mechanism to direct fishing-related fees toward conservation efforts.

>>> RESULTS

1

A feasibility study on fishery resource protection fees (rate, collection regime, payment management and usage) in accordance with provisions of the laws and regulations on fisheries and financial management

2

A new financing mechanism for the fisheries resource protection and development activities at marine protected areas, local fisheries communities, fisheries administration and authorities.

>>> EXPECTED IMPACTS

Finance: The draft Circular is still being commented on by provinces for finalization. It is estimated that if this policy is promulgated, the state budget can mobilize about **12.7 million USD/year**. The money is expected to be spent on fisheries resources development related tasks such as the i) rehabilitation of habitats (coral reefs, etc.); ii) replenishment of natural fisheries stocks; iii) inventory, investigation and monitoring of fisheries resource changes; iv) provision of funds for community-based groups and entities for protection and management of fisheries resources; and others.

resource mobilization from state budget amount to:

US \$ 12,700,000/year

Conservation: Well-funded conservation work will result in improved protection of the marine ecosystems, biodiversity and fishing stocks



This project is funded by the European Union



Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection



NORWEGIAN MINISTRY OF FOREIGN AFFAIRS



Flanders State of the Art



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation
Federal Office for the Environment FOEN



Belgium partner in development



Department for Environment Food & Rural Affairs



In partnership with Canada



MINISTÈRE DE L'EUROPE ET DES AFFAIRES ÉTRANGÈRES
Le Ministère des Affaires Étrangères