



LANDSCAPES  
FOR 1 BILLION  
PEOPLE

# Investing in Lang Biang – the green roof of Viet Nam's coffee lands

Prepared by Will McFarland of SNV for the "Investing in Landscapes: A Challenge for Finance, Innovation, A Wealth of Opportunity," virtual event convened by the 1000 Landscapes for 1 Billion People initiative, Laudes Foundation and IKEA Foundation on February 22, 2023.



Sở NN&PTNT  
tỉnh Lâm Đồng



idh  
transforming markets

LDC.  
Louis Dreyfus Company



JACOBS DOUWE EGBERTS

# Lang Biang landscape context

Lam Dong province, Viet Nam

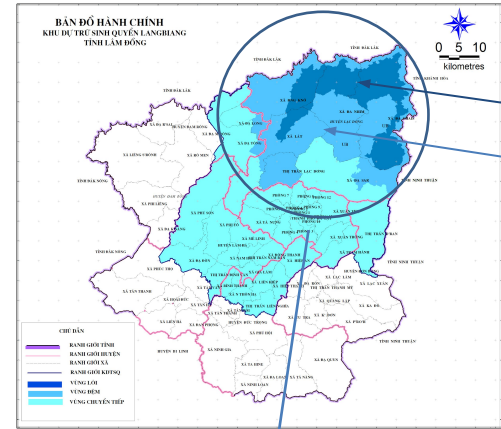
Landscape and communities largely overlap with a district boundary – Lac Duong – so many ‘jurisdictional approaches’ can apply also, and state is key partner.

Highly forested, hilly/mountainous landscape, includes:

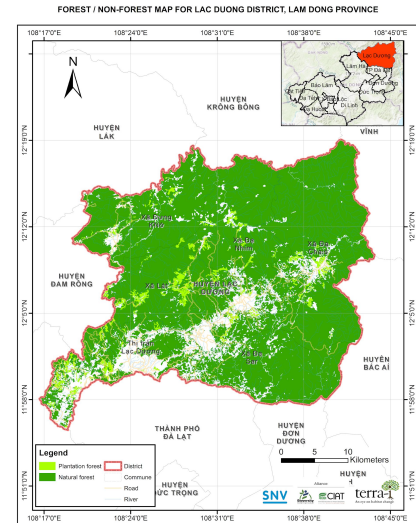
- A national park at the centre (Bidoup Nui Ba National Park, 35,000 ha)
- 30,000 people living in a buffer zone of agricultural land and other forested areas (72,000 ha).

Economically dominated by coffee (arabica) and horticulture, with a large ethnic minority population. Near a provincial town and tourism centre.

Suffers land degradation and forest loss driven by encroachment and poor agricultural practices. Low productivity and climate and market vulnerability impact livelihoods and sustainability of agricultural areas.



National park  
Buffer zone





# The Lac Duong "PPI Compact" partners

Lac Duong Compact signed in 2019 between stakeholders who had been increasingly collaborating within the district / Landscape over several years.

It is a public-private-producer-partnership ("4P") which includes government agencies (from provincial and district level), NGOs (international), and private sector (both MNCs and a range of local companies).

The purpose is to:

- Develop and deliver on a shared vision for a **deforestation-free development pathway** based on **green growth** and **sustainability** for Lac Duong District.
- The goals can also be summarized around "PPI" - Protection, Production and Inclusion – a term used by IDH who led the formalisation of the 4P.



# Our vision and transformation strategy

1. Support achievement of Lac Duong's socio-economic objective: *"accelerate economic growth... by effectively exploiting and promoting the district's potentials and strengths in agriculture and tourism... with a focus on developing high-tech agriculture, smart agricultural investment, high-quality tourist attractions, and a processing industry which makes advantage of the locally-produced raw materials and natural resources."*
2. Specific contributions of PPI Compact partners:
  - **Livelihoods:** eliminate poverty and improve farmer incomes.
  - **Labour:** full and productive employment and decent work for farmers and agricultural workers.
  - **Ecosystems:** Protecting, conserving and improve the condition quality of the forest and agricultural ecosystems.
  - **Land tenure:** Reducing inequalities and improving land-use management, ensure the rights and obligations of farmers/entities and promoting and ensuring deforestation-free agriculture commodities.

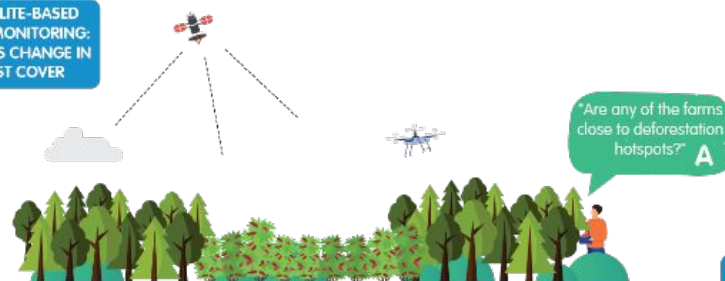


# Building a landscape investment portfolio

Foundations already established, largely implemented by SNV\*, including:

- Digital monitoring and traceability system for coffee companies;
- Enhanced forest monitoring and enforcement capacity of local authorities
- Deep community engagement through local land-use planning and training;
- Heavily subsidized promotion of coffee-agroforestry models;
- Catalytic funds and technical assistance to micro-enterprises;
- Development of national park strategy and services\*\*.

1. SATELLITE-BASED FOREST MONITORING: IDENTIFIES CHANGE IN FOREST COVER



2. FARM DATABASE AND MAP: CREATED USING DRONES AND A FARMER SURVEY, BUILDS A DATABASE OF FARMERS



3. DIGITAL TRACEABILITY TOOL: TRACKS COFFEE FROM SUPPLIER THROUGH PROCESSING TO SALES AND DISTRIBUTION



Is my coffee deforestation-free and being sourced from where it says it is? C



\*Funded by German Government (BMUV, delivered under the Café-REDD+ project, 2018 to 2024, €2.8 million. Will have unlocked an additional €1 million in public and private investment by a1 2024

# Current financial support

1. On-the-ground activities, and functioning of the partnership, is largely funded by grants from German Government (BMUV) managed by SNV.
2. Government budget plays key role in economic development.
3. Private enterprises (coffee companies, macadamia, other produce) investing in their business and some limited upstream investment in smallholder farmers.

Activities coordinated and steered by local government in partnership with NGOs.

NB:

- Limited availability of rural finance to farmers or SMEs. Instead reliant on informal loans for working capital, and low/no investment capital available.
- Limited public budget for restoration.
- Vietnam's innovative Payments for Forest Ecosystem Services (PFES) scheme provides cash transfer to many households in return for engagement in forest protection.





# Financing needs

## **Key investment needs to realise strategy are:**

1. Restoration of degraded parts of Natural Park and other types of protected forest (*grants/philanthropy/state budget. Public sector loans unlikely*)
2. Coordinated development of tourism services in the district (*commercial*)
3. Improving production / quality, and local-value add, in the coffee industry (*combining investment by government and offtakers with improved agricultural finance*)
4. Supporting growth of other horticulture whilst minimising environmental impacts (*commercial*).

## **Key challenges to raising or securing this finance include:**

- Responsibility shared across number of different government agencies with numerous uncoordinated budgets.
- Low ability or interest of commercial banks to support these investments.
- Communicating strategy to engage investors and maximise synergies.





# New landscape finance mechanisms

## Lac Duong Forest Conservation Fund

SNV is currently supporting the district government to set up an innovative 'off budget' fund for receiving and managing donations and contributions from private and philanthropic sources for forest restoration and tree planting.

The Fund would have an independent board and primarily support forest restoration, although other fund uses (and sources) are being explored during design.



*SNV staff with local government officials at the launch of the Prime Minister's 1 Billion Tree campaign, Da Lat, Lam Dong*

# De-risking investments/activities

SNV's Café+ REDD+ project has already mitigated many investment risks, including by:

1. Extensive engagement and participation of local communities in planning processes and project implementation.
2. Training farmers and supporting them to adopt more climate-resilient and productive practices, including establishment of mixed agroforestry systems;
3. Technical assistance and catalytic funding to variety of local business to strengthen their business models and procure assets;
4. Capacity building of local authorities and establishment of digital monitoring and coffee traceability platform to eliminate deforestation from supply chains.







# For More Information

Pham Thanh NAM – [nphamthanh@snv.org](mailto:nphamthanh@snv.org)  
WILLIAM McFarland – [wmcfarland@snv.org](mailto:wmcfarland@snv.org)

***Visit our website:***

[snv.org/project/coffee-agroforestry-and-forest-enhancement-redd-cafe-redd](http://snv.org/project/coffee-agroforestry-and-forest-enhancement-redd-cafe-redd)