The United States Agency for International Development Lowering Emissions in Asia’s Forests (USAID LEAF) program, Tipco Foods Public Company Limited and the Baan Pong Khrai community of Chiang Mai launched one of the first payment for ecosystem services (PES) schemes in Thailand on 19 June 2015. The launch ceremony, chaired by Mr. Jongklai Warapongsatorn of the Ministry of Natural Resources and Environment, and attended by U.S. Consulate Representative Russell C. Headlee, Tipco Chief Operating Officer Chokchai Tocharoentanapol, and Baan Pong Khrai leaders, presented the agreement through which Tipco will compensate Baan Pong Khrai for effective management of the local forest and watershed.

A PES is a voluntary transaction in which a well-defined environmental service is bought by at least one buyer from at least one provider. Aura, a bottled water company and subsidiary of Tipco Foods Public Company Limited, is engaging the community of Baan Pong Khrai to reforest a plot of land near their water source, and to manage the land for a period of two years to ensure sustainability of the reforested area. Ensuring that the area of the Baan Pong Khrai watershed is ecologically healthy, including properly forested, results in a conserved and enhanced microwatershed, while bringing economic benefits to the community and maintaining Tipco/Aura’s source of natural quality drinking water. The reforestation efforts kicked off by planting more than 3,000 trees in Mae Rim district, Chiang Mai, located in the Mae Sa-Kog Ma UNESCO Man and Biosphere Reserve.

The reforestation area lies in the Pong Khrai microwatershed, which drains to the Mae Sa River, which in turn is part of the eight river basins that form the Chao Phraya river system. A thriving ecosystem in the microwatershed provides multiple benefits to the parties involved in the PES. Tipco/Aura ensures their source of quality drinking water; forested land reduces the amount of run-off into the ecologically fragile watershed and reduces threats of erosion in the mountainous terrain; and the 75 households of Baan Pong Khrai, who are mostly subsistence farmers, will be able to improve their farming production due to enhanced environmental conditions.

Tipco’s COO, Mr. Chokchai, said of the newly launched program, “This project is very important. Before we just gave money for corporate social responsibility projects, but never saw the results. Now villagers have more knowledge and tools and they are invested in caring for their environment. We hope this project is successful and will lead to others like it.”

The Aura PES is a pilot scheme for an initial period of two years, and will be managed by the Coordinating Committee for Payment for Ecosystem Services of Baan Pong Khrai Microwatershed (Aura PES Committee). The Forest Restoration Research Unit (FORRU), Faculty of Science, Chiang Mai University is providing technical support. USAID LEAF is working to expand the Aura PES pilot and bring in other companies and communities interested in collaborating on natural resource management.

The United States Agency for International Development Lowering Emissions in Asia’s Forests program (USAID LEAF) is a five-year (2011-2016) regional project focused on achieving meaningful and sustainable reductions in greenhouse gas emissions (GHG) from the forest-land use sector across six target countries: Thailand, Laos, Vietnam, Cambodia, Malaysia and Papua New Guinea.

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