



# **PARC Ba Be / Na Hang**

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FOREST PROTECTION DEPARTMENT (FPD),  
MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT (MARD)

## **FINANCING STUDY**

### **Phase II: Working Paper 3**

### **Options for the Establishment of Trust Funds for Ba Be National Park and Na Hang Nature Reserve**

PARC Project VIE/95/G31&031  
Creating Protected Areas for Resource Conservation  
using Landscape Ecology

July 2002

This report is prepared for the Government of Viet Nam, within the framework of the GEF and UNDP-funded project VIE/95/G31&031 "Creating Protected Areas for Resource Conservation using Landscape Ecology" (PARC). The authors are IUCN – The World Conservation Union.

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This internal report of the PARC Project was written to support project objectives. It is provided as a reference on components of the landscape ecology approach taken by the project. As a result of project progress, some of the issues and activities within the report may have been superseded at the time of its electronic publication.

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## Acronyms

|      |  |
|------|--|
| BBNP | Ba Be National Park  |
| GEF  | Global Environment Facility  |
| IUCN | The World Conservation Union   |
| MARD | Ministry of Agriculture and Rural Development                                      |
| NHNR | Na Hang Nature Reserve   |
| PA   | Protected Area   |
| PARC | Creating Protected Areas for Resource Conservation Using Landscape Ecology Project |
| TF   | Trust Fund   |
| VND  | Vietnamese Dong ( <i>VND15,000 = US\$1 at time of study</i> )                      |

## List of accompanying reports

|  |   |
|--|---|
| <b>Synthesis Report:</b>               | Needs and Opportunities for the Establishment of Sustainable Financing Mechanisms for Ba Be National Park and Na Hang Nature Reserve. |
| <b>Sustainable Financing Strategy:</b> | Ba Be National Park, Bac Kan Province.  |
| <b>Sustainable Financing Strategy:</b> | Na Hang Nature Reserve, Tuyen Quang Province.   |
| <b>Working Paper 1:</b>                | Strengthening Central and Provincial Budget Support to Ba Be National Park and Na Hang Nature Reserve.                                |
| <b>Working Paper 2:</b>                | Potential for Ecotourism to Contribute to Long-Term Financing of Ba Be National Park and Na Hang Nature Reserve.                      |
| <b>Working Paper 3:</b>                | Options for the Establishment of Trust Funds for Ba Be National Park and Na Hang Nature Reserve.                                      |

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## **Addendum**

In late April 2002, just as this report had been finalised, Decision 51/2002/QD-TTg was signed by the Prime Minister, transferring the management of Ba Be National Park from the Ministry of Agriculture and Rural Development to Bac Kan Province People's Committee. The extent to which this will have financial impacts on BBNP is not known.

All of the recommendations contained in this report have equal relevance to BBNP under Provincial management. It should however be emphasised that:

- BBNP currently receives some of the highest funding among all of Viet Nam's PAs. It is important that Bac Kan Province People's Committee maintain at least these levels of funding in the future.
- Should funding not be maintained at past levels, additional sources of finance will have to be sought for BBNP. These could include additional fees, levies, charges, and international financing sources
- The recommended Trust Fund mechanism may rely on Provincial, as well as central and international, contributions to its capitalisation. Should funding to BBNP not be maintained at past levels, is it recommended that the trust fund capital, and thus its subsequent income, be raised.

# 1 Overview

## 1.1 Environmental and Protected Area Trust Funds

Trust funds (TFs) for Protected Areas (including National Parks and Nature Reserves) have been set up in many developing countries during the past decade as a way to provide long-term funding for biodiversity conservation. They are capitalized by grants from governments and donor agencies or the proceeds of debt-for-nature swaps, and also from taxes and fees specifically designated for conservation. Generally, TFs seek to provide more stable funding for protected areas (PAs). The main attraction of TFs is their reliable and sustainable function in fund-management and distribution. TFs are typically formed through broad consultative processes, administered by a trustee, and governed by a public or private board composed of members of several relevant stakeholder groups. They have credible and transparent operational procedures, accountability, and sound financial management practices. The assets are managed professionally to provide income for the duration and purpose specified by the fund. The creation of TFs requires a substantial investment of time and resources, and long-term commitment to building a new institution.

Currently, the necessary requirements to renovate the financial mechanism for sustainable investment to environment and protected areas is being recognised in Viet Nam. Among renovating mechanisms a highly recommended one is to set up environmental trust funds, at both national and local level. In fact, there has been existing many mechanisms in Viet Nam for relevant environment activities such as: National Program No. 327 on reforestation, National Research Project on environment protection, Rural infrastructure Development Fund in Quang Nam province, Development and Investment Fund in Ho Chi Minh City:

- In 1998, an environment trust fund was first established in Viet Nam by VINACOAL. It dealt with environment problems relating to mine exploration in Quang Ninh province.
- Recently, Ho Chi Minh City's People's Committee approved the establishment of a Fund for minimising industrial and small scale industrial pollution in Ho Chi Minh City (Decision No.5289/QD-UB-KT of HCM city people's committee). This fund concentrates on providing financial support to enterprises to improve the environment situation and to solve environment problems caused by such enterprises.
- In Hanoi, a pilot trust fund was established under the Decision No. 48/QD-UB of Hanoi people's committee dated May 15, 2000 for Thuong Dinh industrial zone, Thanh Xuan district.
- A National Environment Protection Fund has recently been approved for Viet Nam.
- Under the Forest Sector Development Project, the World Bank is working with the Government of Viet Nam to establish a national level Conservation Fund for Management Effectiveness of Protected Areas. The fund, which would be capitalised by a GEF grant, would be a sinking fund with small grants awarded to biologically important areas for one to three years according to management needs and to pilot different management models.

## 1.2 Investigating options for Trust Funds in Ba Be and Na Hang PAs

The Project "Creating Protected Areas for Resource Conservation Using Landscape Ecology" (PARC) was initiated in 1998, and will run until 2003. It aims to develop and pilot innovative methods for protecting Viet Nam's unique and highly threatened species and habitats. Using a landscape ecology approach which links a variety of land uses into a matrix

of protection, buffer and forest rehabilitation areas, the project seeks to help to alleviate threats to biodiversity through integrating conservation and development objectives.

PARC is funded by the Government of Viet Nam and GEF-UNDP, and is managed from a National Project Office located in the Forest Protection Department of the Ministry of Agriculture and Rural Development. Field operations are co-ordinated by Scott Wilson Asia-Pacific Ltd, and additional technical support is provided by IUCN — The World Conservation.

PARC operates in three protected areas (PAs) — Ba Be National Park (BBNP), Na Hang Nature Reserve (NHNR) and Yok Don National Park (YDNP). It is implementing tangible conservation and development programmes in these PAs through a participatory approach which involves and builds capacity among local communities as well as concerned government agencies. A variety of activities are being carried out at these field sites, grouped under four parallel supporting programmes:

- **Conservation** (PA infrastructure, PA management, biological and social monitoring).
- **Environmental awareness and ecotourism** (environmental awareness and education, ecotourism development).
- **Community development** (agricultural development in buffer areas, agricultural development inside/near core protected areas, existing and alternative income generation).
- **Land use planning and forestry** (land use planning, forestry).

Output 1.6 of the PARC Project deals with “the establishment of a mechanism to provide long-term funding for biodiversity conservation and community development in the target areas”. To generate this output, a Financing Study is being carried out, which is required by its terms of reference to:

1. Evaluate the current financial system for protected area management in Viet Nam with reference to the PARC project target sites;
2. Identify options to improve financial efficiency, explore funding alternatives and develop innovative funding mechanisms which enable the PARC project to establish long term financial support for protected areas management, with priorities based upon biodiversity conservation and recognition of local community development needs in the target areas.
3. Investigate options for the establishment of trust fund(s) for PARC PAs

This report deals with the third item specified above: options for the establishment of Trust Funds.

### 1.3 Content of this report

The following Chapters of this report deal with:

- **Chapter 2:** Objectives and set-up of Trust Funds, including aims, legal framework and organisational structure.
- **Chapter 3:** Financing and structure of Trust Funds, including capital, financial structure and financial estimates.
- **Chapter 4:** Activities of Trust Funds, including credit and budget support to biodiversity conservation, investment, credit level and authority.
- **Chapter 5:** Important factors and conditions for Trust Funds, including general and specific factors.

## **2 Objectives and Set-Up of Trust Funds**

### **2.1 The aims of setting up Trust Funds**

Currently, in Viet Nam in general and BBNP and NHNR in particular, biodiversity conservation activities are seen primarily as non-profit sector activities and are mainly funded by State budget. These funds have in many cases decreased over time, and often do not keep up with inflation and exchange rate depreciation. Some project which proposed to get more funding to meet the project objective will not get any additional funding. This is the reason why some project, program or activities have not completed yet while the new others have been carried out with an overlap and inefficiency.

The primary goal of the TF is to address these funding problems by creating a long term stability for biodiversity conservation by providing stable financing for the operating and running costs of PAs. Trust funds focussed on protected areas will be successful in providing "resource security". This allows BBNP or NHNR director to concentrate on conservation activities, attracting project funding, and collaborating with communities and interested organizations.

TF are able to receive and mobilise a diverse range of domestic and foreign funds, and use them to finance activities that are related directly or indirectly to the BBNP's and NHNR's conservation and development. Like other funding mechanisms, TFs can support many different type of conservation activities, depending on what is permitted under the terms of legal document establishing the TF and approved by the TF's board of directors. TFs can only directly support conservation activities, they can also have a portion of their annual revenue assigned to support community activities.

TF help strengthening the supervising capacity level of authorities for funding for biodiversity conservation. Broad participation of multi government stake holder representatives in the governing bodies contributes to a transparent decision-making process for the conservation activities. Besides it helps to facilitate co-ordination between various actors (donors, government, civil society) and to build local capacity for managing financial resources. It is locally driven and locally managed, addressing the priorities of the region, country, province or community in which they are based.

TF provide high absorptive capacity, i.e. the ability to absorb and distribute large sums of money over an extended period of time. As a long-term source of finance, they facilitate the planning process of PA management, provide small grant-making capacity by "retailing" large international grants to a wide range of smaller projects. TF, once started, can attract important additional funding from various sources. TF is more capable than donor agencies of working flexibly and with attention to small scale details.

### **2.2 Legal framework of Trust Funds**

There is as yet no regulatory framework that relates specifically to the establishment and operation of trust funds in Viet Nam. Several PAs have however already proposed the use of trust funds as mechanisms for retaining and earning revenues, a National Environment Protection Fund has recently been approved, and there exist Environment Funds for the Thuong Dinh Industrial Zone and for minimising pollution in Ho Chi Minh City. Under the Forest Sector Development Project, the World Bank is also working with the Government of Viet Nam to establish a national level Conservation Fund for Management Effectiveness of Protected Areas. The presence of these other funds establishes the fact that an enabling legal and regulatory framework for trust funds is not lacking in Viet Nam

Pilot trust funds for BBNP and NHNR would have status of state financial institutions, with the functions of receiving and mobilising funds to finance activities that are related to conservation activities in BBNP and NHNR. These funds have the status of legal entity, their own legal capital, statement of account, stamp. For BBNP, MARD will prepare proposal document of setting up pilot TF to the Government. After getting the Government approval, MARD will issue Decision on establishment of TF for BBNP. TF for BBNP will operate under the regulation of this Decision. For NHNR, instead of MARD, Tuyen Quang people's committee will prepare proposal document of setting up pilot TF to the Government and then issue Decision on establishment of TF for NHNR.

Other legal documents which serve as the principal document to govern general operations of TF will be issued by MARD (for BBNP) and by Tuyen Quang people's committee (for NHNR) is Regulation on Organization and Operation of TF. It define the fund structures as well as specific guidelines for the use of fund. Fundamentally, this documents is the "law" under which the TF will be administered and by which the activities of the board and management staff will be held accountable to. This document also establish the legal right of the governing board to initiate lawsuits on behalf of the trust to support its objectives, and provide a legal basis for removing board members, and even dissolving the trust, when the goals and objectives are not carried out or when there is egregious violations.

### **2.3 The organization structure of trust fund**

TF consist of three components: Management board, Control board and Operation unit. Management board of TF for both BBNP and NHNR are including the representative of the following institution: DARD, FPD, DPI, Provincial Financial department, BBNP director (or NHNR director). The president of management board of BBNP trust fund appointed by the minister of MARD while president of management board of NHNR appointed by chairman of Tuyen Quang people's committee.

Management board of trust fund is charged with overall fund management, general direction and policy decisions. In detail, Management board has ultimate fiduciary responsibilities, defines the grant making program, approves grant, credit and decides on key policy and other issues facing the fund. The Management board's decisions should be open, transparent (e.g., documented and available to the public) and maintenance of standards over time. This can elaborated in the TF Operation regulations, and cover, for example: frequency and rules for board meetings, mechanisms for making board deliberations and decision available to the public, periodic audits and annual financing reporting, etc. The Management board member must be committed to the goals of the TF, and fulfilling their obligations as stipulated in the Operation regulation document.

Control board is responsible for monitoring and observing the implementation of policies and activities of the TF in order to ensure the safety of its asset management. It have to draft plan and annual report on monitoring to submit to Management board. Head of Control board has right to propose emergency meeting to report urgent issues; to present its reports and recommendations on monitoring results, appraisal reports on statement of account in meeting of Management board, however, it is not eligible to vote. Head of the Control board appointed and relieved by Management board. Member of the Control board are assigned by Management board according to the recommendation of Head of the board.

The Operation unit of TF consists of director, vice director and functional sections. We propose that the Operation unit of Trust Funds are managed by BBNP Park and NHNR Management Board. It means that the Director of BBNP and NHNR will become the TF Directors and some functional sections of the BBNP and NHNR will be a part of TF's Operational unit. However, staffs of BBNP and NHNR who will work for trust fund need to be trained further to handle trust fund activities. Director of TF responsible to manage TF's assets handle day-to-day operation of TF in accordance with the Operation regulation., to

present regular reports of TF in terms of fund receiving and mobilisation as well as TF activities to Management board, to manage asset, capital and to be responsible for maintaining and developing asset and capital of TF.

## 3 Financing and Structure of Trust Funds

### 3.1 Types of Funds

There are no “typical” conservation TFs. The operational form of different TFs depends on their overall objectives, the legal framework, their role within the national nature conservation planning process, etc. Their structure, scope of activities, priorities, and procedures vary according to their purposes, and the local situation.

In terms of financial structure, there are three types of conservation TFs, distinguished by their investment volume and spending horizon:

- **Endowment trust funds** have permanent capital assets (endowments). Only the investment income is allocated annually to conservation projects. Endowed trust funds can be appropriate for supporting ongoing activities such as recurrent protected area management costs.
- **Sinking funds** start with an amount of money that is spent over a pre-defined period of time. Such funds can provide predictable support for activities that can be concluded in the medium-term (e.g., 5 or 10 years) or can be handed over to organisations whose capacities have increased. Alternatively, other sources of recurrent funding could be secured to supplement sinking funds. Sinking funds are particularly interesting for bilateral donors who are prohibited to contribute to endowments.
- **Revolving funds** receive new financial resources on regular basis – e.g., proceeds of special taxes, fees or levies designated to pay for conservation programs – which can replenish or augment the original capital of the fund and provide a continuing source of money for specific activities.

It is now generally agreed that the most effective trust funds contain a combination of more than one funding mechanism. For example, new trust funds are typically under pressure to demonstrate concrete results and success. Such early success can be critical to securing contributions to the trust fund from other donors. It is therefore often advisable, in the start-up phase, to spend down a proportion of trust funds in order to fund some priority projects that can demonstrate rapid and tangible results. For long-term sustainability, endowment types of fund are the most desirable.

### 3.2 Trust Fund capital

It is proposed that a VND 5 billion endowment trust fund is piloted for BBNP, and a VND 95 billion endowment trust fund piloted for NHNR, to include an additional sinking facility of VND 3 billion (VND 1.5 billion for each of BBNP and NHNR) to be drawn down over the first three years of the pilot trust funds’ operation. These capital amounts for the endowment component of the pilot trust funds are based on the additional funding requirements for Operational Plan and VRUP implementation. For NHNR, the capital amount has been calculated so as to allow a minimum basic trust fund income that, alone, would be enough to cover in perpetuity the existing funding gap for Operational Plan implementation.

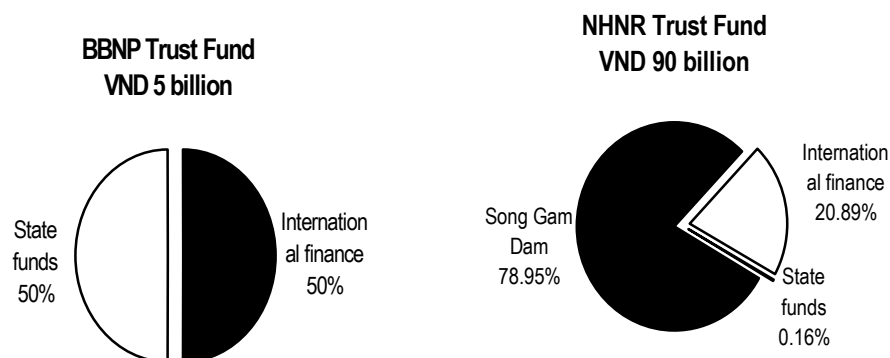
The additional funding to capitalise the two pilot trust funds is provided by a combination of state funds, international finance and, for the case of NHNR, through payments made from the proposed Song Gam Dam:

- As the pilot trust funds would be established as government entities, in order to fund state-run PAs, it is proposed that a fixed outlay of **state funds** is invested in the

establishment of trust funds. It is proposed that 50% of the endowment trust fund capital for BBNP or VND 2.5 billion is made available from state funds, and VND 150 million for NHNR – this is equivalent to approximately half of the government’s capital budget allocation to each of BBNP and NHNR in 2001.

- Various sources of **international finance** are available for the establishment of trust funds, and have often been used elsewhere for this purpose. These include contributions from private endowments and foundations, from debt-for-nature swaps, and the use of bilateral and multilateral funds through the GEF. It is proposed that 50% of the endowment trust fund capital for BBNP, or VND 2.5 billion, is raised from international sources, and VND 19,850 billion (or just over a fifth of trust capital) for NHNR (outlined in detail in the accompanying report [Working Paper 3 - Potential for International Funding to Contribute to Long-Term Financing of Ba Be National Park and Na Hang Nature Reserve](#)). It is also proposed that international funds are used to establish a sinking fund to be drawn down in the early stages of the operation of the pilot trust funds, to a value of VND 1.5 billion for each of BBNP and NHNR.
- The use of payments from the establishment of the **Song Gam Dam** to establish an environmental trust fund for NHNR is in line with World Commission on Dams recommendations that a trust fund should be established for the management of funds paid from hydropower schemes to environmental management and community development (outlined in detail in the accompanying report [Working Paper 1 - Strengthening Central and Provincial Budget Support: the Case of Ba Be National Park and Na Hang Nature Reserve](#)). Plans for the dam already provide for the allocation of around 23% of the capital cost to be used to support resettlement schemes for communities affected by the flooding of land for the reservoir. It is proposed that 2% of the capital cost of the scheme, or approximately VND 150 billion, should be allocated to environmental conservation activities in NHNR. Half of this could be used for up-front environmental mitigation measures, and half could be used to establish a trust fund for NHNR.

**Figure 1: Capitalisation of BBNP and NHNR pilot trust funds**



### 3.3 Financial Structure of Trust Funds

It is proposed that BBNP and NHNR TFs are financed from a variety of sources, including ecotourism charges, various user fees and international sources. These are outlined in detail in the accompanying report [Synthesis Report –Needs and Opportunities for the Establishment of Sustainable Financing Mechanisms for Ba Be National Park and Na Hang Nature Reserve](#) and in Working Papers [Potential for International Funding to Contribute to Long-Term Financing of Ba Be National Park and Na Hang Nature Reserve](#), [Potential for Ecotourism to Contribute to Long-Term Financing of Ba Be National Park and Na Hang](#)

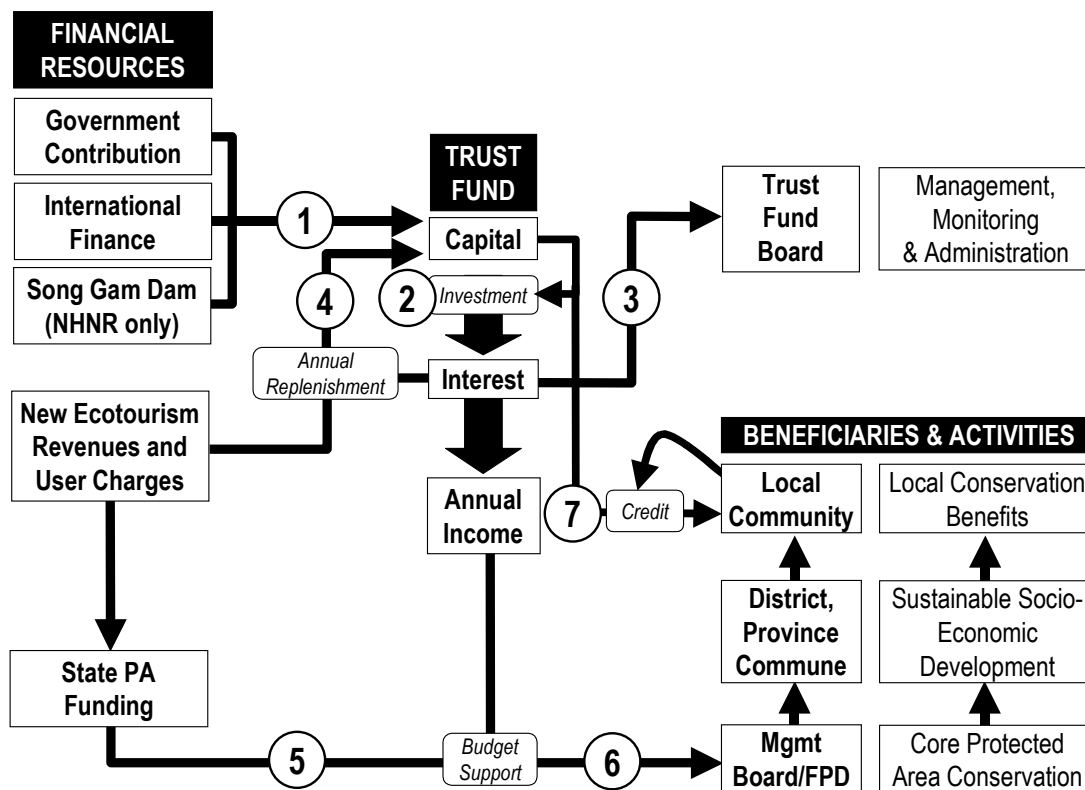
### Nature Reserve and Strengthening Central and Provincial Budget Support: the Case of Ba Be National Park and Na Hang Nature Reserve.

Trust funds will cover their own costs of its management and running from interest earned. The interest earned also use for budget support. A portion of interest earned will also be reinvested as an annual replenishment to the trust fund capital. The trust fund will also be replenished by the return of a fixed proportion of new ecotourism revenues and user charges to the capital sum each year. This will mean that trust fund income will rise steadily over time, as a growing capital generate increasing interest.

Remaining new ecotourism revenues and user charges will be channelled through existing MARD and PPC budgets to PA management, together with remaining interest from the trust fund. These will be allocated to the implementation of biodiversity conservation and sustainable development activities by the relevant government agencies. In addition,, a revolving credit fund will be made available to core and buffer zone community members.

Pilot trust funds will retain and channel a proportion of new financial resources as an additional supplement to the normal allocation of PA budgets, and administer income as grants, credit and budget support to the various groups and management activities that support biodiversity conservation in BBNP and NHNR (Figure 2).

**Figure 2: Operation of the pilot trust fund**



1. It is proposed that the two pilot trust funds are **capitalised** from state and international sources, and for the case of NHNR from the proposed Song Gam Dam. This will form a one-off payment.
2. It is proposed that the capital of the pilot trust funds be **invested** in interest-bearing accounts, such as government bonds, yielding an annual income flow to be used for PA conservation and community sustainable development.

3. The pilot trust funds will cover their own **management and running costs** from annual interest earned, including costs of administering and operating the community revolving credit facility (see below).
4. A proportion of annual interest, together with a fixed proportion of additional financial resources generated from ecotourism fees, hydropower transfers and water charges, will be **reinvested** in the pilot trust funds in order to replenish and add to the capital amount.
5. Annual state capital and recurrent budgets, and the major proportion of additional financial resources, will continue to flow and be allocated through normal MARD and Provincial budgetary channels.
6. Income from the pilot trust funds (less annual replenishment and management costs) will flow through existing government PA budget channels, joining annual state budgets and additional income raised from ecotourism fees, hydropower transfers and water charges to be allocated through MARD and Provincial budgets to the **implementation of conservation and sustainable development activities** by PA managing authorities, local authorities and other relevant government agencies.
7. It is also proposed that a small portion of initial trust capital is used to establish funding for a community **credit facility**, for core and buffer zone communes. This facility would provide revolving credit, and annual costs of management, administration and default would be covered as part of VRUP implementation costs and pilot trust fund running.

### 3.4 Financial estimates for pilot trust fund models

At the size of pilot trust funds and based on the funding needs and potential additional financial resources described above, the establishment of pilot trust funds has the potential<sup>1</sup> to generate annual additional income of VND 125 million a year for BBNP and VND 2,375 million a year for NHNR (Table 1), rising to VND 159 million and VND 2,420 million after 10 years and VND 215 million and VND 2,495 after 25 years.

This assumes an annual real interest rate of 2.5%, calculated from the actual return to government bonds less inflation and an allowance for exchange rate depreciation. As well as supplementing state budgets and additional financial resources as a source of funding for Operational Plans and VRUPs, the trust fund model allows annual lending to community-based conservation initiatives of VND 300 million a year for BBNP and VND 1,600 million for NHNR. The model also incorporates an annual replenishment to BBNP trust capital of VND 150 million a year, and VND 200 million a year for NHNR, allowing both the capital and income to increase over time. Annual costs of pilot trust fund management (VND 90 million a year) and community credit fund defaults and operation (10% of lending) are also covered within the model.

Together with existing government budgets and additional financial flows, this scenario generates an estimated maximum total income flows for PA management for VND 7.4 billion

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<sup>1</sup> It is important to emphasise that these potential revenues are estimates only, generated for management planning purposes only. They are indicative figures, and aim merely to illustrate the broad magnitude of revenues that could be raised. Should it be decided to pursue these revenue-generating activities further in BBNP and NHNR, more detailed cash flow projections would have to be made.

for BBNP and VND 10.7 billion for NHNR<sup>2</sup>, adequate to sustain the long-term financing of biodiversity conservation and sustainable community development activities.

**Table 1: Trust fund financial estimates**

|   | <b>BBNP<br/>(VND million)</b> | <b>NHNR<br/>(VND million)</b> |
|---|-------------------------------|-------------------------------|
| Basic trust fund capital (government, international, hydro)             | 5,000                         | 95,000                        |
| Revolving community credit fund (amount lent out annually)              | 300                           | 1,600                         |
| <b>Initial investment</b>   | <b>5,300</b>                  | <b>96,600</b>                 |
| Biodiversity conservation and community activities                      | 4,651                         | 6,141                         |
| Trust fund management (Board meetings, salaries, office, etc.)          | 90                            | 90                            |
| Annual costs of operating community credit (management, defaults, etc.) | 30                            | 160                           |
| Annual trust fund replenishment   | 150                           | 200                           |
| <b>Annual costs</b>   | <b>4,921</b>                  | <b>6,591</b>                  |
| Government budgets (including recurrent adjustment)                     | 6,475                         | 1,029                         |
| PA income   | 150                           |                               |
| Additional financial resources (including ecotourism, water, hydro)     | 343                           | 5,713                         |
| Trust fund income   | 125                           | 2,375                         |
| Annual community lending  | 300                           | 1,600                         |
| <b>Annual income</b>  | <b>7,393</b>                  | <b>10,716</b>                 |

<sup>2</sup> Annual income flows are calculated at approximately 1.5 times the annual estimated costs of operating this financing model. This is a conservative model that allows for risk, and for the possibility that not all of the recommended additional sources of income will be forthcoming at predicted levels.

## **4 Activities of Trust Funds**

### **4.1 Credit and budget support to biodiversity conservation and community conservation activities**

The activities and projects related to the following program in BBNP and NHNR will receive funding from TF through credit or budget support activities. They are including the program support protection activities in BBNP and NHNR as well as local community development program, and are reflected in the draft Operational Plans prepared by PA managing authorities in BBNP and NHNR.

#### **4.1.1 Protection Program**

- a) Boundary demarcation: Surveying and posting the protected areas borders; may include costs of surveys, maps, global positioning systems, field crews, field equipment, food, travel, signs, monuments, etc.
- b) Patrols: Continuous surveillance and control of illegal activities or other threats (e.g. fires) within the boundaries of the protected area; may include costs of rangers, field equipment, first aid supplies, food, overflights, radio systems, etc.
- c) Construction of control stations and trails: Structures and access trails required to provide protection of area; may include costs of labour, transport and materials for trail shelters, ranger housing, trails, bridges, docks, gates, fences, etc.
- d) Construction of forest fire monitoring tower: Cost of labour, monitoring equipment, communications systems, radio, etc.
- e) Logistic support to research teams: Guides and supervision for researchers and other visitors (e.g. film crews) to remote sectors; may include costs for rangers, food, transport, etc.
- f) Monitoring changes in forest cover: Cost of labour, computers, monitoring equipment, mapping, etc.

#### **4.1.2 Conservation land Program**

- a) Land protection plan: Identification, mapping and description of land ownership and tenure for all properties within the protected area, or properties in the buffer zone that are important for conservation or to control access; may include costs for personnel or legal assistance, registry research, legal fees, field cadastral surveys, meetings, etc.
- b) Owner contact: Personal contact with each property owner or resident to inform them of protected area regulations and to discuss land use options; may include personnel, written materials, travel, meetings, etc.
- c) Surveys, Appraisals, Legal Fees: Legal process related to land acquisition; may include market appraisals, land surveys, registry, legal fees, taxes, etc.
- d) Land acquisition: Property purchase; may include actual property costs, personnel for negotiations, taxes, loan interest, boundary demarcation removal of hazardous conditions (e.g. toxic wastes), etc. List all properties separately.
- e) Conservation easements: An agreement by the property owner to restrict certain land uses; may include legal fees, monitoring and travel. List all properties separately.

#### **4.1.3 Natural Resource Management program**

- a) Management of priority species and ecosystems: Direct actions to protect or improve habitat or species; may include materials and equipment, field personnel, transport, etc.
- b) Exotic species control: Direct actions to control spread of non-native species; may include field personnel, equipment, materials, transport, etc.
- c) Fire management: Fire suppression or controlled burns to improve habitat; may include field personnel, fire fighting equipment, first aid supplies, transport, etc.
- d) Ecological restoration: Direct actions to recuperate degraded habitat; may include field personnel, heavy equipment, nursery stock, field tools, transport, etc.
- e) Monitoring: Periodic and long-term reviews to determine if protected area's management objectives are achieved; may include scientific equipment, overflights, Landsat images, transport, research personnel, etc.

#### **4.1.4 Research program**

- a) Rapid ecological assessment: Initial survey of a protected area's biotic resources and land tenure systems; may include Landsat images, Global Positioning System, maps, research personnel, field equipment, transport, etc.
- b) Participatory rural appraisal: Initial consultations with local communities to jointly assess social and economic problems and priorities; may include research personnel, field equipment, written materials, transport, etc.
- c) Priority research projects: Studies directed toward critical management issues; may include research personnel, field equipment, scientific equipment, housing, transport, etc.
- d) Ecological monitoring: Periodic and long-term reviews of actions to determine if protected area's management objectives are achieved; may include scientific equipment, overflights, Landsat images, transport, research personnel, etc.

#### **4.1.5 Environmental education program**

- a) Environmental education plan: Strategic document prepared with educators and local communities that describes all environmental education programs related to protected areas; may include meetings, workshops, written materials, publications, consultants, etc.
- b) Public media campaign and materials: Radio, newspaper, television and other media directed to general public; may include public relations consultants, interest polls, program production costs, materials, publications, etc.
- c) Primary school programs: Activities directed to local students; may include education personnel, materials, audio-visual equipment, meetings, school outings, etc.
- d) Decision-maker education workshops: Activities directed to public officials and private sector leaders whose support is needed for protected areas; may include management personnel, written materials, workshops, representation expenses, travel, etc.
- e) On-site interpretative signs and trails: Site improvements and trails to provide a safe, educational and enjoyable visitor experience; may include interpretive personnel, printed guides, maps and educational displays, trail construction, signs, benches, trash containers, etc.

#### **4.1.6 Ecotourism program**

- a) Ecotourism plan with local community: A community-level master plan to guide tourism development, usually involving representatives from local communities, tourism ministry

and public works; may include management personnel, planning consultants, workshops, written materials, transport, etc.

- b) Visitor registers and entrance stations: Direct or passive actions in strategic locations to monitor visitor use; may include personnel, register books and books, entrance station construction, signs, fences, gates, etc.
- c) Concession management: Activities related to management of companies engaged in tourism within the protected area; may include management personnel, legal fees, public bids, permits control, monitoring, etc.
- d) Construction of access, facilities and utilities: Infrastructure necessary for tourism with the protected area; may include architects, landscape architects and engineers, roads, airstrips, trails, energy generation systems, water storage and treatment, communications systems, lodging, visitor centres, workshops, maintenance personnel, transport, etc.
- e) Monitoring: Periodic and long-term reviews to determine if tourism objectives are achieved; may include researchers, materials, etc.

#### **4.1.7 Forest Resources program**

- a) Forest management plan: Plan that guides the protection and permissible uses of forest and non-forest resources according to management objectives; may include foresters, hydrologists and other consultants, community meetings, overflights, biological inventories, maps, field equipment, etc.
- b) Concession management: Activities related to management of companies engaged in forestry or other extractive uses within the protected area; may include field personnel, legal fees, public bids, permits control, monitoring, etc.
- c) Monitoring: Periodic and long-term reviews of actions to determine if protected area's management objectives are achieved; may include scientific equipment, overflights, landsat images, transport, research personnel, etc.

#### **4.1.8 Agriculture program**

- a) Agricultural land-use plan: Plan that guides the permissible uses of agricultural lands according to management objectives; may include soil scientists, agronomists, hydrologists and other consultants, community meetings, overflights, biological inventories, maps, field equipment, etc.
- b) Land use agreements and owner outreach: Personal contact with local communities and individuals to guide and assist agricultural uses; may include extension personnel, nursery materials and seed stock, field equipment, transport, etc.
- c) Pest control: Cost of labour, insecticides, equipment, etc.
- d) New irrigation system: Cost of labour, materials for structures, establish and maintain water supply, etc.
- e) Marketing and food processing: Cost of labour, materials for structures, equipment, transfers, information exchange, etc.
- f) Monitoring: Periodic and long-term reviews of actions to determine if protected area's management objectives are achieved; may include scientific equipment, overflights, Landsat images, transport, research personnel, etc.

#### **4.1.9 Community outreach program**

- a) Community outreach plan with local communities and agencies: A social services plan that coordinates public agency involvement based on local community needs; may include personnel, education/health materials and equipment, meetings, transport, etc.

- b) Program coordination and monitoring: Periodic communication to assess and adjust the outreach program; may include personnel, meetings and transport.

#### **4.1.10 Management and Finance program**

- a) Personnel organization and management: Supervision of protected areas personnel, planning, and management support; may include personnel, planning workshops, office space, office supplies / equipment, computers, communications systems, transport, etc.
- b) Administration and logistic support: Coordination and support of all protected areas activities; may include administrative personnel, drivers, field equipment storerooms, office space, supplies, equipment, computers, communications systems, transport, etc.
- c) Finance and accounting: Budget management, revenue and expenditure reports; may include administrative personnel, independent auditors, office space, supplies and equipment, computers, communications systems, etc.
- d) Annual plans and budgets: Preparation of annual operating plans and financial budgets including revenues and expenditures; may include administrative personnel, meetings, office supplies.
- e) Public relations and fund raising: Regular communications with general public, decision-makers and organizations that support the protected area; may include public relations personnel, meetings, travel, publications and other written materials, etc.

#### **4.1.11 Operations & Maintenance program**

- a) Construction: The planning, design and implementation of access, utilities, structures and site improvements; may include architects, landscape architects and engineers, legal fees, land acquisition, demolition, labor, materials, transport, equipment, etc.
- b) Maintenance: Long-term operations and repair of facilities, vehicles and other infrastructure; may include maintenance personnel, workshops, tools, fuels, oils, repair parts, waste disposal systems, transport, heavy equipment, etc.
- c) Operations support: Transportation and communications related to protected area program activities; may include drivers, boats, planes, vehicles, communications systems, field equipment, etc.
- d) Monitoring and control: Labour, equipment, other agencies/resources, etc.

#### **4.1.12 Training program**

- a) Staff training: Courses, workshops and orientation for protected areas personnel; may include travel, per diem, entrance fees, tuition, etc.

### **4.2 Investing in to Government bond and receiving yield of bond**

- a) This activity only applies to TF capital, which does not originate from the State budget.

### **4.3 Credit level and authority**

- a) Level of credit for a project of TF shall be determined by the Director of TF and the loan should not exceed 70% of a total capital of the project. Credit up to 20% of the prescribed capital of the TF at a given period shall be determined by the Director of TF while credit more than 20% of the prescribed capital of the TF at a given period shall be determined by Management board.

## **5 Important Factors and Conditions for Trust Funds**

### **5.1 Factors important for establishing trust fund for BBNP and NHNR**

A valuable, globally significant biodiversity resource whose conservation is politically, technically, economically, and socially feasible. Absence of major threats requiring urgent mobilization of large amounts of resources (i.e., the conservation action required is long term and addressable with the flows a trust fund could produce).

Government support of the concept of a trust fund. The support should be active and broad-based, from senior political leaders to regional and local bodies, extending beyond environmental ministries and departments to include ministries of finance and planning. A reasonable financial contribution from government, directly to the fund.

A legal framework that permits establishing a trust fund, foundation, or similar organization. Tax laws allowing such a fund to be tax exempt, and providing incentives for donations from private contributors.

People with a common vision from NGOs, the academic and private sector, and donor agencies who can work together despite their different approaches to conservation.

A basic fabric of legal and financial practices and supporting institutions (including banking, auditing, and contracting) in which people have confidence.

Mechanisms to involve a broad set of stakeholders during the design process, and willingness of stakeholders to use these mechanisms. Availability of one or more mentors - a donor agency with good program support, a partnership with an international NGO, "twinning" with another, more experienced trust fund who can provide both moral and technical support to the fund during the start-up and program implementation phases.

Realistic prospects for attracting a level of capital adequate for the fund to support a significant program while keeping administrative costs to a reasonable percentage.

An effective demand for the fund's product, i.e. a client community interested in and capable of carrying out biodiversity conservation activities on the scale envisioned, and sufficient to achieve significant impact.

### **5.2 Factor important for successful trust fund operation**

Clear and measurable goals and objectives. A "learning organization" mentality and environment, oriented toward results and achieving objectives, and flexibility to make adjustments in objectives or approach based on feedback and experience.

A governance structure with appropriate checks and balances, conflict of interest provisions, and succession procedures. "Ownership" of the fund by its board and other governing bodies, indicated by members' commitment of time, engagement in policy and leadership, and building support of the fund with varied constituencies.

Linkage between the trust fund and the leadership of any national biodiversity strategy or environmental action plan.

Ability to attract dedicated, competent staff, particularly a strong executive director. Harmonious and productive board-staff relationships.

Basic technical and other capabilities that permit the fund to become a respected and independent actor in the community. Access to, and constructive use of, training, mentoring, and technical assistance programs to build capacity.

Constructive relationships with relevant government agencies, with intermediary organizations that provide services to grantees, and with other organizations in the community. The fund should avoid becoming an executing agency itself.

Financial/administrative discipline combined with program flexibility and transparency; and procedures that support this and are consistently applied.

Mechanisms for continuing to involve a wide range of stakeholders in the fund's programs and direction. Enough clear vision and leadership to avoid program fragmentation and being pulled in many directions.

Asset management competitively selected; diversified portfolio of investments; financial expert to provide regular reporting; and oversight by fund boards comparing actual performance to benchmarks.

A supportive, nurturing implementing agency task manager, able to bring in the resources and expertise needed.