

## [Environment](#)

,  
425  
11998  
Environment  
Environment  
/Environment/  
1288204  
Environmental market in Vietnam to rise  
0  
Article  
null  
Environmental market in Vietnam to rise  
Last update 17:29, Wednesday, 23/06/2010 (GMT+7)

,  
*VietNamNet Bridge – An environmental event, the “17<sup>th</sup> Katoomba meeting” will take place in Hanoi on June 23-24. VietNamNet would like to introduce an article by Michael Jenkins, Chairman of Forest Trends, one of the meeting organizers.*

Natural ecosystems like forests, mangroves, wetlands, and coral reefs provide society with a wide range of services - from reliable flows of clean water, to vital crop pollination, productive soils, flood control, pest regulation, as well as carbon sequestration.

The important work of the Millennium Ecosystem Assessment, which was completed in 2005 and included over 1,300 scientists from around the globe, confirmed the critical contribution ecosystem services and biodiversity make to human well-being and the economy and to ecosystem health. Yet, financing biodiversity and ecosystem conservation has been utterly inadequate to achieve ecosystem management goals. On the other hand, mainstream economic activity provides incentives to ignore or undermine ecosystem health. Still, around the world, widespread interest is emerging in markets and payment schemes (PES) that reward actors who conserve or restore the ecosystem services provided by terrestrial, freshwater, and marine ecosystems. Such mechanisms offer an innovative approach to conserving threatened biodiversity by conferring market value to these services, critically important for countries such as Vietnam, which are struggling to achieve national goals for biodiversity conservation and conservation of ecosystem services critical to human livelihoods and economic development.

Payments for Ecosystem Services (PES) deals are emerging wherever businesses, governments, or non-profit organizations have taken an active interest in addressing particular environmental issues. These schemes provide a new source of income for land management, restoration, conservation, and sustainable-use activities, and, by this, have significant potential to promote sustainable ecosystem management. Currently, billions of dollars are moving through the emerging markets for carbon, water and biodiversity and we are poised for a significant increase in these markets as they further develop.

Over the next 8 weeks, we will be offering a series of articles that examine each of these emerging market opportunities. This will culminate in a major "Katoomba" event June 24th-25th in Hanoi, Vietnam.

A first step in understanding the scope and potential of these tools is to recognize that there are a range of types of markets and payments for ecosystem services that are important to distinguish:

Public payment schemes for land owners to maintain or enhance ecosystem services; these types of PES agreements are country-specific and exist where governments have established focused programs (as in China, Mexico, and Costa Rica). While specifics vary by program focus and country, they commonly involve direct payments from a

government agency, or another public institution, to landowners and/ or managers. China's "Sloping Land Conversion" program is the largest public payment scheme in the world.

Formal markets with open trading between buyers and sellers, either a) under a regulatory cap or floor on the level of ecosystem services to be provided, or 2) voluntarily. Regulatory ecosystem service markets are established through legislation that creates demand for a particular ecosystem service by setting a 'cap' on the damage to, or investment focused on, an ecosystem service. The users of the service, or at least the people who are responsible for diminishing that service, respond either by complying directly or by trading with others who are able to meet the regulation at lower cost. Buyers are defined by the legislation, but are usually private-sector companies or other institutions. Sellers may also be communities, companies or other entities that the legislation allows to be sellers and who are going beyond regulatory requirements. The European Union Emissions Trading Scheme (EUTS), currently valued at US\$92 billion, is a good example. Voluntary markets also exist, as in the case of most carbon-emission trading in the United States. For example, companies or organizations seeking to reduce their carbon footprints are motivated to engage in the voluntary market to enhance their brands, to anticipate emerging regulation, in response to stakeholder and/ or shareholder pressure, or other motivations.

Self-organized private deals in which individual beneficiaries of ecosystem services contract directly with providers of those services. Voluntary markets, as outlined above, are a category of private payments for ecosystem services. Other private PES deals also exist in contexts where there are no formal regulatory markets (or none are anticipated in the near term (and where there is little (if any) government involvement. In these instances, buyers of ecosystem services may be private companies or conservationists who pay landowners to change management practices in order to improve the quality of the services which the buyer wishes to maintain or on whom the buyer is dependant. The motivations for engaging in these transactions can be as diverse as the buyers. For example, in France, Perrier Vittel S.A., one of the largest bottlers of mineral water in the world, pays upstream landowners to follow prescribed management practices and use less intensive dairy farming techniques.

We currently see various countries in Asia, particularly Vietnam, to have the potential to take the lead in demonstrating how multiple markets for ecosystem services - such as forest carbon, watersheds, marine and coastal, as well as biodiversity offsets - can improve the quality of the environment and the long-term economic prospects for the Mekong's millions of local communities and other stewards in Asia.

The Katoomba event in Hanoi on June 24th and 25th, co-hosted with Vietnam's Ministry of Agriculture and Rural Development (MARD) and the Ministry of Natural Resources and the Environment (MONRE), will convene policy makers, the scientific community, major financial institutions, business leaders, NGOs, and the community-based organizations from the region and other experts from around the globe to discuss the current state of, and potential for PES markets in the Mekong/ASEAN region. The discussions will focus on pioneering initiatives in forest-based as well as marine- and coastal-based carbon sequestration and biodiversity markets which, in conjunction with REDD (Reducing Emissions from Deforestation and Forest Degradation in Developing Countries), have the capability to reduce global carbon emissions, avoid dangerous climate change and help conserve natural ecosystems.

*Michael Jenkins*

*Please send us your comments and feedback:*

Your browser does not support inline frames or is currently configured not to display inline frames.

[, READ ON](#)

[Exhaust checks start next year](#)

[Japan, France commit US\\$134 million for fighting climate change in Vietnam](#)

[Red-eared turtles threaten ecological balance](#)

[Contaminated water threatens Ha Noi](#)

[HCM City farmers to sue Vedan for \\$5.6 mil over pollution](#)

[100 rare pheasants found in central VN national park](#)  
[Caught in the act, bear gall farm gets off with a fine](#)  
[Over 200 rare aquatic species at high risk of extinction](#)  
[Heat wave to burn stronger in Vietnam](#)  
[HCM City to plant trees to help prevent dyke, bank erosion](#)  
TOP STORIES

[Twenty-one injured when chemical warehouse explodes](#)  
[Football gambling debts play a role in two attempted suicides](#)  
[Heat wave leads people surrounding power office asking for electricity](#)  
[Luan takes reins of Education Ministry](#)  
[Express railway project will involve many countries, many contractors](#)  
[Quy Nhon: Sharks continue attacking swimmers](#)  
[Diva to sing with national symphony orchestra](#)  
[“Vietnamese music absorbs my soul”](#)  
[Hue Festival 2010: a jam-packed nine days](#)

• LATEST NEWS

[ADB approves \\$60mil loans for healthcare in Vietnam](#)  
[Gov't puts \\$82 mil towards preserving historical site](#)  
[Vietnam, RoK sign IT cooperation document](#)  
[US servicemen's remains repatriated](#)  
[Washington state governor plans to visit Vietnam](#)  
[Environmental market in Vietnam to rise](#)  
[Hanoi to build five gates worth \\$2.6mil](#)  
[The family of tall men](#)  
[Singers free during World Cup season](#)  
[Eight sites identified for nuclear power plants](#)