



# **RESULT-BASED DISBURSEMENT PAYMENT FOR FOREST ENVIRONMENTAL SERVICES IN VIETNAM**

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# OVERVIEW ON POLICY



**14/01/2008**  
*Decree 05 on the establishment of FPDFs*

**10/04/2008**  
*Decision 380 on the PFES piloting in Lam Dong and Son La provinces*

**24/09/2010**  
*Decree 99 on the implementation of PFES policy nationwide*

# Initial impacts of the policy

- Established 33 provincial FPDFs;
- Some provinces established a system of Funds at district level (Son La) and at commune level (Quang Tri)

- Increase contribution of forestry sector in the economy (collected more than 2,300 billion dong)

INSTITUTION

ECONOMY

SOCIETY

ENVIRONMENT

- Contribute to improve livelihoods, poverty reduction for people rely on forests

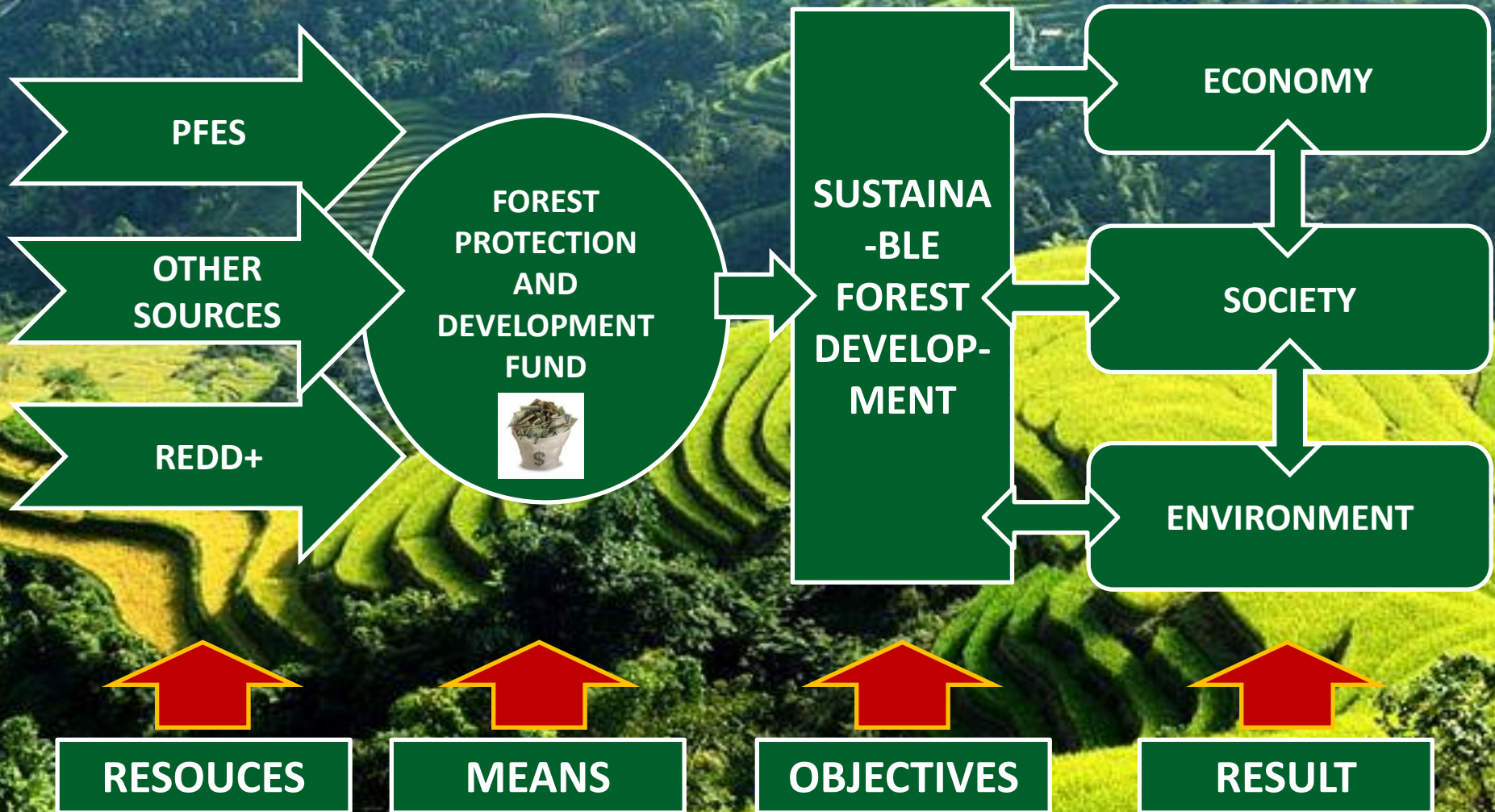
- Contribute to reduce violation cases; increase forest area and coverage



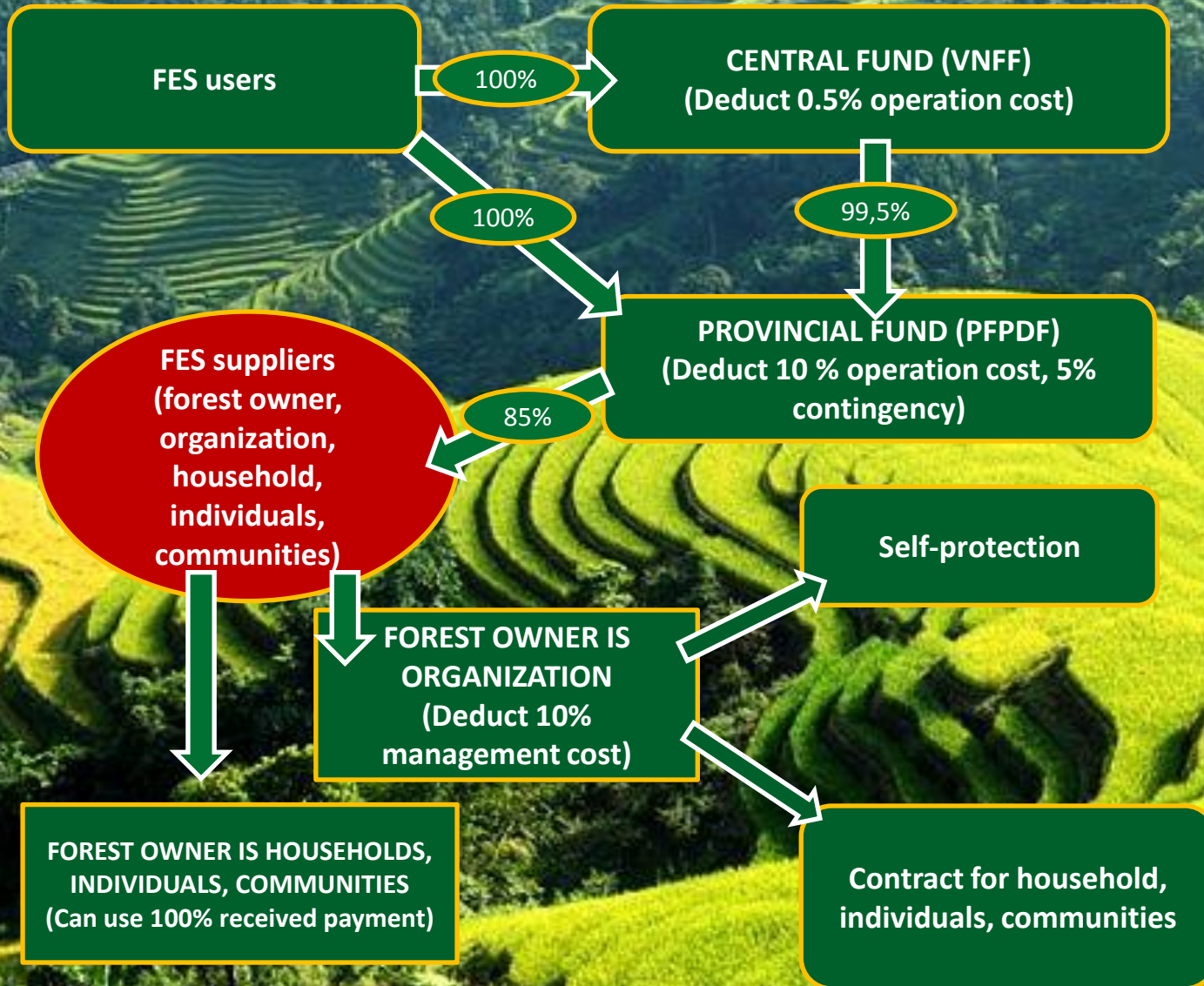
# Initial impacts of the policy

- PFES policy addressed clearly opinions of market economy orientation, sustainable development, utilization of multi-purpose forest and it would be a policy with clear and transparent benefit sharing mechanism.

# Aligning PFES with REDD+



# Benefit sharing mechanism



# DISBURSEMENT METHODS



**DISBURSEMENT METHODS**



➤ *In above 3 methods, the disbursement to household group showed the advantages in actual implementation process, especially in some provinces like Quang Nam.*



# Advantages of payment for household group

- Quick disbursement progress;
- Reduce management focal point;
- Reduce workload (dossier, paper);
- Reduce transaction cost;
- Increase activeness, right to decide for community;
- Suitable to the customs of the local people, ethnic minorities;
- Promote the spirit of cooperation and mutual support of the community;
- Help community with livelihood development.



# Process of developing payment mechanism in group

## 1<sup>st</sup> meeting with people

- Disseminate policy;
- Present ideas;
- Listen to contribution ideas

## Draft payment mechanism

- Draft mechanism;
- Draft list of groups;
- Consult leader.

## 2<sup>nd</sup> meeting

- Introduce draft of mechanism;
- Introduce list of groups;
- Listen to comments

## Issue mechanism

- Finalize draft of mechanism;
- Submit authorized levels for issuance.

## Group meeting

- Introduce mechanism;
- Announce allocated payment;
- Assign tasks;
- Listen to feedback comments

## Documented mechanism

- Documentation & printing in form of brochures, leaflets;
- Circulate to each household to supervise the implementation



# The involvement of people within household groups

- *Monitor activities;*
- *Supervise activities;*
- *Evaluate activities;*
- *Response and propose changes*

People  
check

- *Know what they have;*
- *Know what they need;*
- *Know policy of State.*

People  
know

People  
do

- *Contribute efforts*
- *Involve in implementing group's tasks*

People  
discuss

- *Determine objectives;*
- *Planning;*
- *Agree solutions.*



# DISBURSEMENT PROCESS AND PROCEDURES



- Principles and conditions of disbursement;
- Basis to determine PFES amount to pay for forest owners;
- Process and procedures of disbursement.

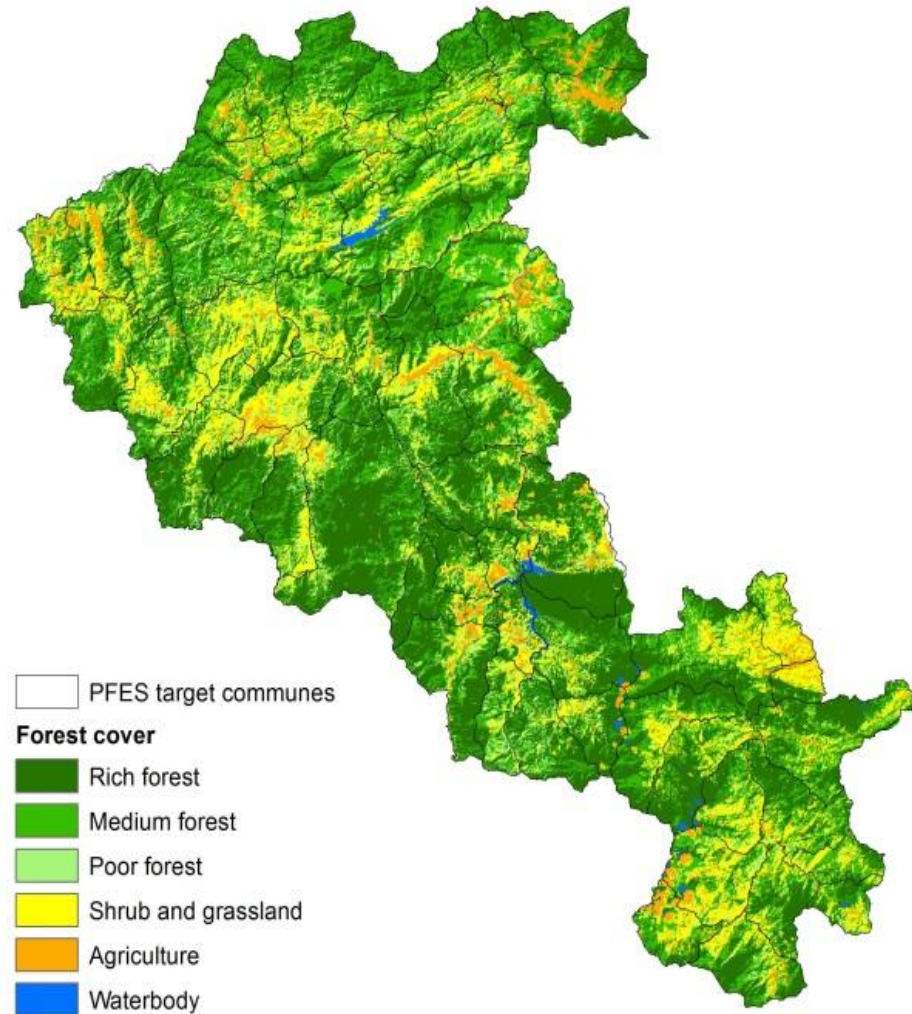


# Principles & conditions of disbursement

- Only disburse to forest area supplying FES;
- Forest owners, households, individuals contracted for forest protection must have enough document to prove their ownership or right to use or being assigned to use the forest area supplying PFES;
- Forest owners, households, individuals contracted for forest protection must have long term and stable commitment/or contracts for forest protection;
- Disbursement must be based on the plan approved by authorized agencies.
- PFES amount received by forest owners must be proportional to (depends on the increase or decrease) the quantity and quality of forest supplying FES.

# Basis of disbursement to forest owners

- Quantity (forest area) of supplying services;
- Quality of forest (identified through coefficient K);
- Unit price of payment/ha (PFES source collected from service users/total of supplying forest area).



# Calculation of pfes amount for forest owners

Total FES amount received by forest owners

=

Average PFES unit price paid per ha of forest (VND/ha)

\*

Forest area allocated for contracted for protection (ha)

\*

The adjustment coefficient of payment rates (K)

$K = K_1 * K_2 * K_3 * K_4$

$K_1$  - Status and forest volume: 1.00 - rich forest; 0.95 - average forest; 0.90 - poor and restoration forest.

$K_2$  - Utilization purposes: 1.00 - special use forests; 0.95 - restoration forest and 0.90 - plantation forest.

$K_3$  - Origin of forest establishment: 1.00 - natural forest; 0.90 - plantation forest.

$K_4$  - Difficulty levels for forest protection: 1.00 - very difficult; 0.95 - difficult; 0.90 - less difficult.

# Disbursement process and procedures

- Identify subjects of using FES (hydropower plants, water supply and tourism facilities);
- Sign trust contract and receive PFES money;
- Identify subjects of supplying FES (forest area boundary, forest status for each forest owner/household, individuals contracted for forest protection);
- Organize the signing commitment/contract to allocate for forest protection;
- Advance for forest owners/households, individuals;
- Implement activities of forest protection;
- Acceptance and public acceptance results;
- Final settlement of PFES money.

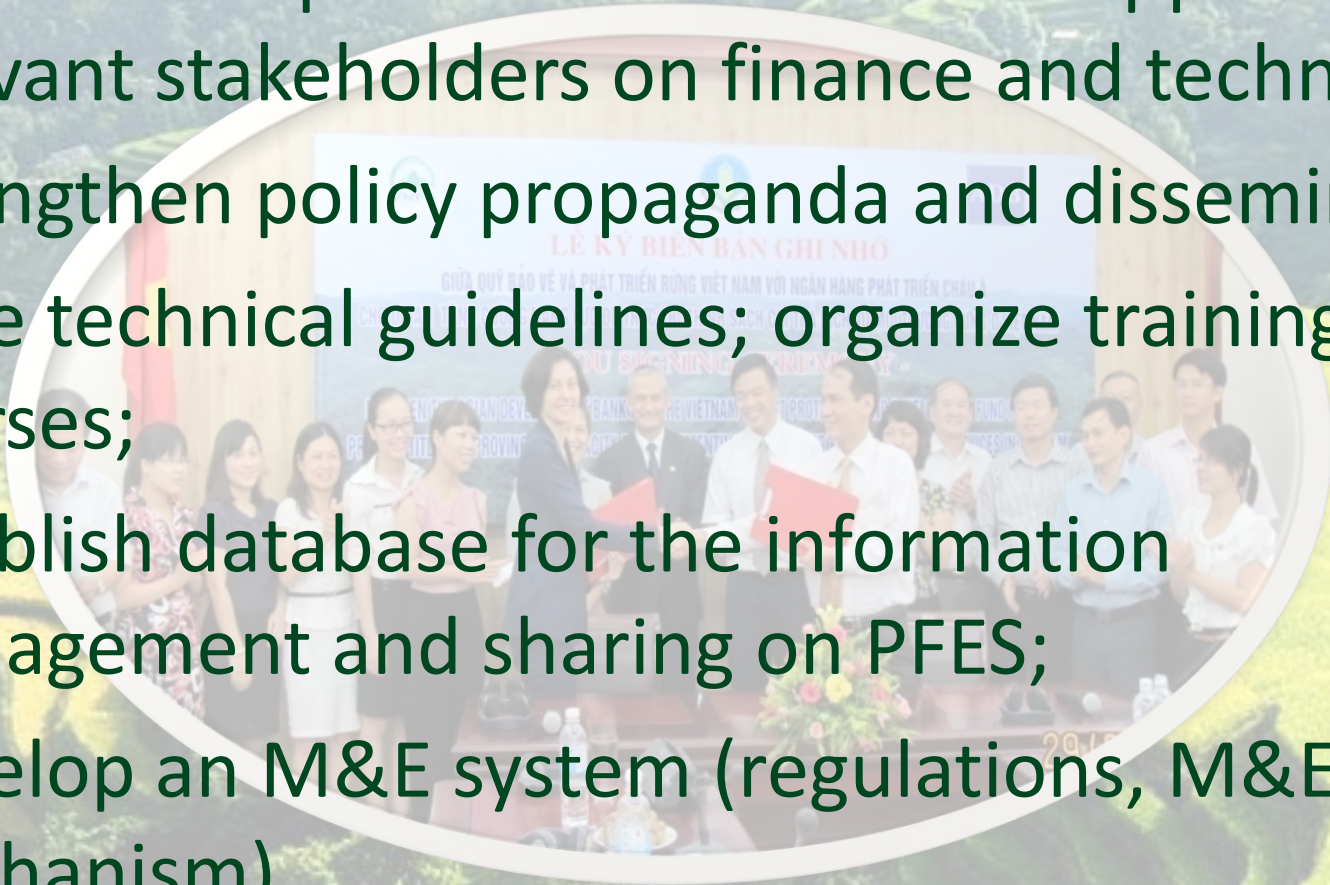


# DIFFICULTIES AND CHALLENGES

- Slow disbursement progress; low disbursement rate;
- Lack of resources (budget, qualified personnel) to identify forest owner;
- Forest status always change through years (compared with actual records, documents, maps);
- Technical guidance (GPS, GIS, Mapinfor...) is still not adequate and specific;
- Coefficient K has not been applied widely in provinces;
- Do not have finalized M&E system.

# THE WAY FORWARD

- Promote cooperation to enlist the support of relevant stakeholders on finance and technique;
- Strengthen policy propaganda and dissemination;
- Issue technical guidelines; organize training courses;
- Establish database for the information management and sharing on PFES;
- Develop an M&E system (regulations, M&E mechanism).



# KEY MESSAGE

- To implement PFES successfully, it is needed to promote the communication and dissemination of policy through different information channels in order to raise awareness, create the consensus of the whole society; especially FES suppliers and users;
- PFES policy is new and needed the interest and involvement of all authorized levels and cooperation on both finance and technical support of relevant stakeholders.



**THANK YOU!**

*“Forest Protection and Development Fund  
accompanies with the policy of Payment for forest  
environmental services”*

*- For Green Future of Viet Nam -*