WHY CONSERVATION-FRIENDLY ENTERPRISES WORK

INTRODUCTION

In Vietnam and worldwide, widespread forest degradation from illicit timber harvesting, forest land conversion and poor forest management practices, is leading to increased carbon emissions, which threatens the environment, communities, and livelihoods. Despite national increases in overall tree coverage, Vietnam's natural forests are reducing in area and worsening in quality. From 2020-2025, the USAID Sustainable Forest Management Project (the Project) is linking communities, local authorities, the national government, and the private sector to jointly address the drivers of forest conversion and degradation in targeted areas. The Project aims to avoid carbon emissions from natural forest conversion and forest degradation; increase carbon sequestration through better management of plantation forests; and improve the quality, diversity, and productivity of natural production forests– all to protect Vietnam's threatened forest resources.

CHALLENGES PROMOTING CONSERVATION FRIENDLY ENTERPRISES

By the end of 2021, Vietnam had nearly 860,000 operating agroforestry-based enterprises, including about 15,300 non-agricultural cooperatives. Among them, 5,580 (0.6%) produce, trade, and process wood and forest products, attracting about 500,000 employees. Many of the employees are members of forest-dwelling communities and earn their livelihoods through collection of both wood and non-timber forest products. Most of these enterprises have weak management capacity and usually focus on economic benefits without paying much attention to environmental and/or social returns. As a result, natural resources have been gradually depleted. Unfortunately, not many conservation-friendly enterprises (CFEs)— businesses that unite economic growth, environmental conservation, and social inclusion—have been engaged in addressing "triple bottom line" challenges—that is, those with economic, environmental, and social impacts.

THE PROJECT'S INTERVENTIONS

AREAS UNDER HIGH THREAT LEVEL OF THE TARGETED PROVINCES

To address this issue, the USAID Sustainable Forest Management Project (the Project) conducted an assessment on Deforestation and Forest Degradation Risks and Threats (DDRT), generating a deforestation and degradation (DFD) "threat map" (see Figure at right) covering threatened natural forest areas in seven target provinces of Vietnam. The assessment identified seven main threats: *human-caused forest fires, infrastructure development, land encroachment, illegal logging, over-exploitation of non-timber forest products (NTFPs), mineral resource extraction,* and *hunting/and trapping.* The study also found that livelihoods (analyzed through five main threats) have a direct correlation with the level of DFD. In other words, the higher the level of poverty, the more likely it is that the level of DFD will also be high.

The DDRT assessment identified the highest risk areas of DFD to guide priority interventions. Through a market-based approach and public-private and community partnership (PPCP) model, the Project also prioritized CFEs and value chains in seven provinces. These assessments identified seven NTFP value chains to target, including: cinnamon, betel nut, coffee, tung oil, rattan-bamboo-leaves, medicinal plants, and fruits. It also helped identify 26 CFEs to partner with to develop these sustainable value chains.
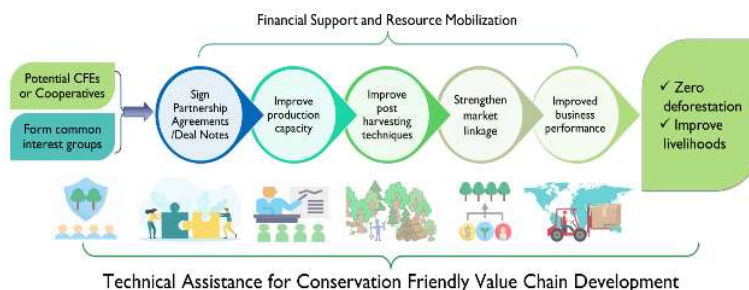
RESULTS

The Project is providing technical assistance to CFEs to help increase their production capacity, train them on post-harvest processing techniques, and to promote market linkages and build their business capacity. As a result, CFEs have invested in upgrading their use of environmentally friendly production technology and equipment and they have signed contracts with forest-dependent communities to sustainably purchase raw materials and products from them. Through these agreements, the Project has already mobilized more than USD 10 million and provided economic benefits to nearly 5,000 forest-dependent people in seven provinces.

SO WHAT?

With support from the Project, CFEs will continue to engage with forest-dependent communities in the sustainable development of raw material areas, providing services to farmers, signing purchasing contracts, and increasing incomes. This motivates communities to sustainably source, process, and develop forest products, which contributes to widespread green growth. More importantly, these measures will help reduce emissions from deforestation and forest degradation, enhance forest carbon stock, and will promote the participation of forest-dependent-communities by creating more forest-related employment opportunities.

Technical Assistance for Conservation Friendly Value Chain Development

Developing and strengthening the medicinal plant value chain

Huong Xuan Cooperative was established in 2021 in Mai Chau district, Hoa Binh, where 60 percent of the community depends on the forest for a living. The Cooperative initially struggled with lack of capital, outdated collecting and processing techniques, and poor design and marketing, which has resulted in low quality products and unstable income.

To support preserving the traditional medicine of the Thai ethnic people and to improve livelihoods of the forest dependent community, the Project trained the Cooperative's members and farmers on Good Agriculture and Collection Practice by WHO (GACP-WHO). Using these techniques, the project then supported the development of new herbal products and improve their quality and packaging. "When working with the Project, I realized that livelihoods must be associated with the conservation of medicinal plants, especially those growing under the forest canopy," said Mrs. Le.

Thanks to the project's technical assistance, the Cooperative has adopted "smarter" production practices that resulted in jobs for 38 ethnic women. Together with other CFEs, the Cooperative signed a purchasing agreement with 50 farmers to grow, collect and purchase medicinal plants. To date, this has resulted in 1,240 people directly benefitting from this partnership and has led to the conservation of 638 ha community forest through sustainable collection of wild medicinal plants.

Mrs. Le shared, **"Thanks to the training on GACP-WHO standards and on the sustainable collection of wild herbs, we have a clearer plan for the development and conservation of medicinal plants, ensuring input materials for our production.**