

»» Financial support – Forest restoration project, - forest plantation for saw log timber

Lê Thuý Anh - Project coordinator
KfW Hanoi office

Bank aus Verantwortung **KfW**



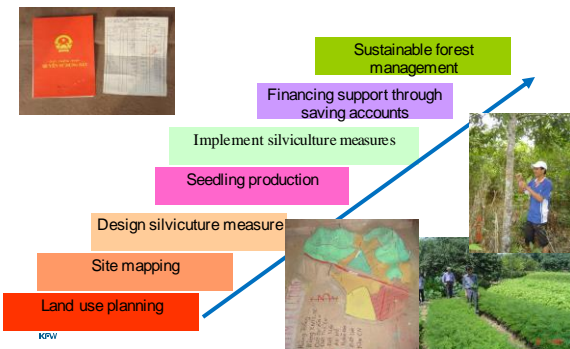
»» Overview

- since 1995- 11 forestry projects total budget EUR 170 million in 20 northern and central provinces
- Objectives of KfW funded forest restoration program
 - Ecological restoration in degraded forest area (ecology)
 - Increase households income and product diversification through sustainable forest management (socio-economic)
 - Improve the effectiveness of national programs (policy)

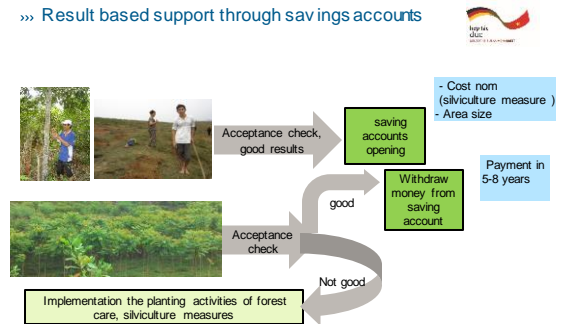


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»» Project implementation steps



»» Result based support through savings accounts



»» Results of restoration projects

- 130,000 ha of new plantation and restoration with good quality, survival rate reached over 90%
- Improve the livelihood for thousands of households
- High quality of forest management -> forest certification in Quang Tri (KfW2)

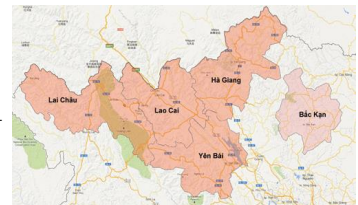


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»» Project: Quản lý rừng bền vững và đa dạng sinh học nhằm giảm phát thải CO2 (KfW8)

Component 2: Promotion of Biodiversity values

Support to sustainable plantation management (1000ha Pine plantations and 5000 ha Acacia plantations) – transfer pure plantations into sustainably managed mixed indigenous tree stands with prolonged rotation cycles towards sawn timber production



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Issues under short-rotation Acacia plantation management

Storm damage

Unthinned forests have small, high crowns, thin stems

High investment

Every 5 - 6 years

Site burning

Increase erosion
Loss of nutrition
no tree regeneration

Labour intensive

Labour intensive
low value product

High investment
Low revenues

KfW8 Project activities and support

Support red book issuance

Quyển sổ đỏ
QUYỂN SỔ ĐỎ ĐẤT

Underplanting indigenous species

PHÂN BÓN NPK

Free capacity building

No grazing no fire

Free seedlings & material

Support for labour input

Bank account

Sell your thinning products

Conduct thinning

Who can participate in the KfW8 project?

- Households owning **1-3 years old** at the start of the project (originated from seed) on production forest land (with or without red book certificate available yet)
- At least **40%** of the planted trees of **'good' quality** (straight, disease free, undamaged and showing good growth)
- No thinning conducted yet and clearly **above 1000 trees/ha** remaining
- Minimum area of at least **20 ha per village**
- Each household can participate with a forest area of **0.5 to 5 ha**



Financial support in the KfW8 project

100% payment transferred on **bank account in your name in year 1**
Total period 4 years (all bank interests will be yours)

Before each annual payment **monitoring by project staff** together with forest owner
⇒ after positive monitoring result annual trench is automatically ready for withdrawal

Criteria	Payment released (%)
After carrying out 1 st thinning	60%
After planting	5%
Survival count & site check	5%
After carrying out 2 nd thinning	30%

Silviculture ~ **382 EUR/ha**
(2 times thinning)

Underplanting ~ **121 EUR/ha**
(planting and protection)

Material (hand saw, paint) and **seedlings** and **fertilizer** in kind



»» Recommendation



- Area of small-scale households forest area - Establishment of groups with sustainable forest management objectives ► Policy support
- Development and dissemination of technical guidance ► forestry extension
- Market linking for forest products

»» Recommendation



- Mechanism of financial support, tax policy
- Insurance mechanism for plantation forest
- Development of forest value verification model
- Map for potential sawn timber production
- Linking forest owners - forestry companies - afforestation households - wood processing companies





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Thank you for your attention