



New
Generation
Plantations

Growing Value in Viet Nam's Forests



New Generation Plantations Study Tour

Central Annamites landscape, Viet Nam

*13-17 March
2023*

Introduction

How can we improve people's quality of life without damaging the environment? It's one of the defining challenges of our time. And it's especially relevant in a country like Viet Nam, still rich in nature but developing at rapid speed.

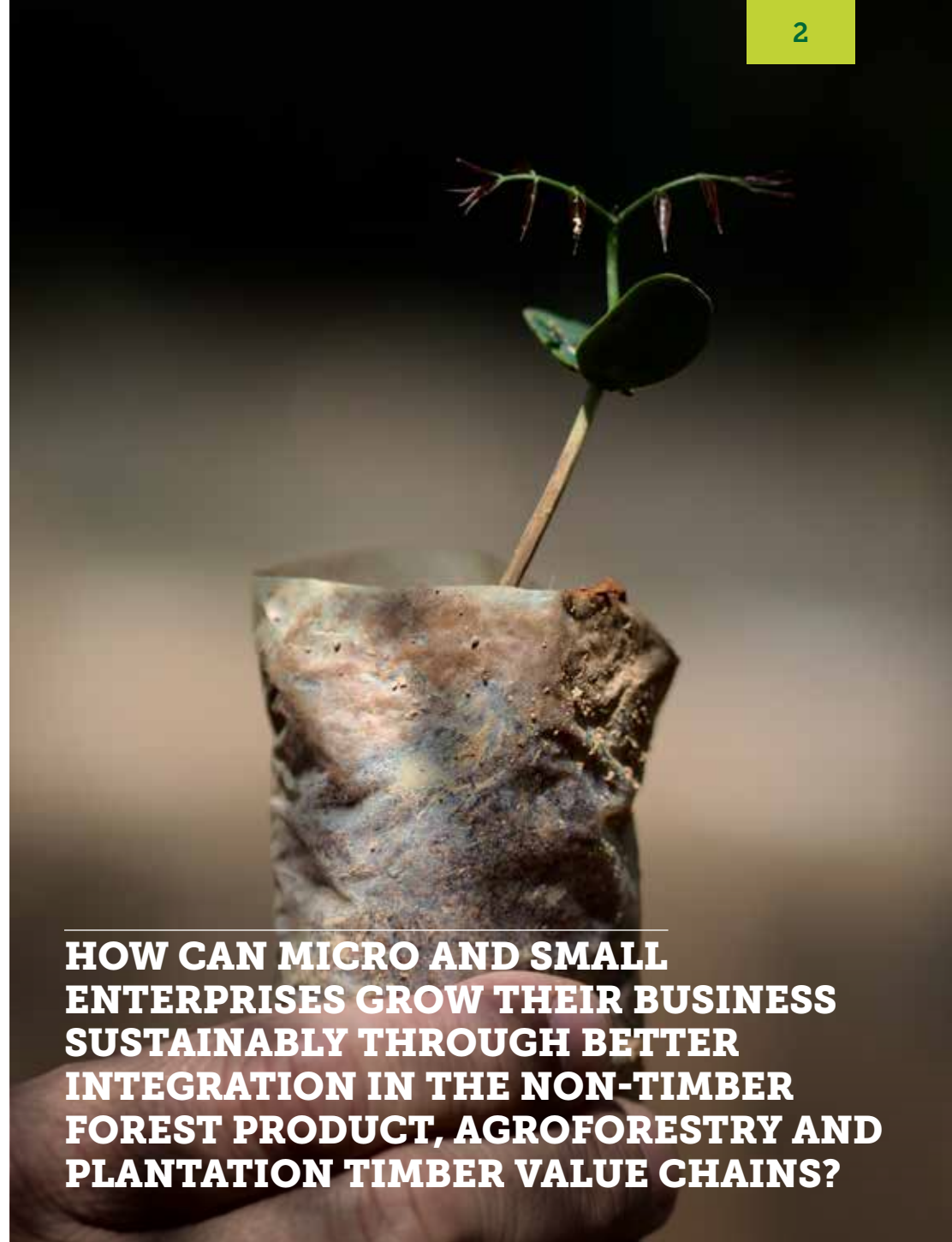
In March 2023, New Generation Plantations (NGP) organized a study tour to the mountainous Central Annamite landscape in Viet Nam to look at how to develop small and micro businesses that support nature conservation and improve local livelihoods. NGP has been active in this landscape for several years, but this was the first international face-to-face study tour since the Covid-19 pandemic. Hosted in collaboration with [WWF-Viet Nam](#), the [Landscape Resilience Fund](#) and Dutch development NGO [MCNV](#), the study tour brought together 75 people from Viet Nam, the wider Greater Mekong region and further afield.

Over five days of discussions and field visits, participants explored the overarching question: **How can micro and small enterprises grow their business sustainably through better integration in the non-timber forest product, agroforestry and plantation timber value chains?**

**THE STUDY TOUR
BROUGHT TOGETHER**

75 PEOPLE

**FROM VIET NAM, THE WIDER
GREATER MEKONG REGION AND
FURTHER AFIELD**



**HOW CAN MICRO AND SMALL
ENTERPRISES GROW THEIR BUSINESS
SUSTAINABLY THROUGH BETTER
INTEGRATION IN THE NON-TIMBER
FOREST PRODUCT, AGROFORESTRY AND
PLANTATION TIMBER VALUE CHAINS?**

Day 1 – Dong Ha

Setting the scene

Our study tour begins in Dong Ha city in the province of Quang Tri. An afternoon of presentations and discussion sets out the challenges, opportunities and questions that we'll be exploring over the next few days.

The mountainous [Central Annamite](#) landscape in central Viet Nam and southern Laos contains one of the largest connected areas of natural forest in mainland Southeast Asia. These evergreen forests are home to rare and unique wildlife, including 134 mammal species and over 500 species of birds. But biodiversity is declining as a result of illegal logging, hunting, habitat degradation and climate change, leading to [empty forests](#) and undermining resilience.

Within this landscape, around 7 million people rely on forests and agriculture for their livelihoods. Although Viet Nam's economy has grown at a [staggering rate](#) over the last two decades, rural poverty rates remain high, particularly among minority ethnic communities. So how can we square the desire for socioeconomic development with the need to protect the environment that, ultimately, everyone depends on?

"We have to follow nature's rules," insists Ha Sy Dong, vice standing chairman of Quang Tri province. The provincial development strategy, he says, sees agroforestry and forest products, and the value chains they support, as key ways to improve the livelihoods of local people while maintaining the environment and conserving biodiversity.

**THE CENTRAL ANNAMITE
LANDSCAPE IS HOME TO**

134

**MAMMAL
SPECIES**

500+

**SPECIES
OF BIRD**

7 MILLION

**PEOPLE
WHO RELY ON FORESTS
AND AGRICULTURE FOR
THEIR LIVELIHOODS**



**"WE HAVE
TO FOLLOW
NATURE'S
RULES."**



PEOPLE ARE MORE LIKELY TO PROTECT AND RESTORE FORESTS IF THEY HAVE AN ECONOMIC INCENTIVE TO DO SO – WHETHER THAT’S THROUGH HARVESTING AND SELLING FOREST PRODUCTS LIKE FRUITS, NUTS AND MEDICINAL HERBS, OR PROFITING FROM ECOTOURISM.

NGOs like WWF and MCNV also see micro, small and medium enterprises (MSMEs) in these areas as crucial to the future of the Central Annamite landscapes. People are more likely to protect and restore forests if they have an economic incentive to do so – whether that’s through harvesting and selling forest products like fruits, nuts and medicinal herbs, or profiting from ecotourism. And if these MSMEs can be integrated into national and international value chains, this opens up opportunities to grow these solutions on a much larger scale.

Support for such enterprises exists. The [Landscape Resilience Fund](#) (LRF), which co-funded the study tour, is active in the Central Annamites: co-developed by South Pole and WWF, the fund blends public, philanthropic and private finance to support SMEs and landscape projects aimed at improving climate resilience for smallholder farmers and local communities. The Central Annamites landscape is also one of the focus areas of the Dutch Fund for Climate and Development (DFCD), a €160 million fund from the Dutch government that aims to mobilize more than €500 billion in private sector investment into nature-friendly projects.

Despite the rich potential of MSMEs, though, many aren’t yet ready to seek commercial finance – and financial institutions aren’t yet ready to invest in them. To help bridge that gap, NGP, WWF-Viet Nam and the LRF are



seeking to develop an “accelerator” for the Central Annamites landscape. The intention is to provide support and funding for MSMEs and community projects at the early stages of their development, to help them scale up solutions that follow the [NGP principles](#) of maintaining ecosystem integrity and high conservation values while contributing jobs and benefits for local people. The exact model of this CAL Accelerator is still being developed, and the findings from the study will feed into its design.

Day 2 – Huong Phung and Chênh Vênh Caffeine hit

After an early start, most study tour participants are ready for a shot of caffeine by the time we arrive at the premises of Pun Coffee, on a steep hillside in the commune of Huong Phung.

Only Brazil produces more coffee than Viet Nam. A government programme kickstarted the industry back in the 1980s, but to date quantity has taken precedence over quality. Luong Ngoc Tram, the director of Pun Coffee company, wants to change that. She started the business in 2019, with a mission of producing speciality arabica. And the best way to produce coffee beans with the sugar content necessary for high quality is to grow them in the shade.

The company's model involves intercropping coffee bushes with native trees. As well as providing the shade that the coffee needs, these species help improve soil quality and provide protection against pests, reducing the need for agrochemicals. Fruit trees and a ground layer of medicinal plants can provide an additional source of income, while decades from now some of the trees could be felled for timber.

Working with minority ethnic community members, mainly women, Pun Coffee has planted 145 hectares to date, but aims to increase this to 350 hectares by 2025. The company also works with smallholders who follow the same system on their own land. The women we speak to say they now receive a better income for the higher quality coffee they produce, enabling them to pay their children's school fees.

Scaling up this type of agroforestry system across other coffee-producing areas in Viet Nam would bring significant environmental benefits, and with an ever-growing market for speciality coffee there are huge opportunities. One bottleneck is the supply of native tree seedlings – the company has recently started a nursery, in partnership with local community members who collect seeds from the forest. Another is changing the mindset of coffee growers – Luong says it's been a struggle to convince people of the benefits of growing coffee this way, though a recent national award for the best speciality coffee should help.



Community opportunities

Our next visit is to the community forest of Chênh Vênh. The village was the first in the area to achieve Forest Stewardship Council – Ecosystem Services (FSC ES) certification, in recognition of the responsible way the local people manage nearly 800 hectares of natural forest. It's estimated that this certified natural forest could sequester 2,000 tonnes of carbon annually.

FSC certification doesn't, though, allow them to harvest timber: after decades of overexploitation, Viet Nam has banned all logging in natural forests. Instead, the community is looking for other ways to profit from its forests.

One of these is by harvesting non-timber forest products like bamboo. With support from MGNV, the community uses bamboo to make biochar – a form of charcoal produced by burning the bamboo in the absence of oxygen. Biochar has a variety of uses, including to purify water and to improve soils – where it can sequester large quantities of carbon.

The community has reached an agreement to supply its FSC certified biochar to a German water treatment company, and they are also exploring the possibility of using it locally to treat the wastewater from coffee production. Carbon is another potential source of income – credits from biochar projects can fetch high prices on voluntary carbon markets.

The Chênh Vênh villagers are also developing their ecotourism offering. Tourists can stay the night in distinctive wooden houses, eat local foods, hear traditional music, buy bamboo handicrafts and explore forest trails, including visiting a beautiful waterfall. During their first year, the village has welcomed around 2,000 guests, but they hope to grow their capacity and develop partnerships with tour companies.

Wildlife and pristine nature are big attractions for tourists. While the area no longer holds tigers or elephants – last spotted here a generation ago – the forests still contain many birds, monkeys and gibbons. So ecotourism can provide a strong incentive for local people to look after the forest and its biodiversity, including by patrolling for snares and illegal hunting as well as keeping the river clean.

**THE CHÊNH VÊNH
COMMUNITY MANAGES**

800

HECTARES

**OF NATURAL FOREST.
IT'S ESTIMATED THAT
THIS CERTIFIED
NATURAL FOREST
COULD SEQUESTER**

2,000

TONNES

OF CARBON ANNUALLY.



Day 3 – Trang Ta Puong

Black locusts and tung oil

Bamboo and ecotourism are well established industries – but Viet Nam’s forests also contain many lesser-known products with economic potential.

The village of Trang Ta Puong is home to 78 households from the Bru-Vân Kiều ethnic group. More than half the households here are officially classified as poor, but new models of cooperation between the community and private companies are helping to change that.

One of these companies is [Nhien Thao](#), which last year [won a \\$10,000 prize from NGP](#) to invest in its business development (more on that later). Nhien Thao (which means “natural herbs”) sells shampoos, essential oils and other products made from natural materials, including the seeds of the black locust tree, which the company has been training local community members to sustainably harvest and prepare. There are 180 black locust trees growing within the community’s forest area, each of which can produce 100kg of seeds. But with growing market demand, they are planning to plant more trees closer to the village.

Another valuable species growing within the forest is the tung tree, whose fruits contain oil-rich seeds. There’s a huge global market for tung oil, which is used as a wood finish, in inks and pigments, and as a waterproof coating inside smartphones and other electronics. But although it’s native to Viet Nam, it’s only recently that local authorities have started taking an interest in developing the industry.

[The Lucero Company](#) buys tung oil seeds from the community here, which it presses itself to create wood-care products. The company has ambitions to set up a new processing facility in Quang Tri and export its products internationally, but is keen to keep sourcing as locally as possible. In partnership with MCNV, it has supported local people to plant more than 300,000 trees over the last two years. Tung trees are quick and easy to grow from seed, and as indigenous species they are well adapted to local conditions, which makes them ideal for restoring degraded hillsides – erosion and landslides are all too common on the steep slopes of the Central Annamites landscape.



Day 4 – near Dong Ha

Growing value

So far, we've been focusing on non-timber forest products – but timber remains by far the most important forest commodity. Viet Nam is blanketed in vast plantations of acacia. These were established in place of the natural forests destroyed by Agent Orange and other chemical defoliants sprayed during the war with America, and by indiscriminate logging and clearing for agriculture in the decades that followed. Trees are usually felled after four or five years and exported as wood chips for the pulp and paper industry. For the most part, these monocultures provide little environmental benefit and limited economic value to the smallholders who manage them.

This morning, we see a different model with visits to an FSC certified plantation and the sawmill that processes the certified timber. Achieving FSC certification requires growers to meet higher environmental and labour standards, including incorporating native trees within their plantations. And by leaving the trees in the ground for longer – for nine or ten years – they are able to sell the certified timber at a higher price to the furniture industry. The wood from these plantations will ultimately end up as IKEA furniture.

It's a model that we've explored in [previous NGP visits](#) to the region. A key point here is the importance of greater integration in the value chain, both horizontally (at the level of producers across the landscape) and vertically (from the producer to the end-user). Instead of working as individuals, the smallholders are organized as a cooperative, [bringing multiple practical and financial advantages](#). And their efforts are supported by the buyers, IKEA and its supplier Scansia Pacific, which covers the cost of FSC audits.

The industry is volatile at the moment. Cost-of-living pressures across the world have brought a fall in demand, and last year surging international energy demand meant that the price of wood chip briefly outstripped certified timber. All the same, it's clear that the growers, the sawmill, Scansia Pacific and IKEA all value this established relationship and the stability it provides.



**ACHIEVING FSC CERTIFICATION
REQUIRES GROWERS TO MEET
HIGHER ENVIRONMENTAL AND
LABOUR STANDARDS, INCLUDING
INCORPORATING NATIVE TREES
WITHIN THEIR PLANTATIONS.**



From forest to store

Our final field visit takes us Nhlen Thao's workshop and its retail store in Dong Ha. It's a chance to see how the black locust seeds and other natural products harvested from the forest are transformed into shampoos, essential oils and other high-end consumer products. This connection is important to the company – selling the story of the products' natural origin and community impact is a central part of its brand.

It's also an opportunity to see how the company has spent the \$10,000 prize from NGP that it won last year – and it's immediately clear what an impact this has had. Nhlen Thao has invested in new equipment for its workshop – including a large roaster to process the black locust seeds, a semi-automatic bottling machine and a laser printing machine to customize its bamboo packaging. The money also helped the company to upgrade its catalogue, website and branding.

All this has given the business a major boost. And as Nhlen Thao grows, it will be able to improve the livelihoods of more women and give more back to the community and the forest. Seeing the difference that a relatively small sum of money can make is powerful, and helps to make the case for the CAL accelerator that NGP is developing.



Day 5 – Dong Ha

World Café conversations

During the week, we've been working in groups to discuss key questions – and on our last morning, we come together to collect and share our reflections. The “World Café” format is familiar to anyone who's attended past NGP events: at each table, a “host” facilitates the discussion around a particular questions, while participants circulate between tables, bringing new ideas and perspectives.

Q1 How can micro/small businesses support forest conservation and improve local livelihoods?

This week has showcased several examples of MSMEs supporting forest conservation and improving local livelihoods. By providing alternative livelihood opportunities, they help take pressure off forests – people are less likely to turn to unsustainable activities like illegal logging, poaching or converting forest to farmland. They can also provide an economic incentive to keep the forest standing or restore forest landscapes.

The challenges we're seeking to address are huge; MSMEs, by definition, are small. To have an impact on a scale that matters, they need to collaborate, and they need support to grow. Participants propose the idea of forming a network of like-minded MSMEs in the region. There could be opportunities for joint marketing – perhaps creating a collective brand? – and to develop simple common indicators to measure their social and environmental impact, which can be important for attracting finance.

Working together can help MSMEs to engage with provincial and national government – vital in a country like Viet Nam where government leads land-use and economic planning processes – as well as with larger businesses and potential funders. There are also opportunities to better coordinate and share the workload of engaging with communities, including awareness-raising and capacity-building efforts and helping to support activities like community forest patrols.

There's an important role for NGOs like WWF and MCNV to help support and coordinate these activities. Multistakeholder platforms and study tours like we've experienced this week can be especially valuable.

Q2 How can micro/small enterprises be integrated into non-timber forest product, agroforestry and plantation timber value chains to support sustainable business growth?

Again, participants emphasize the importance of collaboration and the role of third parties such as NGOs to support these efforts. A regular platform bringing together businesses at different levels of the value chain along with communities and other stakeholders could be a way of sharing lessons learnt, successful models, market trends, capacity building, sources of financial support and other information, as well helping to unlock new partnerships.

This kind of collaboration is also important when it comes to certification, as we saw in the case of IKEA and Scansia Pacific's support for FSC certified acacia growers. Where sustainability certification schemes like FSC are important for consumer-facing businesses, small producers shouldn't be left to bear the costs.

Traditional value chains usually contain power imbalances. To counter this, participants want to see support for communities and MSMEs upstream to retain more value locally, and to form cooperatives or associations. It's also important that value chains are integrated into the wider landscape context: businesses should consider their impact on the landscapes they operate in, and support conservation and development efforts outside their own immediate supply chains.

Integrated value chains offer the opportunity to develop genuine partnerships based on shared social and environmental objectives. Ultimately, this depends on building trust – which can be another role for multistakeholder platforms like this one.

Q3 How can a CAL Accelerator effectively support micro/small enterprises?

Access to finance remains one of the biggest barriers for micro and small enterprises, so there's a clear need for a CAL Accelerator for those that aren't yet to apply for funding from the DCFD, LRF or commercial banks. Investment in technology that can improve business profitability or develop new products and markets is a key area where the CAL Accelerator can support MSMEs – we saw the difference this has made for Nhien Thao in its workshop.

But participants also want the CAL Accelerator to provide various types of technical assistance along with financial backing. Capacity building in business management is one area where support is needed, as well as developing business plans and financial models to access commercial financing in the future. There's also a need for support in connecting with larger companies, and in product development, marketing and communications – including potentially developing a joint brand for nature-friendly enterprises in the Central Annamites. The CAL Accelerator could also support governance efforts more widely, for example by developing benefit-sharing mechanisms with communities.

Prizewinners

After the World Café discussions, study tour participants have the chance to vote for which enterprises will receive support through this year's NGP Origination Prize. In third place, receiving a grant of US\$2,000, is Liên Minh Xanh (Green Net Company), which works with community cooperatives to sustainably plant and harvest medicinal plants such as the Gandhi root. The company sells its products, including soaps and essential oils, under the Soala brand after a species of antelope endemic to the region.

Second place and US\$5,000 goes to Pun Coffee, which will help the company invest in its tree nursery, agroforestry research and equipment.

The winner, receiving US\$10,000, is the Chênh Vênh village community. As well as strengthening links with companies interested in buying their various forest products, they want to buy more native tree seedlings to enhance the forest and tackle erosion.

As the study tour comes to a close, participants sign a "CAL Ambition Statement" developed by WWF-Viet Nam. The statement recognises the importance of the Central Annamites landscape to the people and nature that it contains, and highlights the need for different stakeholders to collaborate to support sustainable business models and conservation activities.



The hope is that this shared ambition, backed up by initiatives like the LRF, the CAL Accelerator, NGP and the DCFD, can inspire everyone to work towards a more sustainable future. Exciting things are happening in the Central Annamites landscape. We look forward to returning to soon to see how these enterprises develop.



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