

# Improved Forest Management (IFM) in Vietnam and the potential for carbon financing



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**Development**

**Organisation**



**Connecting People's Capacities**

# Outline

- Quang Tri Province
  - Intention
  - Scenarios
  - Results
  - Conclusions
- Lam Dong Province
  - Intention
  - Early results
- Conclusions



# Acknowledgments



## Forest Carbon Feasibility Study: Quang Tri, Vietnam

*Adam Gibbon, Christian Sloth and  
Sebastian Schrader  
October 2009*

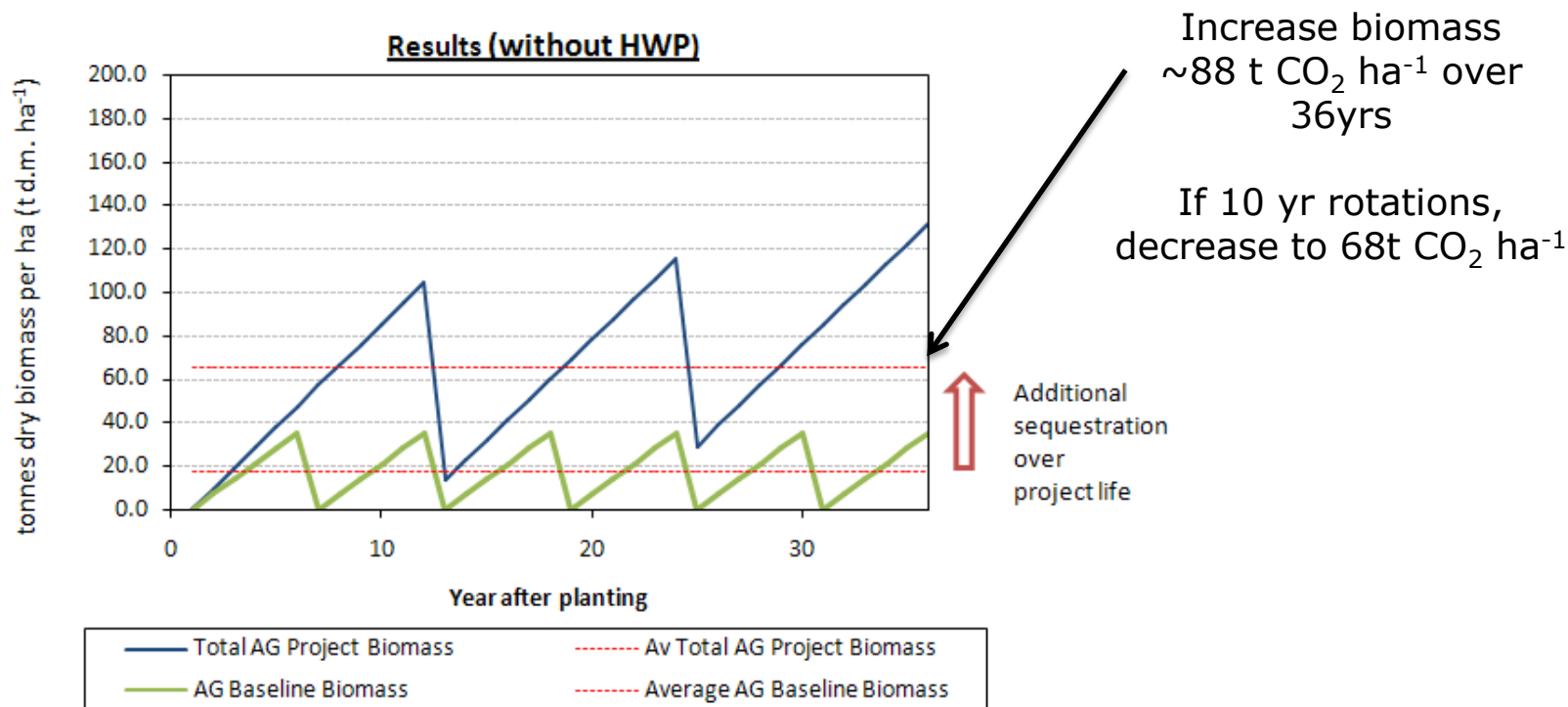


# Quang Tri Province

- Intention
  - Feasibility of developing forest carbon project in Quang Tri following IFM
  - Explore the potential for FSC certification
  - Alongside private smallholders for Acacia plantations ~ 8,000ha
- Analysed through
  - Estimates of the amount of carbon sequestration when extending rotation periods and FSC standards adopted
  - Potential of carbon credit generation through VCS and CCB
  - Cost benefit analysis

# Quang Tri Province

- Results for C sequestration and carbon credit generation from increasing rotation lengths, combined with incorporating native species and buffer zones



HWP: harvested wood products; AW: above ground

# Quang Tri Province

- Estimates are likely to be underestimates
  - only AG Carbon
  - no account for harvested wood products
- Estimate that  $\sim 24 \text{ t CO}_2 \text{ ha}^{-1}$  extra over 36yrs through carbon stored in wood products
- Root carbon could add  $\sim 10\text{-}20\%$

# Quang Tri Province

- Cost Benefit Analysis - 3 scenarios
  - Extended rotation, no FSC, no carbon project
  - Extended rotation and FSC, but no carbon project
  - Extended rotation, FSC and carbon project
- Results
  - Largest financial benefit through extending rotation period = higher value sawlogs
  - Financial benefit from FSC > benefit from carbon credit production
  - Carbon project could only be financially attractive if credits can be sold / funding can be achieved up-front
- Significant constraints
  - Up-front costs
  - Size and fragmented forest type (increases monitoring costs)
  - Low carbon benefit per ha in this project type

# Lam Dong Province - Loc Bac State Operating Company

**Feasibility study for the potential of  
land-based carbon project  
development  
Loc Bac State Operating Company, Lam  
Dong Province, Vietnam**

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Draft

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McNally





# Lam Dong Province

- Investigating GHG potential from IFM options in a State Operated Company (SOC)
  - Logging area 4704ha, low quality forest, selective logging 180 ha.yr
  - Investigated reduced logging and no logging project scenarios
- Key provisional outcomes
  - carbon financing potential for SOC's – in particular from harvesting to protection; key factors which determine profitability are expected maximum volume of the forest and carbon credit price
  - financial viability improved if consider bundling of other ES e.g. national PES market
  - SOC reform could form part of the National REDD+ program

# Conclusions

- Carbon credits are not always worth pursuing even when there are benefits like in Quang Tri
  - Need a higher C price to make more projects and more project types feasible
- Carbon projects appear costly, however financial viability improves if the funding gap can be bridged at the start of the project
- Data is key – better information on forest dynamics, project costs etc needed to make better decisions
- Financial viability could also significantly improve if bundle with other ES
- Potential in Vietnam for SOC reform through IFM in REDD+
  - FSC as a platform for IFM standards

# Thank you

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Full copies of the studies can be found at

**snvredd.com**