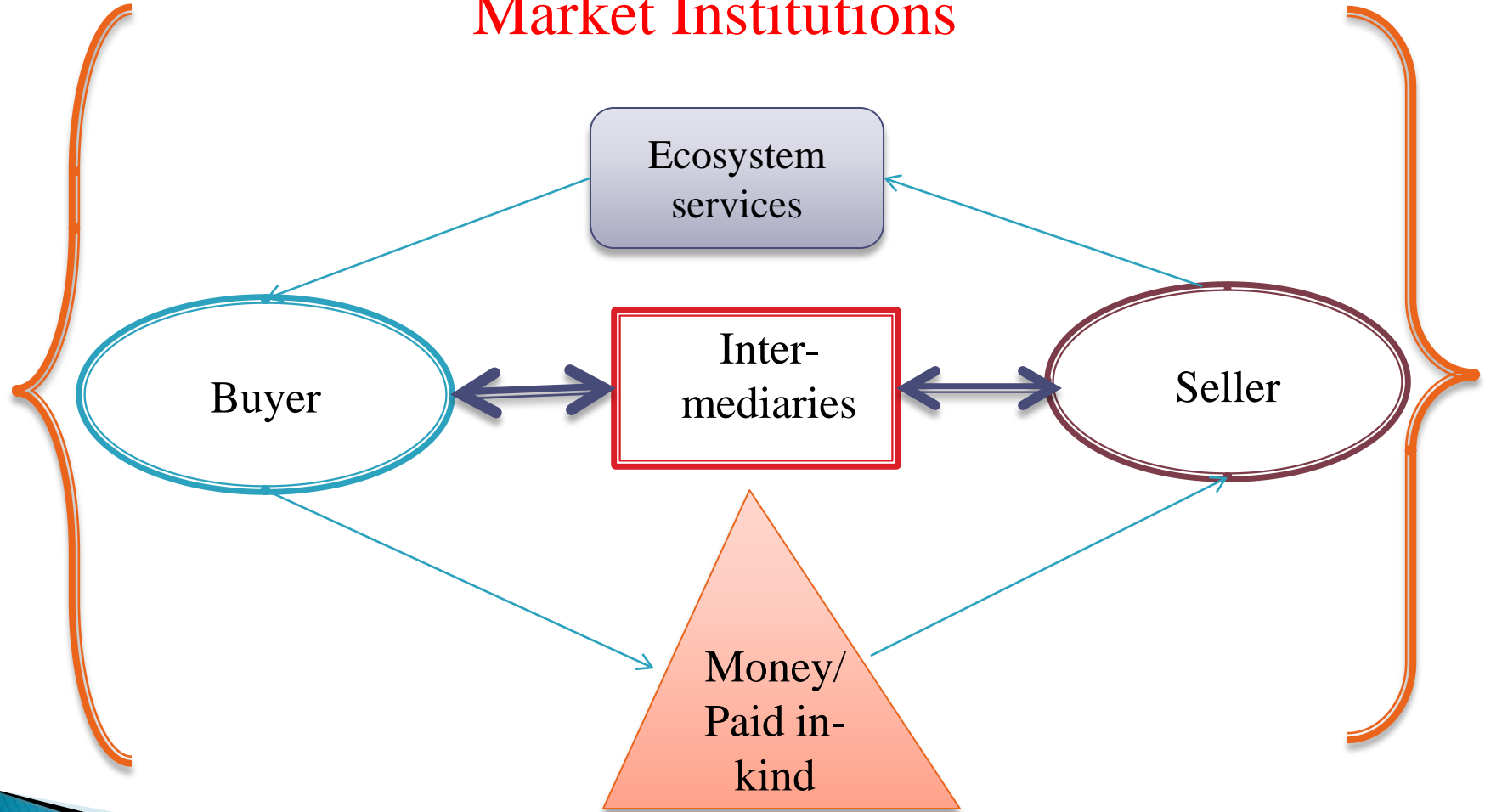


PFES and REDD: Similarity and differences and implication for the establishment of the REDD+ fund

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PFES and REDD

Market Institutions



Similarity

- ▶ Components of PFES and REDD
 - Buyer
 - Seller/service providers
 - Inter-mediaries
 - Service provider
 - Payment
 - Market institutions

Differences: Buyer

PFES	REDD+
<ul style="list-style-type: none">▪ Local buyers▪ State's own companies (VN)▪ Private companies (mainly private capital)▪ Conservation organizations▪ Others	<ul style="list-style-type: none">▪ International buyers▪ State, foreigner (mainly ODA)▪ Private companies (beginning to emerge as private capital investment company)▪ Conservation organizations▪ Others

Differences: Seller

- ▶ PFES:
 - State (Việt Nam)
 - People (indirect) provide services
- ▶ REDD
 - Land owners/forest (other countries)
 - State (Viet Nam)

Differences: Ecosystem services

- ▶ PFES (Việt Nam)
 - Types of service
 - Water supply
 - Anti-sedimentation
 - Erosion control
 - Carbon and biodiversity
- ▶ REDD:
 - Carbon
- ▶ REDD+:
 - Carbon and biodiversity, etc.

Differences: Intermediaries

- ▶ PFES
 - Government (Việt Nam):
 - Organizations and individuals
- ▶ REDD:
 - State
 - Organizations and individuals

Differences: market institutions

- ▶ PFES:
 - State regulations (define, gradually changes)
- ▶ REDD:
 - Market decide (based on the quality of services provided – future): private companies
 - Development countries/ donor organizations

Differences: PFES/REDD

- REDD could be understood as a large-scale model of PFES, inter-states, base on the principle of reducing emissions in a country to be compensated by other developed countries.
- Nation to nation
 - Depend on negotiations
 - The implementation of national REDD
- PFES: implementing the global plan at the local level
- PFES
 - Direct payment for land user
 - Conditional payment
- REDD: requires diverse programs, include policies and programs that are not merely payment
- PFES: has the advantage of quick payment, pay directly to the forest protectors or make a decision on forest protection

Implication of the establishment of the REDD+ fund

- ▶ PFES: monitoring & evaluation at local level
- ▶ REDD: independent international monitoring & evaluation
- ▶ PFES: funds from different sources can be combined
- ▶ REDD: funds cannot be combined unless ensure safety:
 - Method of operation
 - Sharing mechanism
 - M&E
 - Complaints & resolution
 - 3 basis elements
 - Transparency
 - Effective
 - Fair (based on participation/outcome)

Other issues in Viet Nam

- ▶ Safety? (example: land use)/buyer trust?
- ▶ Fund?
- ▶ Mechanism of distribution/distribution form?
- ▶ Policy?
- ▶ Independent monitoring?
 - Carbon absorption
 - Activities implementation
 - Benefit sharing
- ▶ Handling of violations & sanctions for violations?