











Guiding document on developing the Plan on the implementation of the policy on payment for forest environmental services at provincial level



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# **Abbreviations**

ADB	Asian Development Bank
СРС	Commune People's Committee
СРМИ	Central Project Management Unit
DARD	Department of Agriculture and Rural Development
DPC	District People's Committee
FPD	Forest Protection and Development
FES	Forest Environment Services
FMA	Finance Management and Accounting
FORMIS	Forestry Management Information System
GIS	Geographical Information System
GMS	Greater Mekong Subregion
MARD	Ministry of Agriculture and Rural Development
МВ	Management Board
MONRE	Ministry of Natural Resources and Environment
PC	People's Committee
PFES	Payment for Forest Environment Services
PFPDF	Provincial Forest Protection and Development Fund
PPC	Provincial People's Committee
PPMU	Provicial Project Management Unit
TA	Technical Assistance
VNFF	Vietnam Forest Protection and Development Fund
VNFOREST	Vietnam Administration of Forestry

# Introduction

After five years of implementing the Decree No.99/2010/ND-CP dated 14 September 2010 of the Government on the Policy on Payment for forest environmental services (PFES), Viet Nam achieved some remarkable results, thousands billion VND have been mobilized each year, which contributed to manage and protect millions hectares of forest and improved livelihood for people engaged in forestry in the mountainous areas.

However, the implementation process shows that there have been some difficulties and shortcomings in the field of both techniques and management that need to be improved to match the practical conditions. One of those difficulties is the development of midterm plan and annual plan on PFES and its integration into the planning process on forest protection and development. It is necessary to implement better the PFES policy, and effectively contribute to conduct the objectives of forest protection and development as well as the objectives of socio-economic development in general.

Therefore, the Technical Assistance project "CDTA 8592 VIE: Improving Payment for Forest Ecosystem Service Implementation" (IPFES) funded by Japan Fund for Poverty Reduction administered by Asian Development Bank (ADB) was approved by Minister of Ministry of Agriculture and Rural development with Decision No.3540/QD-BNN-HTQT dated 12 August 2014. The project was started to implement from September 2014.

Within the operation framework of the project, "the Handbook on developing the PFES plan" with the collaboration of the Consultant Group of iPFES project, VNFF and FPDFs of three provinces Lao Cai, Thua Thien Hue and Kon Tum is requested to be compiled to guide the planning on the implementation of the PFES Policy by integrating it into the planing of forest protection and development at provincial level.

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# Major contents of the Handbook include:

- 1. Overview of PFES policy
- **2.** Guidelines on developing 5-year plan on the implementation of PFES policy
- 3. Guidelines on developing a roadmap to implement the PFES policy
- **4.** Guidelines on developing annual PFES plan and integrating into the provincial plan on forest protection and development

#### **Annexes:**

**Annexe 1.** Decision No.94/KH-UBND dated 15 June 2016 of Thua Thien Hue' PPC on issuing the "PLAN To implement Payment for Forest Environmental Servicesin the period 2016 - 2020 of Thua Thien Hue province".

**Annexe 2.** Decision No.2441/KH-UBND dated 10 October 2016 of Kon Tum' PPC on issuing the "PLAN to implement Policy for Payment for Forest Environmental Services in Kon Tum province for the period 2016-2020."

**Annexe 3.** Decision No.308/KH-HDQLQBVR dated 21 December 2016 of Lao Cai' PPC on issuing the "FINANCIAL PLAN for Payment for Forest Environmental Services in the period 2016-2020, Lao Cai province."

**Annexe 4.** Decision No.2154/QD-UBND dated 06 July 2016 of Lao Cai' PPC promulgated the "DECISION promulgating the coordination regulations on the implementation of the policy on payment for forest environment services in Lao Cai province".



Chapter

Overview of PFES policy

# **Objectives**

The Policy on Payment for forest environmental services (PFES) has been implemented on the national scale in Vietnam since 2011 after the Decree No.99/2010/ND-CP dated 14 September 2010 of the Government has taken into effect. According to this Decree, the environmental service is the funcition to supply the use values of forest environment to meet the needs of the society and people.

### Purposes of this policy include:

- ▲ To mobilize the resources of the society, particularly organizations and individuals who receive benefits from forest environmental services (FES), to create stable and long-term financial source for forest protection and development, to contribute to effectively implement the socialization of resources and help the forest sector more actively in forest protection and development.
- ▲ To establish the economic relations on a voluntary basis between the service providers and beneficiaries from forest environmental services (FES), to create a new, stable and long-term financial mechanism for the people engaged in forestry; to contribute stabilizing the lives of the people involved in forest protection and improve the quality of forest environmental services.
- ▲ To contribute raising the awareness and responsibility to forest protection and development activities of the beneficiaries from forests and the whole society, to implement the policy of sustainable development, green growth and adaptation to the climate change.



# **Types of forest environmental** services

Decree No.99/2010/ND-CP defined 5 types of FES entitled to the payment for forest environmental services, including:

- 1. Soil protection, reduction of erosion and sedimentation of reservoirs, rivers, and streams;
- 2. Regulation and maintenance of water sources for production and living activities of the society;

- 3. Forest carbon sequestration and retention, reduction of emissions of greenhouse gases through measures for preventing forest degradation and loss of forest area, and for forest sustainable development;
- 4. Protection of natural landscape and conservation of biodiversity of forest ecosystems for tourism services;
- 5. Provision of spawning grounds, sources of feeds, and natural seeds, use of water from forest for aquaculture.



# Types of forest entitled to payment and conditions of payment

Types of forest entitled to payment for FES are forests that supply one or more forest environmental services, including: production forest, special use forest, protection forest. For perennial and multiple-use plants on the forest land when providing FES will be defined similar to the plantation forest.

Conditions to implement PFES are to define types of FES, FES users, FES providers, and the PFES amount.

FES users must pay to FES providers based on the voluntary agreements for the direct payment; or based on the entrusted contract through the forest protection and development funds (FPDFs) for the case of indirect payment.

Forest owners providing forest environmental services receive the payment according to the Contract or the commitment on forest protection and FES providing, of which: forest owners who are households, individuals, and village communities and have commitment with Communal People's Committee (CPC); forest owners who are organization and have commitment with Department of Agriculture and rural development (DARD).

Organizations who are not forest owners but assigned by the State for forest management are entitled to payment for forest environmental services according to the forest protection and management plan approved by the Provincial People's Committee (PPC).

Households contracted to forest protection (organizations, households, individuals, village communities who have stable and long-term contracts of forest protection with the forest owners who are state organisations) are entitled to payment for PES under the contracts of forest protection.



# Users of forest environmental services - payers

According to the Decree No.99/2010/ND-CP, the entities using forest environmental services include:



#### **Hydropower production facilities**

Hydropower production facilities have to pay for services for "soil protection, reduction of erosion and sedimentation of reservoirs, rivers, and streams and services for regulation and maintenance of water sources for hydropower production". The payment level is 20 dong/kwh of commodity electricity. The amount of payment for forest environmental services is the production of electricity in that payment period (kwh) x 20 dong/kwh. It is expected that when the Decree 99 is amended, this payment level would be amended up to 36 dong/kwh of commodity electricity.



## Clean water production and supply facilities

Clean water production and supply facilities have to pay for services for "regulation and maintenance of water sources for clean water production". The payment level is 40 dong/m<sup>3</sup> of commodity water. The amount of payment for forest environmental services is the production commodity water in the payment period (m³) x 40 dong/m³. It is expected that when the Decree 99 is amended, this payment level would be amended up to 52 dong/ m<sup>3</sup> of commodity water.



### Industrial production facilities that use water directly from water sources

Industrial production facilities that use water directly from water sources have to pay for services for "regulation and maintenance of water sources for production". The Government has not regulated the specific payment level and assigned the Chairman of PPC to have pilot study. For example, Lao Cai province with the support of IPFES project studied and decided the payment level of 35 dong/m<sup>3</sup> of used water. The payment amount is the total water used in the payment period (m<sup>3</sup>) x 35 dong/m<sup>3</sup>. It is expected that when the Decree 99 is amended, the payment level for clean water would be amended up to 52 dong/m<sup>3</sup> then the water for industrial production would be amended up to 50 dong/m<sup>3</sup>.



## Organizations, individuals doing tourism services that benefit from forest environmental services

Organizations, individuals doing tourism services that benefit from forest environmental services have to pay for services for "protection of natural landscape and conservation of biodiversity of forest ecosystems serving tourism purposes". The payment level is 1% to 2% of the revenue generated. The amount of payment for forest environmental services is the revenue in the payment period x payment level (1 - 2%).

For example, Lao Cai province studied and decided the entities of payment for FES is the facilities doing accommodation tourism business and the facilities of selling tickets for sightseeing in the areas planned as ecotourism or resort approved by the Ministry of Culture, Sports and Tourism or by PPC; the payment level is 1.5% (from 2017 is 1%) of total revenue in the payment period of these facilities.



#### Facilities using of water from forest for aquaculture

Facilities using of water from forest for aquaculture have to pay for service for provision of spawning grounds, sources of feeds and natural seeds, use of water from forest for aquaculture". The Government has not regulated the specific payment level and assigned the Ministry of Agriculture and rural development and Chairman of PPC to have pilot study. Up to now, some provinces have conducted the PFES mechanism in aquaculture such as: clam farming in Xuan Thuy, Nam Dinh province, ecological shrimp farming in Ca Mau province, cold water fish farming in Lao Cai province. Due to the differences in the farming species and conditions, each province has its payment level and different payment mechanism. For example, Lao Cai, with the support of the IPFES project has studied and piloted a decision on cold water fish farming (sturgeon, salmon) and the payment level is 44,500 dong /m<sup>3</sup> of pond volume in one year.



#### Other entities

Other entities that use forest environmental services such as service for "carbon sequestration and retention of forest" have not been conducted until now.



# **Providers of forest environmental** services - payee

According to the No.99/2010/ND-CP, the FES providers include:

# Owners of the forest providing environmental services, including:

- Forest owners who are allocated forest or leased forest to by the Government for long-term use for forestry purposes and forest owners who plant forest by themselves on allocated forestry land certified by the Provincial People's Committee based on recommendation from the Department of Agriculture and Rural Development;
- ▲ Forest owners who are households, individuals allocated forest or leased forest to by the Government; village individuals allocated forest by the Government for long-term use for forestry purposes; forest owners who are households, individuals, village communities who make their own investment to plant forest on forestry land allocated by the Government, certified by the district People's Committee based on the recommendation from the agency specialized in forestry, certified by the commune level People's Committee.
- Organizations who are not forest owners but assigned by the Government for forest management including: CPC; political and social agencies, organizations.
- Organizations, households, individuals, village communities who have contracted for long-term and stable forest protection by state organizations (hereinafter referred as the contracted households); the contracts are entered by the contractors and the contractees, certified by the Commune People's Committee.



# **Defining the forest area under** payment and the payment coefficient

The identification of forest area under the basin of providing FES for the services for regulation and maintenance of water sources for production and living activities of the society; soil protection, reduction of erosion and sedimentation of reservoirs, rivers, and streams follows the regulations in the Circular No.60/2012/TT-BNNPTNT dated 09 December 2012 of MARD. The forest area in the basin is defined according to administrative unit (commune, district and province) and origin of forest (natural forests or plantations).

The forest area under payment is the area of providing FES defined by forest owners and accepted "meet the requirements" as regulations in the Circular No.20/2012/TT-BNNPTNT dated 07 May 2012 of MARD.

The coefficient to calculate the amount of PFES to pay for the forest owners (K coefficient) is defined under the Circular No.80/2011/TT-BNNPTNT dated 23 November 2011 on guiding the methods of identifying the PFES. Accordingly, K coefficient is identified for each forest status plots. Forest plots of similar status located on the same basin and provide specific environmental services of similar features share the same K. K coefficient of each forest status plot is an aggregation of different sub-coefficient K as regulated under Section a, Provision 1, Article 16 of Decree No.99/2010/ND-CP. Specifically: K = K1 x K2 x K3 x K4, of which:

- Sub-coefficient K1: Payment level for forest environmental services (FES) is adjusted in accordance with forest status; K1 1.0 is applicable to rich forests; 0.95 to medium forests and; and 0.90 to poor forests and rehabilitated forests. Forest status and stock are determined in accordance with regulations stated under Circular No.34/2009/TT-BNNPTNT dated 10 June 2009 of MARD.
- Sub-coefficient K2: is adjusted in accordance with forest use purposes; K2 1.0 is applicable to special use forest; 0.95 to protection forests and 0.90 to production forests. Forest use purposes are defined in accordance with the planning of 3 types of forest approved by PPC.
- ▲ Sub-coefficient K3: is adjusted according to the origin of forest; K3 1.0 is applicable to natural forests and 0.9 to plantation forests.
- ▲ Sub-coefficient K4: is adjusted according to difficulties in forest protection, including social and geographic factors; K4 1.0 is applicable to forest of extremely difficult access for protection; 0.95 to those of difficult access and 0.90 to those of less difficult access.

Based on the condition of the localities, PPC will specify the sub-coefficients K that is applicable in the province.

DARD will take the lead to guide related agencies to define the K coefficient of the forest plots for the forest owners who are organizations according to the regulations of PPC to be a basis for PFES.

People's Committee at district level will direct related agencies to define the K coefficient of the forest plots for the forest owners who are households, individuals, village communities according to the regulations of PPC to be a basis for PFFS.

Forest owners who are state organizations will agree the application of K coefficient with the households contracted to the forest protection. It is expressed in the contracts.

K coefficient for a specific forest plot shall be re-determined when there is a change in forest status and reserves, purpose of forest use, origin of forest formation and the level of difficulties in forest protection, which are proposed by forest owners or through the result of annual forest acceptance that was verified by the competent authorities.



# Methods and principles of payment

According to the Decree No.99/2010/ND-CP the PFES can be conducted by direct or indirect payment.

Direct payment is that the users of forest environmental services pay directly to the suppliers of forest environmental services without passing through an intermediary organization. Direct payment is carried out based on the voluntarily negotiated agreements between the users and suppliers of forest environmental services in line with the regulations in the Decree 99/2010/ ND-CP, where the payment level is not lower than the level regulated by the Government for the same forest environmental service.

Indirect payment is that the users of forest environmental services pay to the suppliers of forest environmental services through the VNFF or provincial FPDFs or agencies and organizations, decided by the PPC. Indirect payment is subject to the intervention and support of the Government through the FPDF system with prices of forest environmental services stipulated by the Government.

Principles of the PFES include: (1) FES users must pay for forest environmental services in cash; (2) through direct or indirect payment methods for the forest owners of forests that supply forest environmental services; (3) Payment for forest environmental services is the factor of the production costs of products that use forest environmental services and does not substitute for the resource tax or other payments stipulated by law; (4) the payment must ensure the transparency, democracy, subjectivity, and equity.



# The responsibilities of related agencies in the policy implementation



# Ministry of Agriculture and Rural development/Vietnam administration of forestry

- To take the lead to collaborate with relevant Ministries and sectors to mobilize sources to implement the policy;
- ▲ To organize to determine and approve the forest areas that supply FES extending in 2 or more provinces or cities;
- ▲ To guide provinces about the planning and the preparation of the plan on forest protection and development. Approve: the national and regional planning on forest protection and development; the national plan on forest protection and development; the expenditure and collection plan of the VNFF:
- ▲ To take the lead and collaborate with relevant Ministries and sectors to synthesize and report the Prime Minister about the policy implementation on the annual basis.



#### Viet Nam Forest Protection and Development Fund

- ▲ To identify the forest areas that supply forest environmental services from 2 provinces and more to submit MARD for approval;
- ▲ To sign entrusted contract and coordinate the payment to the provincial funds for the forest areas providing FES from two provinces and more;
- To guide provincial funds the professional activities; to develop the plan on FES expenditure and collection.



#### **Provincial People's Committee**

- To direct the DARD to take the lead and collaborate with relevant departments, agencies, and sectors to develop and submit the PPC for approval of projects and programs relating to the implementation of the policy for payment for forest environmental services;
- ▲ To decide the types of FES to be paid, payment level and subjects of payment and subjects to be paid in the province according to the Decree 99/2010/ND-CP;

- To collaborate with relevant Ministries and sectors to direct, check and monitor the PFES implementation in the province;
- ▲ To approve and ensure the stable area and function of forests that supply FES in land use planning and forest protection and development planning;
- ▲ To certify the list of forest owners who are organizations providing FES to a particular user entity of forest environmental services based on recommendation of DARD:
- ▲ To direct CPC to carry out the PFES policy; to define the list of households contracted to forest protection with the forest owners who are state organizations to be paid for FES;
- ▲ To synthesize and report to MARD and MoF on the status of FES in province on annual basis.



#### **Department of Agriculture and Rural development**

- To guide the PFES policy implementation for the forest owners according to the provisions; resolve, handle or propose competent authorities for timely handling difficulties, problems or violations of forest owners under the current decentralization of management.
- To chair and coordinate with related departments to advise PPC approves annual plan on PES revenues and expenditures, and plan on PES cash revenue and spending of the Provincial Forest Protection and Development Fund.
- ▲ To lead and coordinate with PFPDF (the Fund under PPC) to develop Provincial Forest Protection and Development Plan and combine it closely with the plan on PFES policy implementation and submit to PPC for approval.
- To organized annually checking the service providing forest area of forest owners and report results to the PFPDF within specified time.
- ▲ To direct FPD processing or advising authorities to handle the companies who do not to respond seriously to the declaration and payment of PES, delayed payment interest according to the provisions.
- ▲ To direct the district payment unit to organize checking the service providing forest area of forest owners who are households, individuals and rural communities entrusted by the State land and forests according to the provisions, to summarise and send the results to the PFPDF on time. Perform full PFES for households, individuals and rural communities under the entrustment of FPDF in specified time (if the FPDF trusted).

To chair and coordinate with PFPDF (the Fund under PPC) and the DONRE to advise the districts PC, check the area and boundaries of the forest of forest owners and track, monitor its annual variation in order to serve PFES objective, timely and accurate.



### **Provincial Forest Protection and Development Fund**

#### (i) PFPDF belong direct to PPC

- To chair and collaborate with departments and agencies to implement PFES policy in the province; develop guidelines and advice to PPC in the direction and administration of PFES policy implementation in accordance with the provisions of the State and the local reality conditions.
- ▲ To organize advocacy in different forms in order to raise awareness of organizations, individuals and village communities about the importance of forest resources and PFES policy.
- To develop and implement annual plan on PFES revenues and spending, to coordinate with DARD in planning PFES and integrated with forest protection and development plan to balance the budget and implement forest protection effectively.
- To monitor and evaluate periodically the implementation of the plan and report on progress to PPC and VNFF/MARD, to propose solving problems in the implementation process.
- To coordinate with DARD in the examination and accepting the results of the forest protection of forest owners as a basis for PFES and ensure the quality of services provided under the commitments.
- To guide and urge the FES users to respond seriously, to fully implement its responsibilities in the implementation of PFES policy.

### (ii) PFPDF belong to DARD

- To determine the forest areas that supply FES to be paid for FES in the province and advise DARD to submit to PPC for approval;
- ▲ To make a list of FES users to pay for FES in the province; list of forest owners who are organizations providing FES and advise DARD to submit the PPC for approval;
- To inform FES users of submission of the registration on the payment plan for FES;
- To guide the forest owners to develop the plan on the PFES expenditure and collection;

▲ To guide the organizations which are not forest owners but assigned by the State for the forest management, to develop the plan of forest protection and management and advise DARD to submit the PPC for approval, to prepare the plan on the request of financial support for forest protection and management.



### **District People's Committee**

- To organize propaganda, dissemination and implementation of activities related to the policy on payment DMTR in the province under the approved plan; and directing, guiding and checking commune level in the building, implementing PFES plan under the guidance of FPDF.
- ▲ To approve the list of forest owners being households, individuals, village communities/villages, organizations supplying FES to a particular FES user entity based on the recommendation from the payment agency at district level, certified by the CPC.
- To direct CPCs and Division of Natural Resources and Environment to advise strengthening land allocation to households, individuals and rural communities that forest has real owners; and decreasing forest area managed by the CPCs.
- ▲ To increase monitoring of the payment of forest owners as state organisations, the CPCs and the district payment unit, to ensure that people are receiving PFES money full and timely.
- ▲ To mobilize resources and integrate related activities of other programs, plans and projects in the province to achieve the objectives of the PFES scheme.
- ▲ To ensure compliance of the principles of monitoring and evaluation according to the provisions and periodically report to PPC (through PFPFD) the progress of implementing the tasks of the plan and propose to resolve the difficulties and obstacles in the implementation process.



### The district payment unit

- To arrange communication and dissemination of the PFES policy in the local area.
- To conduct the acceptance with the forest owners being households, individuals, village communities; certify, make the summary of acceptance result on the forest protection and FES provision and send the provincial FPDF.

- ▲ To synthesize the PFES plan of all communes in the district and the estimation of management expenditure of the payment organizations at district level to send the provincial fund.
- ▲ To implement PFES for forest owners being households, individuals and rural communities under the entrustment of the PFPDF (if authorized).



### CPC and the payment agencies at communal level

Payment organizations at commune level include: Forest protection and development fund at commune level (if any); Forest management unit at district level; or Payment unit at commune level established by District People's Committee; these agencies have following tasks.

- To arrange communication and dissemination of the PFES policy in the commune.
- To certify the list of households contracted to forest protection with the forest owners who are organizations to be paid for FES.
- ▲ To develop the plan including table of determining the forest areas which provide FES according to the form No.5 attached with the Circular 62/2012/TTLT-BNNPTNT-BTC and submit it to the payment organization at the district level.



# Forest owners who are state organizations

Forest owners who are state organizations, including Public non-business units, armed forces and state enterprises have the following tasks.

- To sign the commitment on forest protection and FES provision or review the annual commitment with DARD.
- ▲ To sign or review the forest protection contract prepared between the owner and the households according to the current regulations of the Government.
- ▲ To make a statistic table of households contracted to the forest protection.
- To make PFES plan.
- To define the amount to pay for the contracted households, and arrange the acceptance for payment activities done by the contracted households.
- To approve or request approval of the competent authorities on the plan of the operational cost under their financial management regulations.



# Organizations who are not forest owners but assigned by the State the tasks of forest management

CPC; social and political agencies and organizations have below tasks.

- To develop the plan on forest protection and send DARD (and provincial fund) for checking and submiting it to the competent level (PPC or the authorized, decentralized agencies) for approval.
- ▲ To make the annual plan on the forest protection management to propose the financial support and submit it to the provincial fund.
- To approve the plan on the operational expenditure under their financial management regulations.



### Forest owners who are households, individuals, village communities

Forest owners who are households, individuals, village communities include: (i) Households and individuals who are allocated forest or leased forest by the Government; (ii) village communities allocated forest by the Government for long-term use for forestry purposes; (iii) Households, individuals, or village communities who planted forest by themselves on allocated forestry land certified by the district PC based on the recommendation from CPC They have tasks as follows:

- ▲ To sign commitment on forest protection and providing FES with CPC.
- To use the whole amount of PFES for the forest protection, development and management, livelihood development and improvement.



#### **Users of forest environmental services**

- To conduct the rights and obligations under the regulations of the Decree No.99/2010/ND-CP.
- To sign entrusted contract on PFES with the FPDFs or direct contract with the FES providers.
- ▲ To submit the registration form for plan of payment for forest environment services of the next year by July 15th of each year.
- ▲ To make the statement of payment for forest environment services to send FPDF, not later than the 15th day of the first month of the next quarter.
- ▲ To make declaration on self-settlement of payment for forest environment services and send FPDFs after 45 days of the end of settlement period every year.

Roles, responsibilities and relationships between the agencies and units involved in PFES policy implementation are shown summarized in Figure 1.

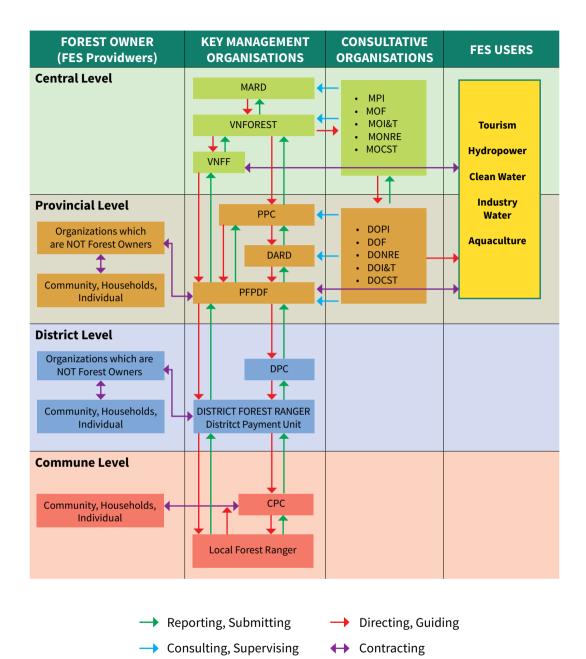


Figure 1. PFES Implementation Structure (Current scheme): Institutional Mapping



# Study and pilot the development of payment mechanism for new forest environmental services

As of 2015, only three of 5 types of forest environmental services regulated in the Decree 99 have been identified clearly on the subjects, payment level and payment method in the guiding document of the Government. The two remaining of 5 PFES types include: (i) Industrial production facilities that use water directly from water sources have to pay for services for regulation and maintenace of water sources for production; and (ii) Users having to pay for forest environmental services for carbon sequestration and retention of forest; sevices for provision of spawning grounds, sources of feeds, and natural seeds, use of water from forest for aquaculture. These remaining types still do not have specific guidelines for implementation.

The development of a payment mechanism for new services is very necessary to have basis for policy implementation. The contents of this assignment can be divided into 3 phases: (i) study the valuation of the economic value of the service and propose the payment mechanism; (ii) conduct pilot payment for newly proposed FES; (iii) synthesize, evaluate and finalize the mechanism, institutionalize in the policy for broad application; with detailed steps summarized in the following Table 1.

**Table 1.** Process of developing PFES mechanism for new FESs

Phase	Step	Content	Expected Output	Person responsible	Related Organisations
nism	1	Collecting, reviewing relevant documents	Overview of the existing relevant documents	Consultants	PFPDF
mech	2	Field survey	Review of the related natural and socio-economic situation	Consultants	PFPDF
payment	3	Consultation of stakeholders to identify potential FES type	Potential PFES type are identified	Consultants	PFPDF and related organisations
Study on Service evaluation & payment mechanism	4	Studies on evaluating potential FES and develop mechanisms to pay for these services	The value of potential Services determined and payment mechanism proposed	Consultants	PFPDF
1 Service 6	5	Stakeholder consultation to improve study results	Create consensus on the proposed new mechanism	Consultants	PFPDF and related organisations
Study or	6	Completing the proposal, submit to PPC for aproval on piloting	Decision of PPC	PFPDF	Related Organisation
Piloting	7	Conduct Piloting the new developed PFES mechanism; raising the awareness of stakeholders	New PFES mechanism is piloted in the province; The aceptance of the servise users have to pay	PFPDF	

Phase	Step	Content	Expected Output	Person responsible	Related Organisations
:y Com-	8	Review, evaluate and complete the new mechanism	The new PFES mechanism is completed	PFPDF	Consultants & Related Organisation
sm, Polic pletion	9	Official Apply in provincial	New PFES mechanism is applied in Province	PFPDF	Related Organisation
Mechanism, Policy Com- pletion	10	Submit new PFES mechanism to VNFF for consideration to apply in country wide	New PFES mechanism is regonised by VNFF		DARD, PPC

The implementation of the study on FES valuation requires the inputs of many resources. Consultant group consisting of the experts should be assigned who have extensive and in-depth knowledge of the environmental economics as well as the relevant field. They need enough time to develop a payment mechanism as well as pilot which is formed base on the potential forest environmental services in the province. The role and responsibility of all concerned parties as below:

- **Consultant group** is a professional research agency with the experts who have extensive and in-depth knowledge of the environmental economics and related fields. They should collaborate with the provincial fund to conduct research on potential forest environmental services in the province, propose a payment mechanism and consult relevant stakeholders to develop a policy on payment for potential forest environmental services.
- **Provincial FPDFs** is the focal point to arrange the development of the payment mechanism or new forest environmental services in the province, consults relevant stakeholders, finalizes proposals and reports for DARD to submit the PPC for approval.
  - **DARD has 2 functions.** At first it is the superior authority of the provincial fund in case that the Fund belongs to DARD. It has responsibility to aggregate, supplement and finalize proposals of provincial fund to submit the PPC for approval. Secondly, it is a professional management agency on forestry, including the fields of fisheries. It has responsibility to appraise, certify the aquaculture entities which must pay for FES, and confirm the scale of production design plan and results of annual production and business to be a basis of identifying the payment level.
    - Department of Industry and Trade has responsibility of collaborating with DARD and PFPDF in the appraising, confirming the PFES entities in the fields of hydropower, clean water for living and water for industrial production. It also has to confirm the scale of production design/plan and results of annual production and business to be a basis of identifying the payment level, supervise the implementation of PES payment as prescribed, monitor the implementation of these facilities. For the case of violences against regulations, DARD reports and asks the PPC to handle according to their regulations.

- **Department of Culture, sport and tourism** has responsibility of appraising, confirming the PFES subject in the fields of doing tourism service business. It also confirms the scale of production design/plan and results of annual production and business to be a basis of identifying the payment level.
- Department of planning and investment is an advisory and aggregate **agency** has responsibility of appraising, verifying the development strategy, midterm and annual plan of professional fields in the province, to chair and coordinate with the DOF and DARD in the balanced allocation of capital from the State budget and other funding sources for programs, projects and plans for forest protection and development, social - economic development related to PFES in order to implement PFES policy effectivelly and integrated PFES into socio - economic development plan.
- Department of finance is an advisory and aggregate agency has responsibility of appraising, verifying the results of business production and revenue of PFES subjects in the province; to chair and coordinate with PFPDF and related provincial departments and agencies to develop guidelines on the management and use of financial resources from the payment of PFES at all levels from the province to districts and communes.
- Provincial People's Committee has responsibility of issuing the decisions on the implementation of PFES policy in the province area, including the types of services, subjects of payment, payment level, payment mechanism, subjects to be paid, etc, to approve the long-term, medium-term and annual plan on the implementation of the PFES policy in the province area, to establish a system of implementing and assigning tasks for departments, agencies and sectors of province for the effective implementation of the PFES policy in the province area.
- Forest owners (State Organizations, People's Committee of commune/ township)

Enhance the allocation or contract of forest area with FES supply to households, individuals and rural communities for protection. Regularly monitor and supervise the implementation of management and protection of forest areas allocated/cotracted, treat the violation in order to contribute to the protection and development of forests in the province.

Implement PFES policies under the guidance of PFPDF and relating organisations. Shortly after receiving advance or PFES payment from provincial funds, promptly determine and pay the PFES for contracted households, individuals and village communities fully and timely; the payment plan must be reported to the DPC for supervision.

The roles, responsibilities and the relations among parties in the development of PFES mechanism are expressed in the Chart of institutions in the Figure 2.

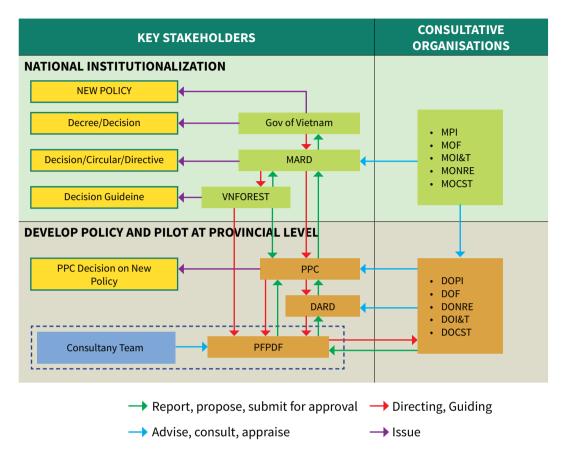


Figure 2. Chart of institutions to develop PFES mechanism for new FESs

For most of the provinces, the valuation study of ecosystem services and the proposal of payment mechanism often meet three major difficulties: (i) Lack of techical database for the valuation study at the provincial level. For example, there is not clear evidence of the amount of water generated from forests to be used in industrial production or aquaculture, or there is no statistical data to prove the effectiveness of the forest environmental services in doing businesses of different types of tourism. (ii) Lack of human resources. All provinces do not have the intensive agencies/organizations capable to study independently the ecosystem service valuation. The study on FES valuation requires intensive experts on statistics, mathematical economics and other professional skills. However, provinces are seriously lacking such officers. (iii) Financial restrictions. Most of provinces do not have budget for studying the ecosystem service valuation.

Therefore, provinces need the support of the Government, national or international projects/organizations and professional consultant groups to be able to conduct valuation researches on forest environmental services and develop a mechanism on the implementation of payment for potential forest environmental services in the provincial area.

## Box 1. Decisions of PPC to institutionalize the outcomes of IPFES project:

- 1. Decision No.4273/QD-UBND dated 25 November 2015 of Lao Cai's PPC on issuing the "Regulations on the piloting of collection, management and use of PFES for cold water fish farms in Lao Cai province ".
- 2. Decision No.1551/QĐ-UBND dated 27 May 2016 of Lao Cai's PPC on issuing the "Regulations on the piloting of collection, management and use of PFES for industrial productions in Lao Cai province".
- 3. Decision No. 12/QĐ-UBND dated 10 March 2017 of Lao Cai's PPC on issuing the "Decision on the adjustment of provisions on PFES for Tourism Services in Lao Cai province" (adjustment Decision No 11 and No 15 of Lao Cai' PPC).





# Guidelines on developing 5-years' plan on the implementation of PFES policy

(5 years' action plan framework on the implementation of the PFES policy)





# Introduction



#### Context

The 5-year action plan framework has been developed by the Consultant Group of IPFES project through the consultation to CPMU and PPMUs of 3 provinces Lao Cai, Thua Thien Hue and Kon Tum. The 5-year action plans of 3 target provinces have been developed according to this framework. It is one of IPFES project's outcomes and is able to be used as reference document for the FPDFs in the country to develop the midterm and annual plan on implementating PFES policy.



# Objectives of the plan development

Major objectives of this action plan include:

- To identify the contents and priorities for the activities of improving the implementation of PFES policy in province and the mid and long term objectives for the fields related to the PFES policy.
- ▲ To support provincial FPDF to develop the annual PFES plan in association with the mid and long term objectives.



# Status of PFES policy implementation until the present



#### Institutional development and policy implementation

2.1.1. Establishment of the organizational system and issuance of guiding documents

Organizational system should be presented wich were established to implement the PFES policy in the provincial level, including: Steering Committee, FPDFs under PPC or DARD, Chairman of FPDF Management Council, FPDF Control Board, etc.

The status of organizational structure, personnel of the provincial FPDFs should be presented with the number of permanent staff, contract staff; leaders and function divisions, etc.

The system of documents issued by the PPC should be presented for the implementation of the PFES policy in the province. They are regularly updated to grasp the regulations of the Government, guidelines of Ministries, central sectors and province.

### **2.1.2.** Ecosystem service valuation

As of December 2015, only two of 5 types of forest environmental services regulated in the Decree No.99/2010/ND-CP on the PFES policy have clearly identified about the subjects, payment level and payment methods in the guiding documents of the Government. The 3 remaining of 5 types of FES, including: (i) carbon sequestration and rental; (ii) protection of natural landscape and conservation of biodiversity of forest ecosystems for tourism services; and (iii) provision of spawning grounds, sources of feeds, and natural seeds, use of water from forest for aquaculture. They are waiting for the follow-up guidelines for the implementation.

The progress of studying the ecosystem services valuation in the province should be stated in the fields of techniques, personnel and finance, as well as the need of having supports from the Government, the national or international projects/organizations for the policy implementation.

### 2.1.3. Financial management and accounting

Provincial FPDF issued or advised the competent agencies to issue documents to instruct the collection and payment for forest environmental services which facilitated to implement the policy in the provincial area. Whether the accounting system in implementing the PFES policy in the province is clear and transparent enough? Whether the contents of FES collection and payment that stated in the financial reports have been inspected by independent audit or not?

The existing issues and shortcomings of the financial management and accounting should be analyzed such as: the disbursement rate through years, causes of the slow disbursement like the difficulties in identifying forest area.

#### **2.1.4.** Communication and knowledge management

This section describes the status of developing the plan and the implementation arrangement of the annual plan on the communication of the provincial FPDF such as; meetings, conferences, training courses; developing the information boards, leaflets and handbook on PFES question and answer, developed and maintained website of the FPDF, collaboration with Central and local news agencies, newspapers, development of the television reportage including the broadcast by ethnic minority language, the articles of PFES policy published in the central and provincial newspapers, etc.

The project has analyzed and evaluated the capacity of communication and knowledge management of the provincial FPDF, a system of information management, database, communication activities, etc. especially the propaganda activities for the PFES subjects in remote areas, ethnic minorities and the use of their language.

### Box 2. Decisions of MARD to institutionalize the outcomes of IPFES project:

- Decision No.5307/QD-BNN-TCLN of MARD dated 22 December 2015 on Promulgating the "Handbook on Financial Management & Accounting for PFES".
- 2. Decision No.5085/OD-BNN-TCLN of MARD to approve the "Scheme on Building the Information System Online for VNFF"

#### 2.1.5. Gender, ethnicity and community development

The basic characteristics of all ethnic groups living in the provincial area should be stated, paying attention to ethnic minorities living in remote areas with difficult terrain, water scarcity, poor infrastructure and difficulties in accessing services, etc

The women of ethnic minorities should be noted, in the view of disadvantages which they frequently meet such as less opportunities than men to participate in community activities, difficulties in communicating because of language barrier, the existing roles or responsibilities between male and female in the activities of forest protection and development such as plantation, tending and patrolling, etc.

The current shortcomings on the consideration of gender, ethnicity and community development should be analyzed, such as little information or data on gender issues in PFES policy enforcement, weak collaboration among stakeholders in gender activities such as Women's Union, the Committee for Ethnic Minorities, the Department of Labor Invalids and Social Affairs, commune authorities and the local people, underdeveloped awareness of the community in general and the officers in charge of PFES policy enforcement who are responsible for integration gender into the PFES activities, etc.

#### 2.1.6. Integration of FES into the socio-economic plan

The status of developing the annual plan on the implementation of PFES policy of the provincial FPDF should be analyzed under the guidelines of the central and provincial levels; collaboration with DARD to balance the financial source for the forest protection, the status of using PFES in the provincial area, etc.

The activities of relevant sectors, departments and their collaboration with the provincial FPDF in the implementation of the PFES policy should be analyzed such as the contents of PFES integrated into the plan on forest protection and development and the plan on socio-economic development of the province. The effectiveness of the PFES impact should be also evaluated, especially for the forest protection and development, the livelihood development of the households and village communities, the combination of PFES the program on new rural development, 30a program, programs on poverty reduction, etc. in the same area.

#### **2.1.7.** Development of database and the monitoring and evaluation system

This section analyzes the status of developing the database and M&E system to implement the PFES policy in the provincial area, especially how the provincial FPDF collaborated with the relevant departments, sectors and agencies to arrange the review of forest boundary and area of each forest owner to serve PFES. What is the completion level and quality?

The current shortcomings on the database system and the contents should be further finalized to be able to implement systematically, objectively and independently the supervision, monitoring and evaluation, including the check of authenticity of forest status reports from local administrative officers. The development of database system should be based on the results of investigation, forest inventory under the national programs; GIS system and the M&E system which is applied with the specific and clear criteria and a consistent process to ensure the effectiveness of the PFES policy, etc.



#### Results of mobilizing FES revenue and disbursement

#### 2.2.1. Results of FES revenue mobilization

This section summarizes FES users and the results of mobilizing FES revenue until the time of developing the PFES plan in the provincial area.

Table 2 is a sample frame to summarize data of FES users who conducted PFES. Table 3 is a sample to summarize the result of mobilizing FES revenue until the time of developing the PFES plan.

**Table 2.** Quantity of FES users

FES users	2011	2012	 2016
Number of hydropower company			
Number of hydropower plants			
Total hydropower capacity (MW)			

FES users	2011	2012	 2016
Total electricity output (kwh)			
Capacity coefficient (%)			
Number of tourism companies paid for FES			
Number of clean water suppliers paid for FES			
Total			

Table 3. Result of mobilizing FES revenue

Unit: million dong

Content	2011	2012	 Total
Hydropower (inside province)			
Hydropower (regulatory)			
Tourism			
Clean water			
Interest on deposits			
Total			

The detail of FES revenue in the provincial area has been accumulated since the policy implementation to the time of developing the PFES plan, including collection from hydropower, clean water, tourism, etc. and from the interests on bank deposits.

Characteristics of revenue are analyzed, for example, hydropower provides the largest revenue. However, there are some problems such as the difficulty in collection of hydropower inside province, differences in capacity coefficient of the power plants and unstable operation or prolonged drought due to the unreliable weather conditions, etc.

Analyzing characteristics of the target entities that have PFES responsibility, the actual payment status for each type of FES, advantages, disadvantages and challenges in mobilizing revenue sources and the expected potential revenue sources should be described.

#### 2.2.2. Disbursement result

This section summarizes the result of PFES disbursement until the time of developing PFES plan in the provincial area.

Table 4 is a frame to summarize the quantity of FES providers. Table 5 is the summary of disbursement until the time of developing PFES plan.

Analyzing characteristics of forest owners that providing FES, quantity of forest owners and forest area that providing services, such as how many hectares of forest have been managed by the management board (MB) of protection forest and special-use forest, how many percentage it accounts for. How many hectares of forest have been contracted to households, village communities for forest protection? Number of households, individuals who are the forest owners, number of organizations assigned for forest management and protection, state forest enterprises, etc. The actual disbursement status, causes of delayed payment, the changes of average unit price among subjects and years should be stated.

The advantages, disadvantages and challenges in PFES disbursement should be analyzed and evaluated with the causes and how to overcome them. They are for example, difficult to identify forest boundary and area that providing FES, Unskillful dossier preparation or payment for organizations assigned by the Government for forest management.

**Table 4.** Quantity of FES providers

Type of providers	2011	2012	 2016
MB of protection forest			
MB of special-use forest			
State forest enterprises			
Private companies			
CPC			
Households			
Household group			

**Table 5.** Results of PFFS disbursement

Content	2011	2012	•••••	Total
Payment for forest owners (million dong)				
Payment for forest protection activities (million dong)				
Operation cost (million dong)				
Contingency (million dong)				
Total expenditure (million dong)				
Disbursement rate (%)				
Forest area providing FES (ha)				
Average unit price (dong/ha)				



### Preliminary evaluation of the policy impact

#### 2.3.1. Economics

This section analyzes and evaluates the impact of the PFES policy regarding economics in the provincial area, including total FES revenue from the beginning of policy implementation to the time of developing the PFES plan in the provincial area. How much has the PFES contributed to forest protection and management? For example, they are the investment of new plantation project, reviewing forest land area, identifying the forest owners, supportsing to recover the damages caused by natural disasters, or landscape forest plantation, etc.

To analyze the impact of PFES policy in creating a new, stable and long-term financial mechanism for the people engaged to forestry. How is the actual average income of households, individuals contracted to forest protection improved, especially the ethnic minorities in the remote areas?

The meaning of PFES policy regarding economic term is not about the level of contribution on financial source but it is more important in the sustainability on the voluntary basis of FES users and suppliers. If the implementation arrangement is good, it will be a sustainable, stable and long-term financial source.

#### 2.3.2. Environment

This section analyzes and evaluates the impact of PFES policy on environment, how the PFES policy impacted to forest protection and management in the province? The sample frame of status of changes of forest area and forest coverage are shown in Table 6.

**Table 6.** Forest area and coverage

Year	2012	2013	 2016
Total forest area (ha)			
Forest area providing FES (ha)			
Forest coverage rate (%)			

Description should be added to answer the following three questions. How has the policy propagation and dissemination contributed to raise awareness of local people, especially for the subjects related to PFES policy in the fields of role and value of forest environment? How has the responsibility and consciousness of forest owners been improved? How is the forest protection effective to control the outbreak of violation cases on the law of forest protection, number of forest fires, etc?

### 2.3.3. Social issues

This section analyzes and evaluates the impact of PFES policy on economics. What are the roles and meaning of the PFES policy in creating new, stable and long-term opportunities for the people engaged to forestry? It should focus upon the income status of the households involving in forest protection from PFES (dong/household/year), the ability of creating new jobs, poverty reduction, livelihood improvement and helping local people to engage to forests, thereby contributing to the political stability and security, social order and safety, especially in the highland, border area.

Some indicators should be used in the analysis such as percentage of the poor households in the PFES basin, contributions of PFES to stabilize the production and business activities and the lives of workers of state forest enterprises in the condition afrer stopping the timber exploitation of natural forest, etc.



## **Basis of developing the Action Plan** in the period 2016- 2020



#### Legal basis

This part shows some official documents of the Government, MARD and province to be the basis of developing PFES plan, such as:

- Decree No.99/2010/ND-CP dated 14 September 2010 of the Government on the Policy on Payment for forest environmental services;
- Decision No.57/2012/QD-TTg dated 09 January 2012 of the Prime Minister approving the plan on forest protection and development in the period 2011-2020:
- Decision of the Prime Minister on approving the Master planning on socio-economic development of the province by 2020;
- Decision of the PPC on the development planning of some areas by 2020 and orientation to 2030, such as: Fisheries, Tourism, water resource, hydropower;
- Political of provincial Party Executive Committee for term 2015 2020;
- Documents of PPC on the implementation of PFES in the provincial area;
- Annual report on the result of implementing the PFES policy of the provincial FPDF.



#### Plan on developing some areas related to the PFES policy

#### 3.2.1. Forest protection and development

This section presents briefly the plan on forest protection and development of province until 2020, states some major criteria to be achieved such as the forest coverage rate, the planning objectives of all types of forests by 2020, etc. The ability of providing the forest environmental services and the expansion of implementing the PFES policy under Decree 99 is analyzed in the provincial area. The practical and scientific basis as well as the feasibility for these analysis is clarified. Meanwhile the ability to contribute additional

resources for forest protection and development through the expansion of implementing the PFES policy in the provincial area should be also clarified.

#### **3.2.2.** Hydropower

This section analyzes and evaluates the ability of hydropower development in the provincial area based on the planning of hydropower development of province and the actual implementation such as number of plants, companies/ facilities, capacity, etc and the development through the years according to the Decision of the PPC.

Based on the situation analysis, potential assessment, the specific objectives and necessary data should be identified to be the basis of developing the plan like the number of plants, total capacity, for example:

#### Hvdropower inside province:

- The total capacity of the xx operating hydropower plants inside province in the year is xxx MW;
- The objective by 2020 is xxx MW, average plan of each year increase xxx MW or xx%;
- Capacity coefficient is calculated by the average amount of the recent 3 years of the percentage between the actual electricity output compared with the design capacity of the plant (xx%). This percentage can be fixed by referring to the average capacity coefficient of hydropower companies in Asia is 43%.
- It is expected in the future the collection of PFES from hydropower inside the province with the average of xxx million dong/year.

#### Hydropower coordinated by the central level:

- Number of hydropower companies that coordinated by the VNFF, the coordination amount for the province of each companies;
- ▲ It is expected in the future the collection of PFES from hydropower coordinated by the central level with the average of xxx million dong/year.

#### **3.2.3.** Clean water to serve living

This part analyzes and evaluates the ability to collect PFES same as hydropower with attention to the specific characteristics of the water supply field.

#### **3.2.4.** Water to serve industrial production

This part analyzes and evaluates the ability to collect PFES same as hydropower with attention to the specific characteristics of the water supply field for industrial production.

#### **3.2.5.** Tourism

This part analyzes and evaluates the ability to collect PFES same as the above fields with attention to the specific characteristics of the tourism business.

#### 3.2.6. Aquaculture

This part analyzes and evaluates the ability to collect PFES same as the above fields with attention to the specific characteristics of the fisheries.



#### The ability of mobilizing from forest environmental services

#### **3.3.1.** Hydropower

This part estimates the ability to collect PFES from hydropower companies, the basis for calculation as follows:

- ▲ Collection level: Decree 99 is being considered for amendment, the collection level for hydropower can be adjusted from 20 dong/kwh currently to 36 dong/kwh; two options can be given in this plan: Low option as current collection level is 20 dong/kwh, high option is 36 dong/kwh after the Decree 99 is amended.
- Capacity coefficient: for example, an average of 42%, equivalent to 1MW can produce 3,679,200 kwh/year; with a unit price of 20 dong/kwh, it will be 73,584,000 dong/year. With unit price of 36 dong/kwh, it will be 132,451,200 dong/year.

With such calculation, the ability to collect PFES under options is summarized in the below Table 7.

**Table 7.** Ability to mobilize PFES from hydropower

	Year		2017	2018	2019	2020
High option (mil	High option (million dong)					
lanida avertinas	Total capacity (MW)					
Inside province	Total collection (million dong)					
Coordinated	Total capacity (MW)					
Coordinated	Total collection (million dong)					
Low option (mile	lion dong)					
	Total capacity (MW)					
Inside province	Total collection (million dong)					
Coordinated	Total capacity (MW)					
Coordinated	Total collection (million dong)					

#### 3.3.2. Clean water to serve living

- This part estimates the ability to collect PFES from suppliers of producing clean water to serve living, the basis for calculation as follows:
- ▲ Collection level: Decree 99 is being considered for amendment, collection level from clean water can be adjusted from 40 dong/m<sup>3</sup> currently to 52 dong/m<sup>3</sup>, one or two options can be given in this plan. Low option as current collection level is 40 dong/m<sup>3</sup> while high option is 52 dong/m<sup>3</sup> after the Decree 99 is amended.

With such calculation, the ability to collect PFES under options is summarized in the below Table 8.

**Table 8.** Ability to mobilize PFES from clean water supply

Year	2016	2017	2018	2019	2020
Total production (million m³)					
High option (million dong)					
Low option (million dong)					

#### **3.3.3.** Water to serve industrial production

This section estimates the ability to collect PFES from facilities of using water from forest according to the Decision of the PPC.

- Collection level: currently the Government has no specific regulations on the PFES collection level from the facilities of using water from forests for industrial production. In order to develop PFES plan, it is needed to refer the research result of IPFES project and consult the relevant stakeholders in Lao Cai. Accordingly the FES collection level for the service of providing water for industrial production is 35 dong/m<sup>3</sup> when the collection level in clean water supply is 40 dong/m<sup>3</sup>. After the Decree 99 is amended and clean water payment is increased up to 52 dong/m<sup>3</sup> then the industrial water payment will be 50 dong/m<sup>3</sup>.
- With such calculation, the ability to collect PFES under options is summarized in the below Table 9.

**Table 9.** The ability of mobilizing PFES from water provision for industrial production

Year	2016	2017	2018	2019	2020
Total production (million m³)					
High option (million dong)					
Low option (million dong)					

#### **3.3.4.** Tourism

- ▲ This section estimates the ability of collecting PFES from the facilities of doing tourism business. Decree 99 regulates to collect from 1 - 2% of revenue of tourism business activities that have direct benefit from FES; however, it does not have specific guidelines on payment subject or payment mechanism. In order to develop PFES plan, the research result of IPFES project and actual experience of Lao Cai province can be referred to, details are given below:
- ▲ Target of collection: Followings are the targets such as facilities of doing accommodation service business and selling sightseeing ticket in the areas planned as ecological tourism and resorts identified by the Ministry of Culture – Sport and Tourism or PPC. List of specific facilities doing tourism business under PFES is decided by the PPC
- ▲ Collection level: 1.0% of total revenue of selling sightseeing ticket and 1% of total revenue from accommodation service business of the facilities under the above payables.

With the above calculation, the ability of collecting PFES from tourism is summarized in the below Table 10.

**Table 10.** The ability of mobilizing PFES from tourism services

Year	2016	2017	2018	2019	2020
Total revenue of facilities doing accommodation service business (billion dong)					
Total PFES collection from accommodation (million dong)					
Total revenue of facilities selling sightseeing ticket (billion dong)					
Total FES collection from selling sightseeing ticket (million dong)					
Total FES collection from tourism business (million dong)					

#### **3.3.5.** Aquaculture

This section estimates the ability of collecting PFES from the aquaculture facilities which are benefiting from FES. However the Government has not developed yet specific guidelines on the subjects of payment and payment mechanism for aquaculture. Becaue the aquaculture businesses are formed upon local conditions which are largely different, each province should conduct specific researches and pilots.

- ▲ In the case of cold water fish farming like salmon and sturgeon, the research result of IPFES project in Lao Cai should be referred to develop the PFES plan, details as below:
- Target of collection: facilities of cold water fish farming which use water directly from forest. List of PFES facilities must be decided by the PPC.
- ▲ Collection level: 44,500 dong/m³/year as the used volume of water, based on the calculation of the volume of farming pond. However, farming of cold water fish also has potential risks, especially in the context of unreliable weather conditions, the risk of major droughts and complicated fluctuations of market price. Therefore, the collection level can be calculated according to one or two options: High option 44,500 dong/m<sup>3</sup>/year and Low option is 35,600 dong/m³/year, equal to 80% of high option.

With the above calculation, the ability of collecting PFES from facilities of farming cold water fish is summarized in the below Table 11.

**Table 11.** Ability to mobilize PFES from aquaculture

Year	2016	2017	2018	2019	2020
Total volume of the farming pond ( <i>m</i> <sup>3</sup> )					
High option (million dong)					
Low option (million dong)					



## The 5 year plan of implementing the PFES policy



#### Key implementation objectives

#### **4.1.1.** General objective

The general objective is to implement effectively the PFES policy, contribute to sustainable management of forest resource and to improve livelihood of people engaged to forestry in the provincial area.

#### **4.1.2.** Specific objectives

#### (1) Target of mobilizing FES revenue

The target of potential collection from all types of FES in the provincial area as the Decree 99 (excepting Carbon) are identified with the proposed two options as stated in the previous section. When developing the official plan, it should be considered to select one option and the results should be summarized as the below Table 12:

**Table 12.** Target of collecting from potential forest environmental services

Type of services	Hydropower	Water for living	Water for industrial production	Tourism	Aquaculture	Total
2016						
2017						
2018						
2019						
2020						

#### (2) Target of PFES disbursement

The target of PFES disbursement of the Decree 99 is defined as the achievement of 85%, not include 5% of contingency or 10% operational costs.

In this part, it needs to estimate total forest area that provide environmental services to be achieved in the planning period. If all forest owners can be defined, the PFES will have a sustainable finance mechanism. Therefore, some comprehensive and reasonable solutions should be implemented to achieve this disbursement target.

#### (3) Objectives of forest protection in association with livelihood improvement and poverty reduction

This part defines the ability of PFES revenue contribution to the forest protection and development of the province as well as to livelihood improvement, effective implementation of the policy on diversification of resources and methods of poverty reduction for the ethnic minorities, and extremely difficult areas. This will help to successfully implement the objective of reducing the poor households and achieve the forest coverage rate in the planning period (2016 - 2020) as stated in the provincial Party Congress.



#### Tasks and implementation solution

#### **4.2.1.** Valuation of ecosystem services

- This part describes the types of potential FES in the provincial area other than the services for hydropower and clean water. For example they are tourism, aquaculture and water for industrial production, which should be studied and piloted by province to develop the PFES mechanism.
- It should present the demand for research projects with the support of the Government or international organizations to help FPDF, related provincial departments, agencies and sectors in implementing this task. Besides, it should clarify the need of province in guiding the application of new regulations of the Government, for example the Decree 99 after being amended, identified the K coefficient, etc.

#### **4.2.2.** Accounting and financial management

This section states major contents for effective, timely and transparent implementation of accounting and financial management of the PFES policy, for example the arrangement of trainings to implement guidelines in the "Handbook on accounting and financial management in PFES" prepared by iPFES project. The implementation of new regulations after Decree 99 and Decree 05 shall be amended by the Government.

#### **4.2.3.** Communication and knowledge management

This section describes the contents on developing and arranging the annual communication plan for the improvement and diversification of the communication activities including the dissemination of PFES policy for FES users and local people, improvement of the awareness on gender for the relevant officers and local people.

Provincial FPDF takes the lead and collaborates with provincial communication agencies such as radio, television to develop materials and propagate the PFES policy including the communication by language of ethnic minorities. Provincial Fund also arranges the network activities to exchange information, share experience to support and promote more effective implementation of the PFES policy maintain and update Website of Provincial FPDF.

#### **4.2.4.** Gender, ethnicity and community development

This section clarifies the necessity of strengthening the activities on gender, the collaboration mechanism between VNFF, provincial FPDF and other stakeholders in integrating gender issue into the PFES activities, study to clearly understand about the impacts of gender issue, providing data, evaluating the participation of women in the PFES, promoting the communication, and trainings to raise awareness on gender for PFES staff and communities.

The management and effectiveness of using FES money shall be strengthened at communes and villages in association with the livelihood development, poverty reduction and improvement of the lives of local people and communities living closely to forests, especially in the remote and ethnic minority areas.

#### **4.2.5.** Integration of FES into the plan on forest protection and development

This part states the contents on developing the annual PFES plan with close stick to the criteria of forest protection and development and integration of PFES plan into forest protection and development and contribution to the socio-economic development plan of province.

#### 4.2.6. Development of database, monitoring and evaluation

This part shows the task of developing the PFES database with using the results of the national forest inventory program and the tools of GIS. The FPDF developed a system of WebGIS database with the support of IPFES project and VNFF. The database include both map and statistic data integrated with DPFES and system of informative management on forestry sector (FORMIS II).

Trainings on the management and utilization of WebGIS database to serve PFES should be organized, including the development of plan, monitoring and evaluation on a basis of applying the remote sensing technique and GIS in the implementation of PFES policy, update the annual forest status at provincial, district and communal levels, and pilot using tablets and smartphone to access PFES database, etc.

#### 4.2.7. Implementation of capacity building

This section states the contents to strengthen the capacity of implementing the PFES policy including: reviewing the system of organizing the policy implementation, the function and the responsibilities of each agency including the Management Council, Control Board, Management Unit.

Capacity development of the system organizing the PFES policy implementation in province includes the clear regulations on the organizational structure, the rights, obligations, personnel and operation mechanism of the FPDF system from province to district and commune. Consolidating and strengthening the capacity of FPDFs, supplementing and stabilizing personnel to satisfy the tasks requirement especially after the Decree 05 is amended. It should have trainings to advance technical and professional qualification, especially in the fields of GIS in monitoring and evaluation of forest status, accounting and financial management, integration of FES into the plan on forest protection and development of province.

Capacity building in communication should be conducted to advocate and raise awareness of society, especially for the relevant stakeholders in service utilization and provision, so that all parties clearly understand the rights, obligations and responsibilities and create high consensus in policy implementation.



#### Financial source to implement the PFES plan

This section describes the available and potential funding sources to conduct the action plan on PFES policy implementation of province. This source may include the revenue from PFES in the provincial area, budget allocated by the Government for the implementation of the plan on forest protection and development, funding from other related programs, projects as well as the potential funding from donors, national and international organizations. The proposed funding for specific tasks will be defined according to the basis such as FES revenue of province, the agreements with the donors or the availability of State Budget approved by the PPC.

During period 2015-2016, IPFES project supported some activities to improve the management capacity and effective implementation of the PFES policy. contributed to sustainable management of forest resource and livelihood improvement for people engaged to forest in the provincial area.



## Monitoring and evaluation of plan implementing the plan

This part describes the monitoring and evaluation of the PFES implementation status (disbursement, collection, utilization of PFES). Provincial FPDF is a standing agency to help the Steering Committee of PFES to implement provincial policy. The Management Council of provincial FPDF conducts the PFES plan of provinces. The FPDF has major responsibility in taking the lead and collaborating with other relevant departments, agencies in province to monitor and evaluate the implementation of this action plan.

The monitoring and evaluation must ensure the clarity, objectivity and transparency, with the participation of relevant stakeholders, including the agencies and departments of province, districts and communes, civil organizations, local people and representatives of FES users and suppliers.



## Implementation arrangement

#### 6.1. Provincial FPDF

Provincial FPDF is the standing agency which takes the lead and collaborates with relevant departments and agencies to implement the 5 year action plan on PFES in the provincial area. It also develops the guiding documents on the policy implementation, draft the policies and provide guidelines on the implementation to submit the PPC for approval, issuance and implementation arrangement.

The FPDF also develops and arranges the annual PFES plan, collaborating with DARD in developing the PFES plan and integrating into provincial forest protection and development plan and balancing financial sources and implementing effectively the forest protection activities.

The FPDF periodically assesses and reports the progress of implementing the plan to PPC and VNFF/MARD. It also requests advises or proposes the solution to deal with difficulties and obstacles during the implementation process.

#### **6.2.** Department of agriculture and rural development (DARD)

Department of Agriculture and Rural Development (DARD) takes the lead and collaborate with provincial FPDF to develop the plan on forest protection and development of the province in close association with the implementation plan of the PFES policy.

DARD takes the lead and collaborate with provincial FPDF and Department of Natural Resources and Environment to advise the PPC to direct People's Committee (PC) of districts, towns and cities to review the forest area, forest boundary of owners, monitor and check regularly the annual changes to serve the objective, and reflect them into PFES implementation.

DARD takes the lead and directs the sub-department of forest protection to provide guidelines of forest protection and development to the forest owners, check and monitor the results as the basis of payment for FES as well as ensuring the quality of service supply as the commitment. It also direct the sub-department of fisheries to monitor, supervise and urge the fishery facilities who use water from forest to implement the responsibilities of PFES as regulations.

#### **6.3.** Department of planning and investment (DPI)

Department of Planning and Investmetn (DPI) takes the lead and collaborate with the department of finance and DARD to balance and allocate state budget and other financial sources for programs, projects, plan on forest protection and development, plan on socio-economic development related to PFES to effectively implement the action plan on the PFES policy and integrate of the PFES into the plan on forest protection and development.

#### **6.4.** Department of finance (DOF)

Department of Finance (DOF) takes the lead and collaborates with the provincial FPDFs and concerning departments, sectors to develop the mechanism and policies related to the financial management and the guiding documents on the management and utilization of the financial source from PFES of the province at all levels from province to district, commune and grassroots; and monitor relevant stakeholders about the contents of collection and payment for FES in the provincial area.

#### **6.5.** Department of natural resources and environment (DONRE)

Department of Natural Resources and Tourism (DONRE) takes the lead and collaborates with the provincial FPDFs and DARD to advise the PPC to direct PC of districts, towns, and cities to strengthen the land and forest allocation for households, individuals, village communities, decreasing forest area managed by CPC.

#### Box 3. Decisions of PPC to institutionalize the outputs of IPFES project:

- 1. Decision No.94/KH-UBND dated 15 June 2016 of Thua Thien Hue' PPC on issuing the "Implementation Plan of PFES policy period 2016-2020 Thua Thien Hue province."
- 2. Decision No.2441/KH-UBND dated 10 October 2016 of Kon Tum' PPC on issuing the "5 years Action Plan of PFES Implementation period 2016-2020 Kon Tum province."
- 3. Decision No.308/KH-HDQLQBVR dated 21 December 2016 of Lao Cai' PPC on issuing the "5 years Financial Plan of PFES Implementation period 2016-2020 Lao Cai province."
- 4. Decision No.2154/QD-UBND dated 06 July 2016 of Lao Cai' PPC promulgated the "Regulations on coordination in PFES policy implemention in Lao Cai province".

#### **6.6.** Department of industry and trade (DIT)

Department of Industry and Trade (DIT) takes the lead and collaborates with the provincial FPDF to instruct hydropower companies and industrial production facilities which use water from forests. DIT and FPDF request those companies/facilities to conduct their responsibilities of PFES as regulated. They supervise and urge the service users to implement properly their obligation in PFES.

#### **6.7.** Department of culture, sports and tourism (DCST)

Department of culture, sports and tourism (DCST) takes the lead and collaborates with the provincial FPDF to instruct the facilities of doing businesses in the provincial area to conduct the responsibilities of PFES as regulations, monitor, supervise and urge the implementation of these facilities.

#### **6.8.** Departments, agencies and mass organizations in province

Based on the functions and tasks of units and the tasks in the action plan on the implementation of the PFES policy of the province, other PFES related organizations arrange the communication, disseminate and implement their tasks in PFES.

#### **6.9.** People's committee of districts, towns and cities

PCs of districts, towns and cities organize the communication and conduct the implementation of activities related to the PFES policy in the area under the approved plan. It also directly and direct, provide guidelines and check the commune level in the fields of developing, implementing the PFES plan according to the instructions of the FPDF.

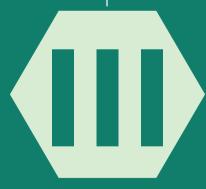
The PCs actively mobilize resources and integrate concerning activities of other programs, plans and projects in the area to achieve the objectives of the PFES plan.

The PCs ensure the compliance of the principles of monitoring, assessment as regulations and periodically report the progress, results of implementing the plan's activities, propose difficulties and obstacles during the implementation to the provincial FPDF.

Based on the framework of PFES 5-years' action plan proposed by IPFES project as above, the plans for 3 target provinces were developed by the consultant team in collaboration with PFPDFs and approved by PPCs. However, contents of their approvals vary between provinces, detail see *Annex 1, 2 and 3*.



## Chapter



Guideline on developing the Road map for PFES implementation at provincial level

# Introduction

The 5-years' Action Plan for PFES implementation at provincial level from 2016 to 2020 identifies medium and long term objectives as well as tasks and priorities which are basis to develop the annual PFES plan for effective implementation of PFES policy in the provinces up to 2020.

Overall target of the Plan is to improve the forest protection in line with livelihood development and poverty reduction, contributing to sustainable management of forest resources and enhancement of forest dwellers' lives.

Specific objectives of the 5-years' Plan identify some major indicators of PFES implementation such as the estimates of revenue mobilization for the potential forest environmental services, total collection and disbursement rate, the number of individuals, households/groups allocated forest and contracted for forest protection, forest owners and other organizations assigned for forest management.

The roadmap for PFES implementation is a, kind of "to do list" of the 5-years' Action Plan at provincial level from 2016 to 2020, presenting the target of policy with clear indicators for each year, major tasks, target organizations/ agencies in charge of practice. It is the document which helps to develop annual PFES plans of the provinces as well as M&E (monitoring and evaluation) task of stakeholders.

This is for an effective and transparent implementation, a sustainable financial mechanism and success of forest protection and management, socio-economic development and poverty reduction objectives in the provinces.



## **Roadmap for PFES implementation**

The roadmap for PFES implementation at provincial level includes a set of indicators which reflect principal contents of the implementation plan. The indicators are arranged as 4 following groups.

- i. Basic requirements of policy implementation
- ii. Objectives of implementation
- iii. Supporting activities
- iv. Impacts of the policy

Each group has some measurable indicators. They are fixed by specific objective in a year for period from 2016 to 2020. The roadmap also determines contents of prioritized tasks, expected progress and implementing agencies to achieve planned targets.





## Framework of roadmap for PFES implementation

Framework of roadmap for PFES implementation at provincial level is shown in Table 13.

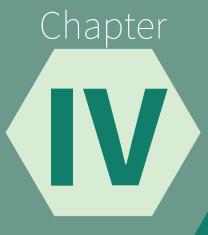
**Table 13.**Framework of roadmap for PFES implementation

				Ma	ajor tasks			
No	Description/Indicator	2015	2016	 2020	Activities	Progress	Agency in charge	
A.Basi	ic requirements of policy in	nplement	ation					
1	Forest area							
1.1	Total forest area (ha)							
1.2	Forest area providing services (ha)							
2	FES suppliers							
2.1	Management Boards (MBs) of protection and special-use forest							
2.1.1	Number of MBs							
2.1.2	Forest area providing services (ha)							
2.2	Forestry & private companies							
2.2.1	Number of companies							
1.2.2	Forest area providing services (ha)							
2.3	Communal People's Committees (CPCs)							
2.3.1	Number of CPCs							
2.3.2	Forest area providing services (ha)							
2.4	Households							
2.4.1	Number of households							
2.4.2	Forest area providing services (ha)							
2.5	Groups and communities							
2.5.1	Number of groups							
2.5.2	Forest area providing services (ha)							

				Ma	ajor tasks		
No	Description/Indicator	2015	2016	 2020	Activities	Progress	Agency in charge
3.	FES users						
3.1	Hydropower						
3.1.1	Number of plants in the province						
3.1.2	Total capacity in the province (MW)						
3.1.3	Under VNFF's coordination (million kwh)						
3.2	Clean water						
3.2.1	Number of companies in the province						
3.2.2	Water productivity of the province (million m³/year)						
3.2.3	Under VNFF's coordination (million m³/year)						
3.3	Water for industrial production						
3.3.1	Number of factories using water						
3.3.2	Used water amount (million m³/year)						
3.4	Tourism						
3.4.1	Number of FES payers						
3.4.2	Revenue (billion VND)						
3.5	Aquaculture						
3.5.1	Number of farms using FES						
3.5.2	Volume of farming pond (m³)						
B. Obj	ectives of implementation						
1	Payment rate for each ser	vice					
1.1	Hydropower (VND/Kwh)						
1.2	Clean water (VND/m³)						
1.3	Industrial water (VND/m³)						
1.4	Tourism (% of revenue)						
1.5	Fisheries (VND/m³/year)						
2	Revenue						
2.1	Total collected amount (million VND)						

					Ma	ajor tasks		
No	Description/Indicator	2015	2016		2020	Activities	Progress	Agency in charge
2.2	Hydropower (million VND)							
2.3	Clean water (million VND )							
2.4	Industrial water ( million VND )							
2.5	Tourism ( million VND)							
2.6	Aquaculture ( million VND)							
3	Disbursement							
3.1	Disbursement rate (%)							
3.2	For forest owners (million VND)							
3.3	For forest protection ( million VND)							
3.4	Management cost ( million VND)							
3.5	Contingency (million VND)							
C. Sup	porting activities							
1.	FES Valuation							
1.1	Study and Piloting new PFES mechanism							
1.1								
	PFES mechanism  Policy development and	counting						
1.2.	PFES mechanism  Policy development and extent to apply	counting						
1.2. 2.	PFES mechanism  Policy development and extent to apply  Finance Management - Ac  To follow financial handbook prepared by iPFES for transparent	counting						
1.2. 2. 2.1.	PFES mechanism  Policy development and extent to apply  Finance Management - Ac  To follow financial handbook prepared by iPFES for transparent finance management	counting						
1.2. 2. 2.1.	PFES mechanism  Policy development and extent to apply  Finance Management - Ac  To follow financial handbook prepared by iPFES for transparent finance management  Communication  Propaganda to increase	counting						
1.2. 2. 2.1. 3 3.1	PFES mechanism  Policy development and extent to apply  Finance Management - Ac  To follow financial handbook prepared by iPFES for transparent finance management  Communication  Propaganda to increase awareness  Diversification methods			elopmer	nt			
1.2.  2. 2.1.  3 3.1  3.2	PFES mechanism  Policy development and extent to apply  Finance Management - Act To follow financial handbook prepared by iPFES for transparent finance management  Communication  Propaganda to increase awareness  Diversification methods of communication			elopmer	nt .			
1.2.  2. 2.1.  3.1  3.2	PFES mechanism  Policy development and extent to apply  Finance Management - Ac  To follow financial handbook prepared by iPFES for transparent finance management  Communication  Propaganda to increase awareness  Diversification methods of communication  Gender issue and communication  Mainstreaming gender			elopmer	nt			

					M	ajor tasks		
No	Description/Indicator	2015	2016		2020	Activities	Progress	Agency in charge
5.1	Integration of PFES on annual FPD Plan							
6	WebGIS database, M&E							
6.1	Pilot activities for Web GIS database							
6.2	Implementation of Web GIS at provincial level							
7	Strengthen PFES policy in	nplement	ation cap	oacities				
7.1	Organizational strengthening							
7.2	Strengthen capacity of policy enforcement officers							
D. Im	pacts of the policy							
1.	Environmental impact							
1.1	Forest coverage rate (%)							
1.2	Number of cases violating forest protection and management law							
2	Economic impact							
2.1	Average income from PFES (VND/household/year)							
2.2	The rate of PFES in forest protection budget (%)							
3	Social impact							
3.1	Number of households benefiting from PFES							
3.2	Number of poor households in the area (%)							



Guideline on developing annual PFES implementation plan and integrating into forest protection and development plan



### **Purposes**

Making the annual PFES implementation plan and integrating into the forest protection and development plan aims to meet the following purposes:

- ▲ To ensure the systematisms, synchronicity and unity with close collaboration among sectors, agencies in developing and implementing the forestry development plan as well as harmonization with the development of other socio-economic sectors.
- To ensure the publicity, transparency, fairness and effectiveness and to strengthen explanation responsibility in planning and allocating resources; To identify the suitable, objective, accurate and legal implementing approach; To particularly determine responsibilities of relevant individuals/organizations, especially for subjects who have directly relevant obligations to and benefits from PFES.
- ▲ To make the plan in line with the actual development of the forestry sector, suitable to objectives, tasks and growth indicators of the sector; to well implement the socialization of forest protection and management work giving favorable conditions to promote protection role and values of forests including minimizing damages of disasters, flood, drought and soil erosions, maintaining and regulating water source, absorbing and retaining carbon, conserving biodiversity and contributing to effectively manage, protect and use forest resources.



## **Development of annual PFES im**plementation plan



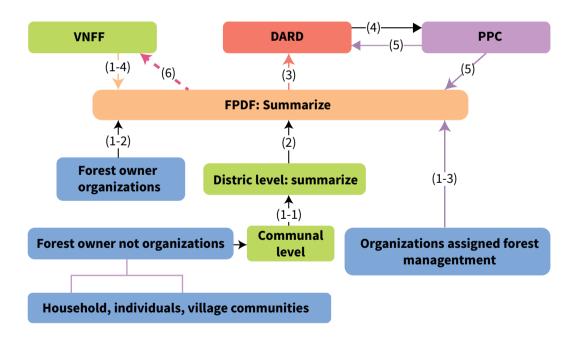
#### **General regulations**

Making and assigning PFES collection & disbursement plan follows regulations of the Joint Circular No.62/2012/TTLT-BNNPTNT-BTC and detailed guidelines of the Handbook on Financial management and accounting in PFES implementation, which was developed by iPFES project and VNFF and then officially issued by MARD according to Decision No.5307/QĐ-BNN-TCLN dated 22 December 2015.

- (i) Entities to make the plan: (1) FPDF; (2) Agency in charge of PFES payment at district level; (3) Agency in charge of PFES payment at communal level; (4) Forest owners being organizations; (5) Organizations assigned to manage forest; (6) FES users who submit the application form on PFES payment to FPDFs as signed contracts.
- (ii) Basis to make the plan: (1) Forest area with FES provision; (2) List of FES users; (3) List of forest owners providing FES; (4) Expected revenue and payment rate for forest owners according to the average number of data in the last 3 years or equally to number of the previous year.
- (iii) Time for planning is same as the moment of making the estimated annual state budget.

#### (iv) Procedure, contents, forms and methods of plannings:

VNFF makes a plan to coordinate the fund for FPDFs. FPDFs develop plans according to the diagram in Figure 3.



**Figure 3.** Procedure to develop, summarize and approve the annual PFES plan

(According to "The Handbook on Financial Management and Accounting in PFES implementation" issued by MARD in Decision No.5307/QĐ-BNN-TCLN dated 22 December 2015).

- (1-1) For communal level: To make the form on identifying forest area supplying FES in commune which are owned by the households, individuals and village communities by using Form 5 in Joint Circular No.62/2012/TTLT-BN-NPTNT-TC; then send to the agency in charge of payment at district level.
- (1-2) Forest owners who are organizations make the form on identifying forest area supplying FES by using Form 6 in Joint Circular No.62/2012/ TTLT-BNNPTNT-TC. The ares is determined according to contracted/uncontracted area (self-management and self-protection); then submit it to the Provincial Funds.
- (1-3) Organizations assigned to manage forest such as CPC make forest protection and development plan, then submit it to their Provincial Fund.
- (1-4) VNFF informs the Provincial Funds the estimated allocation amount from VNFF to FPDF in the planning year.
- (2) For district level: to collect and summarize forest areas of all communes. then submit it to the Provincial Fund.
- (3) Provincial Fund: to sum up the collection and disbursement plan of whole province, then submit it to DARD. The plan comprises of collection and disbursement parts using Form 7 of Joint Circular No.62/2012/TTLT-BN-NPTNT-TC.
- (4) DARD: to appraise the plan submitted by the provincial fund then send to PPC for approval.
- (5) PPC: to endorse the plan. The approval result shall be sent to the Provincial Fund and DARD.
- (6) Provincial Fund: to send the endorsed plan to VNFF.

#### (v) Plan description

To evaluate the situation of collection and disbursement of PFES money in the first 6 months, to estimate the amount in the whole year, to compare data with result of previous year; to assess the implementation situation of PFES policy, to find out achievements and limitations as well as causes and recommendations for planning year.

To elaborate the collection and disbursement target of PFES money based on the actual implementing situation in the previous year; to predict changes in the collected amount, disbursement targets in the planning year. Information to be included is collection and disbursement plans of the Fund, forest owners being organizations, agencies in charge of doing payment at district and communal level, and estimation of management cost of the Fund, forest owners organizations, organizations assigned to manage forest in line with quarterly progress.

#### (vi) Approval procedure

MARD approves the collection and disbursement plan of PFES money and the payment plan for activities of VNFF.

PPC approves the collection and disbursement plan of PFES money in the province as well as the payment plan for activities of the Provincial Fund.

#### (vii) Revision

If there is any change in disbursement or adjustment because of external factors, the relevant organizations including Provincial Funds, forest owners being state organizations and organizations assigned to protect forest make revised plan, and submit to higher authorities for approval.



#### PFES collection plans of FPDFs

PFES fund of one province comprises of 2 parts: internally collected amount within the province and collected amount under coordination of VNFF.

#### **2.2.1.** Internally collected amount within province

The internally collected amount of a province includes payment of service users in the year and bank interest amount.

Payment of service users in a year is determined based on the Form for plan of payment for forest environmental services (Form 2 in Joint Circular No.62/2012/TTLT-BNNPTNT-TC); or based on estimated collection of present year.

According to Decree 99 FES payers are subjects using FES namely hydropower, clean water, water for industrial production, tourism, aquaculture and carbon absorption and retention.

List of PFES payers and payment rate for each service follow Decree 99. In case no clear regulation in Decree 99, PPC will make the decision, such as for aquaculture, industrial water or tourism.

The collected amount from bank interest of deposit comprises of the interest amount of late payers and the bank interest amount until the 1st quarter of next year.

#### 2.2.2. Collected amount under VNFF coordination

VNFF identifies the allocated amount of money for Provincial Funds for each payment of users who have basin area extending in more than 2 provinces. After VNFF determines the actual collection in the year, the allocated amount will be informed to Provincial Funds. Determining method follows guideline in the Circular No.80/2011/TT-BNNPTNT. Allocation of VNFF to Provincial Funds is made quarterly or each time of receiving entrusted fund.



#### PFES disbursement plan at Provincial Fund

PFES disbursement plan at Provincial Fund is developed based on estimated collection amount from collection plan and forest area providing FES. The plan includes (1) fund to pay for forest owners and organizations that not being forest owners are assigned to manage forest, (2) funds for forest protection activities approved by PPC and (3) management cost.

#### 2.3.1. Payment for forest owners

Identifying payment for forest owners at Provincial Fund is responsibility and authority of Fund's Director. The Director determines the actual amount to pay for forest owners at the 1st quarter of the following year based on actual PFES collection amount and the forest area which was converted by K-coefficient. Planning officer or accountant of the Fund assigned by the Director is responsible for identifying, submitting the estimated amount to be paid to the Fund Director for approval then informing to forest owners.

How to determine total amount to the paid for forest owners and payment for different types of forest owners (organizations, individuals, households or organizations assigned to manage forest) should follow guidelines written in the Handbook on Financial Management and Accounting in PFES.

#### 2.3.2. Payment for forest protection and development activities

PPC decides the Use of PFES money for project or non-project activities for forest protection and development based on proposal of Provincial Fund and appraisal of the departments and functional agencies as regulated.

Those activities include landscape forest plantation, planting scattered trees, procurement of equipments, fire prevention and fighting tools, advocacy dissemination of PFES policy, and trainings for building capacity of policy practitioners.

#### 2.3.3. Contingency fund

Creating an annual contingency fund from PFES money is necessary to support for organizations, households, individuals and communities being assigned to protect forest in case of disasters or drought. The amount taken out is regulated by PPC, but not over 5% of total actual entrusted PFES money in a year.

When disaster or drought occurs in the province, the Fund Director should consider to utilize the contingency fund to make the assistance plan, then submit to authorities such as PPC or authorized agency for their approval. The remaining contingency fund in a year continues to be kept and used in the following year.

#### 2.3.4. Management cost

Management cost is used to pay for regular and irregular activities.

Cost for regular activities include: (i) Cost for management activities: salary, allowance, contribution cost for members of Board of Director, Control Unit and Management Unit of the Fund, Cost of communications, petrol, electricity and water, Cost for per diem, workshops, Repair and maintenance cost (ii) Cost for professional activities: Appraisal cost of programs or projects, cost of payment service provider, inspection cost; cost for communication and advocacy activities, custody service cost; cost of monitoring, validation and evaluation, auditing cost and others (if any).

Irregular or exceptional costs comprise of costs for professional trainings, procuring or repairing big assets which support for Fund's operation and technical assistance for monitoring quality of forest environmental services. Also, they are the costs to support for activities related to PFES in district and commune levels; payment for authorized organizations which collect mandatory contributions for the Fund and others. The contents and deadline to develop the annual PFES plan stipulated in Circular 20 and Circular 62 are summarized in Table 14.

**Table 14.** Contents and deadline to develop the annual PFES Plan

The Conte	nts to accepting the results of for	est protection for PFES accordi	ng Circular 20
Steps	Forest owners who are Organizations, including non-governmental organizations	Forest owners who are Households and individuals	Deadline
1	Forest owner to accept forest	Forest owner report the result offorest protection to the Head of village	15/November
2	protection results of contracted households	Head of village sums up and submits to CPC	30/November
3		CPC sums up and submits to Distric Forest Ranger Unit	15/December
4	Forest owner sums up the results, including self-protection area, and submits to Assessment Organisation	Distric Forest Ranger Unit sums up forest areas provid- ing services	31/December
5	Assessment Organisation sums upand submits to PFPDF	Distric Forest Ranger Unit completes assessment and certifies the result and submities to PFPDF	15/February in the following year

	The Contents to develop annual PFES Plan according Circular 62							
FES users	Forest owners are Organisations							
Registration PFES plan and submit to PFPDF or VNFF	ES plan and Ibmit to PFPDF households							
PFES Payment U  ▲ Organize for H forest protect  ▲ Develop comm								
•	nit at Distric Level evelop PFES Plan of Distric and submit to PFPD	15/July						
	The Contents to develop annual PFES Plan according Circular 6	52						
FES users	Forest owners are Organisations							
for approval, a								
for the Province	PDFs expected amount of PFES which will be allocated from VNFF ces evelop National PFES Plan and submit to MARD for approval	30/uly						



## **Integrating PFES into forest protec**tion and development plan



#### Contents and implementing process

#### **3.1.1.** Define the focal point for integration

The annual forest protection and development (FPD) plan is created hierarchically as follows: MARD- VNFOREST- PPC-DARD-DPC-CPC-forest owners. Grassroots level to develop the plan are forest owners such as Management Boards of protection forest, special-use forest, forestry companies, other organizations assigned to manage forests such as CPCs and individuals/ households/communities. CPC collects plans of forest owners who are individuals, households and communities then submit to DPC. DPC collects and sends them to DARD. Forest owners who are the organizations send the plans directly to DARD to compile. The steps are as Figure 4:



Figure 4. Procedure to develop the annual PDF plan

The annual PFES plan is developed hierarchically as follows: MARD- VN-FOREST- VNFF- PPC- DARD- FPDF- DPC-CPC-forest owners. Grassroots level to make the plan is forest owners including the organizations such as Management Boards of protection forest, special-use forest, forestry companies, other organizations assigned to manage forests such as CPCs and individuals/households/communities. Similar to the forest protection and development plan, CPC collects plans of forest owners who are individuals, households and communities to submit to DPC which appraises and submit it to DARD. Forest owners being organizations send the plans directly to DARD. The steps are as **Figure 5**.



Figure 5. Procedure to develop the annual PFES plan

The implementing procedure of the PFES and FPD plan shows that grassroots level to make the plans is forest owners. The agencies of grassroots level which are focal point and take responsibilities of integrating PFES plan into FPD plan are the organizations to be assigned for forest management such as CPCs.

However not all forest areas providing FES are involved in PFES. Therefore, only forest owners whose areas provide FES to be paid by approval of PPC need to undertake the task integrating the plan.

#### **3.1.2.** Consolidate database, integration content and plan templates

#### Forest protection and development plan

In annual FPD plan there are 2 items, namely silviculture and forest coverage with 6 indicators relating to PFES including (1) concentrated afforestation, (2) forest care, (3) forest regeneration, (4) contracting for forest protection, (5) planting scattered trees and (6) forest coverage rate. The above indicators are elaborated in the FPD plan of each forest owner and are summarized in the plans of higher levels to VNFOREST/MARD.

#### PFES plan

In annual PFES plan prepared according to guidelines in the Joint Circular No.62/2012/TTLT-BNNPTNT-TC dated 16 November 2012 of MARD and MOF the Form 4 (Identifying forest area supplying FES of commune), Form 5 (Identifying forest area supplying FES of forest owners being organizations) and Form 6 (Provincial PFES plan) indicate specifically the area of forest providing services for each owners and summary for whole province. Besides, FPDFs make the annual PFES collection and disbursement plans, in which collection sources and payments should pointedly be noted.



Most of the annually collected PFES amount is paid to forest owners. However, templates of annual PFES plans have not yet reflected details of activities done by PFES money. For instance, for what purpose is the amount paid to individuals/households/communities. How much is used for forest protection, livelihood development and daily lives?

A part of annually collected PFES amount from revenues which are difficult to define forest owners or have too low payment rate such as collection from tourism could be used for forest protection and development activities with approval of PPC in the province as mentioned. The activities include planting landscape trees or scattered trees, support for forest fire prevention and fighting or communication task in PFES.

The implementation results in the annual PFES plan describes some expected achievements of forest protection and development activities which are done by PFES fund like protected forest area, newly planted forest area or number of planted scattering trees.

Database to develop FPD and PFES plans is required to be accurate and consistent such as information on area, boundaries, plot and status of each forest owners involving in PFES.

#### **Integrated contents and templates**

Integrated contents are the set of indicators in FPD and PFES plans. Specifically: (1) Contracted forest area, (2) Afforestation area, (3) Tendedforest area, (4) Natural regenerated forest area, and (5) Number of planted scattering trees.

The above criteria are developed for the forest owner at grassroots level, then built up at higher levels to national scale VNFOREST/VNFF. Apart from the database, integrating PFES map into forest status map and PFES planning map in each level needs to be done with an appropriate scale consistent with regulations of making forestry maps.

PFES policy is a part in FPD plan so it should be arranged in the forms and templates of FPD plan. The five mentioned criteria needs to attach with one more sub-criterion which is related to PFES fund. For example, (1) Contracted forest area (main criterion) and (2) Contracted forest area by PFES fund (subcriterion).

In addition to criteria regulated in existing plan templates as guided by MARD/VNFOREST, other activities done by PFES fund are required to be supplemented with the sub-criterion "done by PFES fund". For instance: Number of forest protection and development constructions (fire watchout, fire prevention line) and number of constructions built from PFES fund; Number of organized conferences, workshops or trainings on forest protection and development and those funded by PFES money, etc.



Concepts in PFES plan are a part of inputs to develop FPD plan. The data needs to be detailed, clear and accurate, especially for information on (i) forest area, boundaries and status of forest owners in each basin with data and maps; (ii) payment rate for each FES in each area; (iii) list of forest owners who receive PFES money and the received amount; (iv) other activities done by PFES fund with approval of PPC.

#### 3.1.3. Balancing the fund

After receiving the PFES plan, agencies in charge of making FPD plan will consider the budget and allocate the fund suitably to meet all development objectives of the sector. A common principal is that tasks to be conducted

by PFES fund are not allocated from other funding source like state budget. Main contents include:

#### (i) For contracted tasks for forest protection and natural regeneration (not planting):

The forest areas which are the target for contracted forest protection or forest regeneration belong to 4 following cases:

- (1) In the area of supplying FES and being paid PFES money with payment rate (VND/ha/year) equal to or larger than the existing forest protection amount of government (e.g.: VND 300,000/ha/year), state budget is not allocated
- (2) In the area of supplying FES and being paid PFES money with payment rate (VND/ha/year) less than the existing forest protection amount of government, the state budget is allocated to make up for the deficit of amount.
- (3) In the area of supplying FES and being paid PFES money with payment rate (VND/ha/year) greater than the existing forest protection amount of government more than 1.5 times, PPC adjusts the payment rate by itself.
- (4) If the forest does not belong to the area providing FES, state budget will be allocated to fund equally to the existing forest protection amount of government.

#### (ii) For afforestation

Classifying by function, afforestation includes planting protection and production forest. According to planting method, afforestation comprises of concentrated afforestation, planting scattered trees or landscape trees, planting medical plants or plants for non-timber products under forest canopy. The plantation task is conducted via projects.

Forest plantation projects funded by PFES source are developed and appraised as the one funded by state budget with PPC approval.

DARD summarizes afforestation works funded by different financial sources, considers for adjustment and supplement from state budget to ensure that all assigned plantation targets can be achieved.

#### (iii) Other forest protection and development tasks

Other forest protection and development tasks which are conducted by PFES fund have to be reflected on the FPD plan of province. These tasks include:

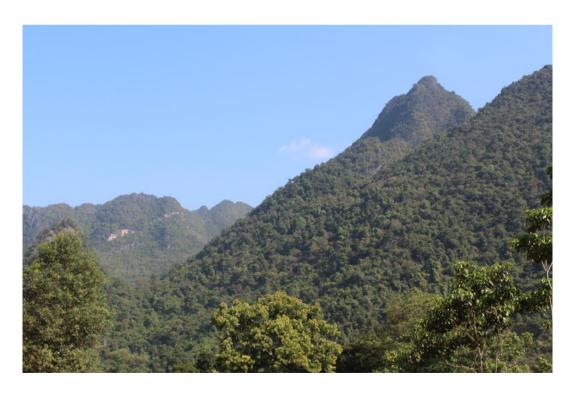
Dissemination and advocacy activities for government general concepts, policies and legal documents on forest protection and management and PFES;

- Procurement of equipments and tools for forest patrolling or fire prevention and fighting;
- ▲ Inspection and verification of forest status and implementing results of PFES policy;
- Trainings for PFES practitioners to build their capacity and raise their awareness on PFES policy.

#### 3.1.4. Implementation arrangement

(i) PPC takes lead and unifies planning works in the whole province, issues the Regulation on collaboration method to implement PFES policy in the province which clearly assigns responsibilities of departments/agencies and clarifies PFES integration into FPD provincial plan as shown in Appendix 4 Decision No.2154/QĐ-UBND of Lao Cai PPC on issuing the Regulation on cooperation method to implement PFES policy in the province.

(ii) DARD takes lead, cooperates with relevant agencies in monitoring and updating changes and identifies forest status in the data and maps and submits to PPC for publishing annually. Also, DARD is responsible for sending



the database to MARD for issuance in national scale. Forest status database of the existing year is the basis to develop the FPD plan as well as PFES plan for the following year.

DARD annually integrates PFES plan into FPD plan of the province, then submit to PPC for its approval.

(iii) Provincial Fund takes lead, cooperates with other departments, agencies to advise PPC to regulate the collaboration mechanism to implement PFES policy in the province, includes clarifying PFES integration into FPD provincial plan.

Based on PFES implementation results of the year and the current forest resources status, Provincial Fund develops the PFES plan for the following year, send to provincial departments for appraisal and submit to PPC for its approval.

The PFES plan endorsed by PPC will be published and undertaken by Provincial Fund.

(iv) DPI and DOF cooperate with DARD and FPDF to unify PFES integration into FPD provincial plan to ensure balancing PFES fund with state budget and other financial sources for effective implementation of FPD plan and other tasks assigned by PPC.

#### **3.2.** Monitoring and evaluation (M&E)

Provincial Fund takes lead the monitoring and evaluation task for implementation of FPD plan. The Fund also annually reviews, assesses and reports to DARD, Fund Management Council, PPC and VNFF.

The Control Board examines and monitors activities of the Fund as regulated.

#### 3.3. Developing M&E plan and assessing the PFES implementation on Web GIS platform

Forestry sector of Vietnam is developing an information management system which is integrated with MIS for management task of forest resources by Project FORMIS II (Development of Management Information System for the Forestry Sector in Viet Nam). FORMIS II will create sets of information standards and information sharing mechanism in forestry sector, including database system for forest resources and updated activities in the sector. This is a very basic requirement to ensure the accu-

- racy, consistency and synchronicity for planning of FPD and PFES plans, M&E of forest resources as well as activities of the sector by application of modern technology and innovation.
- Results of the National Inventory Program will provide a consistent and accurate database for the nation. This will be the baseline data of forest resources status and will be updated regularly by forest ranger force. It is also a significant source of information to develop FPD and PFES plans.
- ▲ VNFF established a database system of PFES which is called as DPFES for all provinces involving in the policy. DPFES data were integrated into FORMIS II system and are operated by VNFF and Provincial Funds.
- iPFES project has developed Web GIS database system. In the Web GIS, inputs to calculate PFES data are directly and automatically inserted from forest status database of FORMIS II. This is usually updated forest inventory data which is restructured to be integrated into FORMIS II system. Web GIS database converts forest status data from FORMIS II to maps and PFES information. The output data can show forest plots in PFES with all attributes on satellite images like area, number of plots in each household, forest owners' names.
- ▲ This Web GIS database is developed as a part of DPFES website, which added information and functions and use the same account with DPFES. It shows payment maps, calculating K coefficient for DPFES database from FORMIS II data and showing information on forest and its owners.
- ▲ The Web GIS database is integrated into FORMIS II system and operated on server of FORMIS II. Its input is annual forest status of FORMIS II project.
- The Web GIS database has completed Kon Tum framework of iPFES project in October 2016. It will be piloted in 2017. After Web GIS of iPFES, DPFES and FORMIS are completed and well operated at provincial level. The development of PFES plan and integration into provincial FPD plan would be easier with higher quality.

## References

- 1. Decree No.99/2010/ND-CP dated 14 September 2010 of the Government on the Policy on Payment for forest environmental services
- 2. Decree No.05/2008/ND-CP dated 14 January 2008 of the Government on the Forest Protection and Development Fund
- 3. Decision No.57/2012/QD-TTg dated 09 January 2012 of the Prime Minister approving the plan on forest protection and development in the period 2011-2020;
- 4. MARD, 2014. Decision No.3540/QĐ-BNN-HTQT dated 12 August 2014 of MARD Minister on approving project "CDTA 8592 VIE: Improving Payment for Forest Ecosystem Service Implementation" (IPFES) funded by Japan Fund for Poverty Reduction administered by Asian Development Bank (ADB)
- 5. Circular No.85/2012/TT-BTC dated 25 May 2012 of Ministry of Finance on guiding finance management mechanism for FPDF
- 6. Circular No.80/2011/TT-BNNPTNT dated 23 November 2011 of MARD on Methods Guiding identification of PFFS
- 7. Circular No.20/2012/TT-BNNPTNT dated 07 May 2012 of MARD on Guiding the PFES validation procedures
- 8. Decision No.119/2012/QĐ-TCLN dated 21 March 2012 of VNFOREST on Issurance of "Provisional regulations on procedures for regestering, listing and signing trust contracts on PFES"
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- 11. CDTA 8592 VIE iPFES, 2015. A Study on development of payment for forest ecosystem service mechanism in tourism in Lào Cai province
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- 14. CDTA 8592 VIE iPFES, 2015. A Study on development of payment for forest ecosystem service mechanism in aquaculture in Thừa Thien Huế province
- 15. CDTA 8592 VIE iPFES, 2015. A Study on development of payment for forest ecosystem service mechanism in tourism in Thừa Thiên Huế province
- 16. IPCC (2011), "IPCC Special Report on Renewable Energy Sources and Climate Change Mitigation: Chapter 5: Hydropower".

# **Annexes**

Annexe 1. Decision No.94/KH-UBND dated 15 June 2016 of Thua Thien Hue' PPC on issuing the "PLAN To implement Payment for Forest Environmental Servicesin the period 2016 - 2020 of Thua Thien Hue province".

Annexe 2. Decision No.2441/KH-UBND dated 10 October 2016 of Kon Tum' PPC on issuing the "PLAN to implement Policy for Payment for Forest Environmental Services in Kon Tum province for the period 2016-2020."

Annexe 3. Decision No.308/KH-HDQLQBVR dated 21 December 2016 of Lao Cai' PPC on issuing the "FINANCIAL PLAN for Payment for Forest Environmental Services in the period 2016-2020, Lao Cai province."

Annexe 4. Decision No.2154/QD-UBND dated 06 July 2016 of Lao Cai' PPC promulgated the "DECISION promulgating the coordination regulations on the implementation of the policy on payment for forest environment services in Lao Cai province".

## **Annex 1**

#### PEOPLE'S COMMITTEE OF THUA THIEN HUE PROVINCE

No.: 94/QĐ-UBND

#### SOCIALIST REPUBLIC OF VIETNAM Independence - Freedom - Happiness

Thua Thien Hue, June 15th, 2016

#### PLAN

## To implement Payment for Forest Environmental Services in the period 2016 - 2020 of Thua Thien Hue province

Implementing the Decree No.99/2010/NĐ dated 24 September 2010 of the Government on Policy for Payment for Forest Environmental Service (PFES), on the basis of development plans for some PFES-related areas including hydropower and clean water of Thua Thien Hue province to 2020, the Provincial People's Committee issues the implementation plan for PFES of Thua Thien Hue province from 2016 to 2020 with following contents:

#### I. OBJECTIVES OF PERIOD 2016-2020

#### 1. Overall objectives

To implement Policy for Payment for Forest Environmental Service (PFES policy) effectively, contributing to manage sustainably forest resources and enhance the livelihoods of people living in the forests of Thua Thien Hue province; to remain the forest coverage rate of the province from 2015-2020 stably at 57-58%.

#### 2. Specific objectives

- ▲ To protect forest aligned with livelihood improvement and poverty reduction.
- Forest environmental services play an important role on forest protection and development of the province; and contributes to improve livelihoods, effectively implement the policy of diversifying resources and methods to eradicate hunger and reduce poverty in ethnic minority communities, in particularly for difficult areas; reduce the average poor household rate to 1.5 - 2 %/year.
- ▲ To execute effectively PFES policy in the period 2016-2020, contribute to the sustainable management of forest resources and improve the livelihoods of people living in the forests of Thua Thien Hue province; with the potential to mobilize around 21 billion VND/year in 2016 and 47 billion VND/year in 2020.
- ▲ The collection plan from potential forest environment service in Thua Thien Hue province in the period 2016-2020 as follow:

Type of s	Type of services		Clean water (million VND)	Total (million VND)
2016	Plan 1	19,081	1,649	20,730
2016	Plan 2	-	-	-
2017	Plan 1	24,466	1,836	26,302
2017	Plan 2	-	-	-
2018	Plan 1	24,466	2,203	26,669
2018	Plan 2	44,040	2,630	46,670
2010	Plan 1	24,466	2,210	26,676
2019	Plan 2	44,040	2,873	46,913
2020	Plan 1	24,466	2,397	26,863
2020	Plan 2	44,040	3,116	47,156

#### II. TASKS AND SOLUTIONS IN THE PERIOD OF 2016-2020

#### 1. Valuation of ecosystem services

- ▲ To continue conducting studies on PFES valuation in tourism, aquaculture, water for industrial production and carbon sequestration; continue researching the PFES implementation in tourism and aquaculture; to finalize and submit to the PPC for approval of pilot.
- The Provincial Forest Protection and Development Fund takes lead and coordinates with relevant provincial departments and agencies in order to guide the application of newlyadjusted government regulations on hydropower and clean water after revising Decree No. 99; to determine K factor and guide the application and annual updating.

#### 2. Financial and accounting management

- To develop forest protection and development plans and livelihood development plans at commune and village levels using PFES fund; to develop and issue Guideline to manage and use the PFES money in commune and village level.
- To develop Handbook and conduct trainings on financial management and accounting in PFES implementation for officials working for PFES.

#### 3. Communication and Knowledge Management

To develop and arrange implementation of annual communication plans in order to strengthen the dissemination and diversification of propaganda activity types, including delivering information on PFES policy for the FES users and local residents; to raise awareness on gender issue for relevant officers and people.

- iPFES project supports to develop training material and cooperate with Provincial Forest Protection and Development Fund (PFPDF) to organize trainings on communication and knowledge management for staffs working on PFES. PFPDF takes lead and coordinates with Provincial Radio and Television Station to develop special programs for propagating and promoting PFES policy.
- To organize activities of PFES implementation network for information exchange and experience sharing in order to support and promote the implementation of the policy more effectively; at least 2 events each year.

#### 4. Integration of PFES into the socio-economic development plan

- ▲ To develop annual PFES plans according to socio-economic development targets so that PFES plans to be in line with the provincial socio-economic development plans; to integrate PFES plans into forest protection and development plans with provincial socio-economic development plans in order to ensure uniformity, consistency and rationality.
- ▲ Through iPFES project, to develop action plan for PFES implementation for the period 2016-2020 to integrate PFES into provincial forest protection and development plans.
- To strengthen the organizational capacity for implementation of PFES policy in the province, including regulating clearly on organizational structure, rights, responsibilities, personnel and operating mechanism of the organizational system of Forest Protection and Development Funds from province to district and commune levels.

#### 5. Database development, monitoring and evaluation

- To develop database system on PFES using results of National Forest Inventory program and GIS tools; Database includes both maps and statistical data, the two data components are linked with each other by some WebGIS tools and can be found on the internet.
- ▲ iPFES project supports to develop PFES database, produce manual to use, manage and update database system; cooperate with Vietnam Forest Protection and Development Fund and Provincial Forest Protection and Development Fund to organize trainings to use.
- With support of iPFES project, Provincial Forest Protection and Development Fund coordinates with relevant agencies to develop and apply the monitoring and evaluation (M&E) system based on applications of remote sensing and GIS techniques to PFES implementation, including updating the annual forest status at provincial, district and commune levels. To pilot the use of tablets and smart phones to access the PFES database.

#### 6. Source of fund to implement PFES implementation plan

Source of fund for conducting the PFES implementation plan is mobilized mainly from PFES collection in the province. In addition, it is allocated from the state budget for implementing forest protection and development plan; from other related programs and projects as well as potential supports from donors, international and domestic organizations. Proposed fund for specific tasks will be determined based on PFES collection amount of the province, agreements with donors and capacity of the state budget approved by the Provincial People's Committee (PPC).

#### 7. Monitoring and evaluating the PFES implementation plan

- A PFPDF is the standing agency which assists to the PPC and the Board of Directors of the Fund to carry out action plan on PFES implementation in the province, in which, is mainly responsible for leading and cooperating with relevant departments and agencies in order to monitor and evaluate the implementation of this plan.
- ▲ Contents and methods are carried out in accordance with M&E framework and Implementation Guideline developed by iPFES project. M&E activities must be clear, objective and transparent, with the involvement of stakeholders, including provincial, district and commune agencies, departments, civic organizations and local people, representatives of FES suppliers and users

#### III. IMPLEMENTATION ARRANGEMENT

#### 1. Provincial Forest Protection and Development Fund

- Provincial Forest Protection and Development Fund is the standing unit which presides and coordinates with other departments and agencies in order to organize implementation plan for PFES policy in the province for the period 2016-2020; develop guiding documents for implementation of the plan and submit to PPC for approving, promulgating and implementing.
- To develop annual PFES plans and organize for implementing; to integrate PFES plans into forest protection and development plans in order to balance funding sources and effectively implement forest protection activities.
- To periodically evaluate the implementation of the plan and report progress to PPC and VNFF /Ministry of Agriculture and Rural Development; advise and suggest solutions to arising problems during the implementation.

#### 2. Department of Agriculture and Rural Development

Department of Agriculture and Rural Development coordinates with Provincial Forest Protection and Development Fund to develop and integrate the provincial forest protection and development plan closely with PFES implementation plan in order to implement effectively; direct Forest Protection Department to guide the forest owners to perform the forest management, protection and development work, check and supervise the implementation of the PFES policy to ensure the provided quality of service as committed.

#### 3. Department of Planning and Investment

▲ To preside and collaborate with Department of Finance, Department of Agriculture and Rural Development for balancing and allocating fund from the State budget and other funding sources for programs, projects, plans for forest protection and development, socio-economic development related to PFES in order to implement the PFES policy effectively; integrate PFES plan into socio-economic development plan of the province.

#### 4. Department of Finance

▲ To preside and collaborate with Department of Agriculture and Rural Development, Provincial Forest Protection and Development Fund and relevant departments and agencies to develop management mechanisms and policies on using the PFES money from province to district,

commune and grassroots; at the same time, monitor the stakeholders about contents of collection and disbursement of PFES money in the province.

#### 5. Department of Natural Resources and Environment

▲ To preside and collaborate with Department of Agriculture and Rural Development, Provincial Forest Protection and Development Fund to advise the PPC to direct People's Committees of districts, towns and cities to review the forest area and boundaries of forest owners, monitor and supervise the annual forest changes in order to implement PFES policy in an objective, timely and accurate manner.

#### 6. Department of Industry and Trade

Department of Industry and Trade presides and coordinates with Department of Agriculture and Rural Development, Provincial Forest Protection and Development Fund for guiding, monitoring, supervising and urging the hydropower plants and FES users to be fully responsible for the implementation of current regulations on PFES policy.

#### 7. People's Committees of districts, towns and Hue City

- ▲ To organize the communication, dissemination and implementation of PFES activities in the areas according to the approved plan; and direct, guide, inspect communal level regarding to developing and implementing PFES plan under guidance of the Forest Protection and Development Fund.
- ▲ To proactively mobilize resources and integrate related activities of other programs, plans and projects in the local areas to achieve the objectives of the PFES plan.
- To ensure compliance with the principles of monitoring and evaluation in accordance with regulations; periodically report progress and implementation results of the plan, propose solutions for difficulties and problems during the implementation to Provincial Forest Protection and Development Fund.

#### Recipients:

- -VNFF;
- -Provincial People's Council;
- -Chairman of Provincial PC;
- -Vice Chairmen of PPC;
- -Departments: Agriculture and Rural Development, Finance, Planning and Investment, Natural Resources and Environment, Industry and Trade;
- -Members, Management Board of PFPDF;
- -People's Committees of districts, towns and city in Hue:
- -Forest Protection Department;
- -Office: Leader and CV TC;
- -Archive: VT, NN.

#### PROVINCIAL PEOPLE'S COMMITTEE **CHAIRMAN**

(Signed)

**Nguyen Van Cao** 

## Annex 2

#### PEOPLE'S COMMITTEE OF KON TUM PROVINCE

No.: 2441/KH-UBND

#### SOCIALIST REPUBLIC OF VIETNAM Independence - Freedom - Happiness

Kon Tum, October 10th, 2016

#### PLAN

## to implement Policy for Payment for Forest Environmental Services in Kon Tum province for the period 2016-2020

In accordance with the Decree No. 99/2010/NĐ-CP dated 24/9/2010 of the Government for Policy for Payment for Forest Environmental Services;

Considering the proposal of Provincial Forest Protection and Development Fund in the Letter No. 41/TTr-QBVPTR dated 03/10/2016; the Provincial People's Committee issues the implementation plan for policy for payment for forest environmental services (PFES policy) in Kon Tum province for the period 2016 - 2020 as follow

#### I. Objective of pfes implemention for the period 2016-2020

#### 1. Overall objective

To implement the policy on payment for forest environmental service (PFES policy) effectively, contribute to the sustainable management of forest resources and improve the livelihoods of people living closely to forest in Kon Tum province.

#### 2. Specific objectives

#### 2.1. Plan to mobilize PFES revenue for period 2016-2020

The plan to collect money from two types of FES in Kon Tum province according to Decree No.99/2010/ND-CP in the period 2016-2020 is as follows:

Unit: Million VND

Year	Hydropower	Clean water	Total
2016	148,277	8.1	148,285.1
2017	150,691	220.5	150,911.5
2018	154,313	220.5	154,533.5
2019	155,964	220.5	156,184.5
2020	175,152	220.5	175,372.5
After 2020	176,398	220.5	176,618.5

#### 2.2. Disbursement objective of PFES money for the period 2016 - 2020

The total area of forest providing services in 2015 is 360,103 hectares, by 2020 it can reach about 460,103 hectares. The disbursement target according to Decree No.99/2010/ND-CP for the period of 2016 - 2020 is 85% of the total PFES revenue, excluding 5% for contingency and 10% for management costs.

#### 2.3. Objective of forest protection linked to livelihoods improvement and poverty reduction

With the potential to mobilize about 150 billion VND/year, PFES revenue will contribute an important part to the management, protection and development of forest in the province with the goal of protecting and maintaining existing forest land and the forest coverage rate will reach 63.75% by 2020 (including multi-purpose trees) and reduce the rate of poor households from 2016-2020 by 3-4% per year, according to decision of the 15th Provincial Party Congress.

#### II. TASKS AND SOLUTIONS IN THE PERIOD 2016-2020

#### 1. Valuation of forest environmental services

- ▲ The People's Committee of Kon Tum Province has issued guidelines for collecting PFES in Kon Tum province in accordance with Decree No.99/2010/ND-CP dated 27 March 2012 for those who use FES, such as industrial production, ecotourism and aquaculture.
- ▲ In order to implement the above policy, it is necessary to conduct studies on valuating environmental services in these areas. However, due to technical issues, as well as limited human and financial resources, it is difficult for Kon Tum to carry out its valuation of forest environmental services. It is necessary to have a national or international project supporting FES valuation in the above mentioned areas and consult with the Forest Protection and Development Fund and other stakeholders to submit to PPC for implementing the pilot in the period of 2017-2020.
- Provincial Forest Protection and Development Fund presides and cooperates with relevant departments and agencies of province to guide the application of new regulations of the State for hydropower and clean water after amending Decree No.99; to determine the K factor and guide the application and annual updating.

#### 2. Financial management and accounting

- ▲ To develop Forest Protection and Development Plans and Livelihood Development Plans at commune and village levels using the PFES fund and arrange the implementation including developing and issuing Guideline to manage and use the PFES money in villages.
- Project for "Improving Payment for Forest Ecosystem Service Implementation in Vietnam" (iPFES project) supports to develop the transparent PFES Financial Management and Accounting Handbook and organise for application.

#### 3. Communication and Knowledge Management

▲ To develop and organize the implementation of annual communication plans in order to strengthen the dissemination and diversification of propaganda activities, including delivering information on PFES policy for FES users and local residents; to raise awareness on gender for relevant officiers and people.

iPFES project supports and coordinates with the Provincial Forest Protection and Development Fund (PFPDF) to provide training on knowledge management and communication for PFES staffs. The Fund is responsible for coordinating with the central and local press and media agencies to develop and disseminate information on PFES policy; Promoting propaganda through media publications distributed in schools; directly at commune meetings; on fixed tables at traffic hubs, community events ...; Maintain and update the website of Provincial Forest Protection and Development Fund.

#### 4. Gender, ethnicity and community development

- iPFES project is in collaboration with the Vietnam Forest Protection and Development Fund (VNFF), the Provincial Forest Protection and Development Fund and other stakeholders to conduct a gender study to gain a better understanding about gender impacts; Provide data and assess the participation of women in PFES activities.
- ▲ To integrate gender issues into PFES activities and organize trainings to raise awareness for PFES officers.

#### 5. Integration of PFES into forest protection and development plans

- To develop annual plans on PFES collection and disbursment and submit to competent authorities for review and approval. On this basis, the PFES plan is integrated into the forest protection and development plan as part of the provincial socio-economic development plan.
- ▲ iPFES project supports to develop action plan for PFES implementation for the period 2016-2020 to integrate PFES into provincial forest protection and development plans.
- ▲ To enhance the capacity of the PFES implementation system in the province, including to regulate clearly on organizational structure, functions, tasks, human resources and operational mechanism of the system from Provincial Forest Protection and Development Fund to districts and communes.

#### 6. Database development, monitoring and evaluation

- To develop database system on PFES using the results of the national forest inventory program and GIS tools. The database includes both maps and statistical data, the two data parts are linked with each other by some WebGIS tools and can be found on the internet.
- ▲ iPFES project supports to develop PFES database system, develop Manual to use, manage and update database system; cooperates with Forest Protection and Development Funds in central and provincial level to organize trainings.
- iPFES project supports the Provincial Forest Protection and Development Fund in collaboration with relevant agencies to develop and apply the monitoring and evaluation system in applications of remote sensing and GIS techniques to implementation of PFES policy, including updating annual forest status at provincial, district and commune levels. To conduct pilot for application of tablets and smart phones to monitor forest.

#### 7. Source of fund for PFES implementation

▲ Sources of fund for PFES implementation will be mobilized mainly from PFES revenue in the province. In addition, it is mobilized from other related programs and projects, as well as potential supports from donors, international and domestic organizations. Proposed fund for specific tasks will be determined on the basis of PFES revenue in the province and agreements with donors.

#### 8. Monitoring and evaluating PFES implementation

- A PFPDF is the standing agency which assists to the PPC and the Board of Directors of the Fund to carry out action plan on PFES implementation in the province, in which, is mainly responsible for leading and cooperating with relevant departments and agencies in order to monitor and evaluate the implementation of this plan.
- Contents and methods are carried out in accordance with M&E framework and Implementation Guideline developed by iPFES project. M&E activities must be clear, objective and transparent, with the involvement of stakeholders, including provincial, district and commune agencies, departments, civic organizations and local people, representatives of FES suppliers and users

#### III. IMPLEMENTATION ARRANGEMENT

#### 1. Provincial Forest Protection and Development Fund

- ▲ To be the standing unit which presides and coordinates with relevant departments and agencies to organize PFES implementation in the province; develop guidelines to implement the plans; timely advise the PPC on direction and administration of implementation of PFES policy to ensure compliance with state regulations and practical conditions in the areas.
- ▲ To continue promoting propaganda activities in various forms to raise awareness of organizations, individuals and village communities about the importance of forest resources and PFES policy.
- To develop and organize the implementation of annual PFES collection and disbursement plan; coordinate with the Department of Agriculture and Rural Development in developing PFES plan and integrate it into the forest protection and development plan in order to balance funding sources and effectively implement forest protection task.
- ▲ To periodically inspect, supervise and evaluate the implementation of the plan and report progress of the plan to the PPC, the Vietnam Forest Protection and Development Fund and the Ministry of Agriculture and Rural Development; advise and propose solutions to handle arising problems during the implementation.
- To coordinate with Department of Agriculture and Rural Development annually in checking and validating forest protection results of forest owners being organizations or organizations not being forest owners but assigned by the State to manage forests, as the basis for PFES payment and ensuring the quality of provided services as committed.
- ▲ To strengthen the guidance, urge the FES users in the province to follow regulations and fulfill their responsibilities in PFES implementation.

#### 2. Department of Agriculture and Rural Development

- ▲ To guide forest owners to implement PFES policies as regulated; to handle or propose competent authorities to promptly handle difficulties, problems or violations committed by forest owners according to the current management decentralization.
- ▲ To preside and cooperate with relevant departments to advise PPC on approving the annual plans on PFES collection and disbursment in the province and estimated budget for collection and expenditure of the Provincial Forest Protection and Development Fund.
- ▲ To preside and cooperate with the Provincial Fund to develop annual forest protection and development plan of the province, in close collaboration with the PFES implementation plan and submit to PPC for consideration
- ▲ To annually organise validation of the forest area providing FES by the forest owners and inform the results to the Provincial Fund within the regulated time.
- ▲ To direct the Forest Protection Department to handle or advise the competent authorities to handle units which fail in declaration and PFES payment and do late payment according to regulations.
- ▲ To direct district-level payment boards to organize validating the forest areas having FES by forest owners being households, individuals and village communities allocateded by the government as regulations; summarize and send to the PFPDF on time.
- ▲ To make full payment of PFES money to households, individuals and village communities as entrusted by the Provincial Fund ontime.
- ▲ To preside and coordinate with the Provincial Fund and the Department of Natural Resources and Environment to advise the PPC on directing the People's Committees of districts and city to review the forest area and boundaries of forest owners and monitor ther annual changes in order to implement PFES policy objectively, timely, and accurately.

#### 3. Department of Planning and Investment

Annually, to preside and coordinate with Department of Finance, Department of Agriculture and Rural Development for balancing and allocating fund from the State budget and other funding sources for programs, projects, plans for forest protection and development, socio-economic development related to PFES in order to implement the PFES implementation plan effectively and integrate PFES plan into socio-economic development plan of the province.

#### 4. Department of Finance

- ▲ To preside and coordinate with Department of Agriculture and Rural Development and concerned departments and agencies in formulating documents guiding the management and use of PFES financial sources at all levels from province to district, commune and grassroots.
- ▲ To coordinate with the Department of Agriculture and Rural Development to advise the PPC on the approval of annual plan for collection and disbursment of PFES money and the revenue and expenditure of the provincial Forest Protection and Development Fund.

- ▲ To preside and coordinate with the provincial Forest Protection and Development Fund in appraising and approving the annual PFES revenue and expenditure of Management Board of the Chu Mom Ray National Park as regulations.
- ▲ To regularly review and monitor the estimated budget of PFES collection and disbursment in the annual financial plan of forestry companies.

#### 5. Department of Natural Resources and Environment

To preside and coordinate with the provincial Forest Protection and Development Fund and Department of Agriculture and Rural Development in assisting PPC on directing the People's Committees of districts and cities to speed up the allocation of land and forests to households, individuals, village communities, gradually reduce the forest area managed by the Communal People's Committees.

#### 6. Department of Industry and Trade

To preside and coordinate with the Department of Agriculture and Rural Development, the Provincial Forest Protection and Development Fund on a quarterly basis to review the hydropower plants in the province and urge them to pay PFES according to regulations; To monitor and supervise the implementation of the policy of these facilities. For non-compliance cases, report to the PPC for handling according to its competence.

#### 7. Other departments and organisations in the province

Based on the functions and tasks of the units and the tasks in the PFES implementation plan in the province, to propagate, disseminate the PFES policy and organise to implement PFES tasks relevant to the field of the unit.

#### 8. People's Committees of districts and city

- ▲ To organize the communication, dissemination and implementation of activities related to PFES policy in the local areas according to the approved plan; and direct, guide, inspect communal level to develop and implement PFES plan under the guidance of the Provincial Fund.
- ▲ To direct the People's Committees of districts and cities on speeding up allocation of land and forests to households, individuals and village communities so that the forests can have their real owners, gradually reducing the forest areas managed by the Communal People's Committees.
- ▲ To strengthen monitoring of PFES payments by forest owners being state organisations, People's Committees of communes, and district-level payment boards, ensuring people receive payment adequately and timely.
- ▲ To proactively mobilize resources and integrate related activities of other programs, plans and projects in the area to achieve objectives of the PFES implementation plan.
- To ensure compliance with the principles of monitoring and evaluation as regulations; periodically report progress and results of implementation of the plan, suggest solutions for difficulties and problems during the implementation to PPC (via provincial Forest Protection and Development Fund to summarize).

#### 9. Forest owners which are organizations, People's Committees of communes and townships having forest areas providing environmental services

- ▲ To strengthen the allocation of forest areas providing FES for households, individuals and village communities for protection.
- ▲ To supervise regularly the implementation of management and protection of contracted forest areas and timely correct the violations to contribute to the protection and development of forest resources in the province.
- ▲ To implement PFES policy following the guidance of the Provincial Forest Protection and Development Fund and related departments. After receiving the advance or payment of PFES from the Provincial Fund, quickly identify and pay for households, individuals and village communities fully and timely. When payment plan is ready, reporting to the People's Committee of the district, cities to monitor is required.
- Departments, agencies and local areas are assigned to carry out effectively PFES policy for the period of 2016 - 2020 in the province, annually report progress and implementation results of the plan, difficulties, problems and solutions proposed in the process of implementation shall be summarized and reported to the PPC, via provincial forest protection and development Fund.

Above is the implementation plan for Policy for payment for forest environmental services in Kon Tum province in the period of 2016 - 2020, the People's Committee announces to the concerned units and localities for implementation.

#### Recipients:

- -Chairman, Provincial People's Committee;
- -Vietnam Forest Protection and Development Fund;
- -IPFES Central Project Management Unit;
- -Departments: Agriculture and Rural Development, Finance, Industry and Trade, Natural Resources and Environment, Planning and Investment.
- -Provincial Forest Protection and Development Fund;
- -People's Committees of districts and city:
- -Members of the Board of Directors of Provincial Forest Protection and Development Fund;
- -Provincial People's Committee Office;
- -Archive:VT, NNTN 3.2.

FOR PEOPLE'S COMMITTEE ON BEHALF OF CHAIRMAN **VICE CHAIRMAN** 

(Signed)

Nguyen Huu Hai

## Annex 3

#### PEOPLE'S COMMITTEE OF LAO CAL PROVINCE FOREST PROTECTION AND DEVELOP-MENT FUND MANAGEMENT COUNCIL

SOCIALIST REPUBLIC OF VIETNAM Independence - Freedom - Happiness

Lao Cai. December 21st. 2016

No.: 308/KH-UBND

### **FINANCIAL PLAN**

## for Payment for Forest Environmental Services in the period 2016-2020, Lao Cai province

Pursuant to the Government's Decree No.05/2008/ND-CP dated 14 January 2008 on forest protection and development funds;

Pursuant to the Government's Decree No.99/2010/ND-CP dated 24 September 2010 on the policy on payment for forest environment services;

Pursuant to the Government's Decree No.147/2016/ND-CP dated 02 November 2016 amending and supplementing some articles of the Government's Decree No.99/2010/ND-CP dated 24/9/2010 on the policy on payment for forest environmental services;

Pursuant to the Circular No.85/2012/TT-BTC dated 25 May 2012 of the Ministry of Finance on guiding the financial management regime for forest protection and development funds;

Pursuant to Joint Circular No.62/2012/TTLT-BNNPTNT-BTC dated 16 November 2012 of the Ministry of Agriculture and Rural Development and the Ministry of Finance guiding the financial mechanism for managing and using payment for forest environmental services;

The Forest Protection and Development Fund Management Council of Lao Cai province develops a Financial Plan for Payment for Forest Environmental Services in the period of 2016-2020 as follows:

#### I. Purposes and requirements

#### 1. Purposes

- ▲ To propose specific contents, measures and targets to implement the policy on payment for forest environment services (PFES policy) in the period 2016-2020 in order to meet the needs of FES users and forest owners in Lao Cai province.
- ▲ To well implement the socialization of forest protection and development, creating favorable conditions for the effective management, protection and using of forest and forest land resources.

- ▲ To develop and identify financial sources from PFES to achieve the goals of forest protection and development in the whole province up to 2020.
- ▲ To ensure the goal of improving the forest coverage of the province over 56%, in which, new plantation: 29,000 ha, zoning for regeneration: 5,000 ha.

#### 2. Requirements

- ▲ To organize the dissemination and thorough grasp of the contents prescribed in the Government's Decree No.99/2010/ND-CP dated 24 September 2010 and the Government's Decree No.147/2016/ND-CP dated 02 November 2016 to all the departments, agencies and People's Committees of districts, cities and related organizations and individuals, especially the direct objects who have obligations and rights to implement PFES policies.
- ▲ To define the responsibilities and contributions of organizations and individuals involved in implementation of the Government's Decree No.99/2010/ND-CP dated 24 September 2010 and Government's Decree No.147/2016/ND-CP dated 02 November 2016, especially for FES users.
- ▲ In the process of organizing the implementation, to determine the appropriate method; to ensure the publicity and transparency in the implementation of PES policies.

#### II. Content of plan

Plan for collecting PFES money in the period of 2016-2020

Plan for collecting PFES money in the period of 2016-2020: 416,432 million VND, including:

- Revenues from hydropower production facilities: 340,876 million VND, accounting for 82%;
- Revenues from clean water production and supply companies: 4,134 million VND, accounting for 0.9%:
- Revenues from industrial production facilities using water directly from water source: 3,623 million VND, accounting for 0.87%;
- Revenues from organizations, individual doing business of tourism services: 28,000 million VND, accounting for 6.7%;
- Revenues from cold-water fish farming facilities: 2,430 million VND, accounting for 82%;
- Interest from deposit + state budget: 2,000 million VND, accounting for 0.48%;
- Revenues from forest replanting: 35,369 million VND, accounting for 8.47%.

#### Plan for PFES collection in the period 2016 - 2020

тт	Year	2016	2017	2018	2019	2020	Total
'''	Total (Million VND)	48,909	55,599	96,349	102,718	112,857	416,432
ı	PFES collection in the period 2016- 2020	44,509	48,958	88,927	94,932	101,737	379,063
1	PFES collection from Hydropower	41,900	41,900	80,778	85,692	90,606	340,876
2	PFES collection from clean water	520	767	858	949	1,040	4,134
3	PFES collection from industrial water	402.5	805	805	805	805	3,623
4	PFES from tourism	1,200	5,000	6,000	7,000	8,800	28,000
5	PFES from cold-wa- ter fish farming	486	486	486	486	486	2,430
Ш	Other revenues	4,400	6,641	7,422	7,786	11,120	37,369
1	Interest income from PFES deposit + state budget	400	400	400	400	400	2,000
2	Revenue from the re- placement afforesta- tion upon conversion of forest use purpose	4,000	6,241	7,022	7,386	10,720	35,369

(Details in the attached annex 01)

#### 1. Revenues from hydropower

- Method of calculation: Average capacity of 01MW in the period of 2012-2015/Total amount of PFES payment to be collected in the period of 2012-2015/Total installed capacity of hydropower plants in the period of 2012-2015. By this calculation, the average PFES payment/MW produced 3.5 million Kw. PFES payment collection in 2016, 2017: 70 million VND /MW; from 2018-2020: 126 million VND/MW (due to the application of the new rate of 36 VND/kw/h).
- ▲ Internal province hydropower plants: In 2016, there are 36 hydropower plants with installed capacity of 535 MW, the payment rate is 20 VND/kw/h. The 2020 target will be 650 MW, rising 21.5% in compare with 2016.
- Central-coordinated hydropower plants, includes: Thac Ba Hydropower Plant (120 MW), Nam Tha Hydropower Plant (4,5,6) with a total capacity of 32 MW and Vinh Ha Hydropower Plant with a capacity of 18 MW. Earnings are based on actual revenue for the period 2012 - 2015.

**Table 01.** Plan for PFES collection from hydropower in the period 2016-2020

Year		2016	2017	2018	2019	2020	Total
Total PFES from hydropower		41,900	41,900	80,778	85,692	90,606	340,876
Internal	Total capacity (MW)	535	535	572	611	650	2,903
Internal province	Total revenue (Million VND)	37,450	37,450	72,072	76,986	81,900	305,858
Control	Total capacity (MW)	222.5	222.5	222.5	222.5	222.5	1,113
Central coordination	Total revenue (Million VND)	4,450	4,450	8,706	8,706	8,706	35,018

(Details in the attached Annex 02)

#### 2. Revenues from clean water for daily life

- Subjects of payment: Lao Cai Water Supply Joint Stock Company (including 12 water supply units in 9 districts and cities), Vietnam Construction and Environment Joint Stock Company (Bao Ha clean water supply plant)
- ▲ Calculation method: Estimated revenue in 2016 will be 13 million m³/year; 20 million m³ per year in 2020; In the period 2016-2020, the annual average increase will be 1.75 million m<sup>3</sup>.

The total PFES collection is calculated as: The payment rate (40 VND/m³) multiplied (x) total output used (m<sup>3</sup>) (from 2017 the applied payment rate is 52 VND/m<sup>3</sup>).

**Table 02.** Plan for PFES collection from clean water production and supply units in the period 2016 to 2020

Year	2016	2017	2018	2019	2020	Total
Total used water (Million m³)	13	14.75	16.5	18.25	20	83
Unit price (VND)	40	52	52	52	52	
Total revenue (Million VND)	520	767	858	949	1,040	4,134

(Details in the attached Annex 03)

#### 3. Revenue from water for industrial production

- ▲ Subjects of payment: Currently, there are 11 industrial production units (15 facilities) using water directly from water sources under subjects entitled to pay for FES as regulation.
- ▲ Calculation method: Total PFES collection = the payment rate (35 VND/m³) x total volume of registered water (m<sup>3</sup>) x capacity mobilization rate (the rate is tentatively 100%).

Particularly, the rate in 2016 is calculated by 50% of the subsequent year due to the decision on pilot collection of PFES for industrial production facilities using water directly from water source in the province is applied from 01 July 2016.

**Table 03.** Plan for PFES collection from industrial production facilities using water source of province in the period 2016-2020

Year	2016	2017	2018	2019	2020	Total
Total water used (Million)	11.5	23	23	23	23	103.5
Unit price (VND)	35	35	35	35	35	35
Total revenue (Million VND)	402.5	805	805	805	805	3,622.5

(Details in the attached Annex 04)

#### 4. Revenue from tourism business units

It is expected that by 2020 around 50 units will sign contracts for PFES (34 units have currently signed) and the payment rate is 1% of revenue from ticket selling and accommodations. However, the stability is not high. Some units have not signed contracts as prescribed.

Total collected PFES = Total revenue (x) 1%.

In 2016, the payment rate is applied by 1.5%

**Table 04.** The plan for PFES collection from tourism services in Lao Cai in the period 2016-2020

Year	2016	2017	2018	2019	2020	Total
Total turnover of tourism business units performing PFES payment (Billion VND)	80	500	600	700	880	28,000
Unit price (%)	1.5	1	1	1	1	1
Total revenue (Billion VND)	1.2	5	6	7	8.8	28

(Details in the attached Annex 05)

#### 5. Revenues from cold-water aquaculture

In 2016, 39 cold-water fish farming facilities were subjects to PFES payments with a total pond capacity of 34,715 m<sup>3</sup>. The process of signing the trust contracts met some difficulties: it has been a new piloting policy, cold-water fish farming was risky, unhealthy competitive among companies, unstable market price. Therefore, the expected collection amount shall be lower than the actual amount that should be paid by the farms.

The payment rate: According to Lao Cai PPC's decision No.4273/QD-UBND dated 25 November 2015 on piloting PFES the payment rate for cold-water fish farming is 44,500 VND/m<sup>3</sup>/year. However, there are many farms proposed to reduce this rate to promote local agricultural production, and not to sign contracts for PFES as regulations yet. The adjusted rate that proposed to the provincial People's Committee will be VND 20,000/m<sup>3</sup>/year and the number of units to sign the contract will reach 70%.

Table 05. Plan for PFES collection from cold-water aquaculture in the period 2016-2020

Year	2016	2017	2018	2019	2020	Total
Total pond volume (m³)	34,715	34,715	34,715	34,715	34,715	173,575
Unit price (VND)	44,500	44,500	44,500	44,500	44,500	44,500
Total revenue (Million VND)	486	486	486	486	486	2,430

(Details in the attached Annex 06)

#### 6. Other sources

#### 6.1. Interest from PFES deposit + state budget

Plan for collecting annual interest of PFES money: 200 million VND; Interest on deposits of the annual allocated state budget: 5,000 million VND (x) 4% / year = 200 million VND.

Table 06. Plan for collection from interest on PFES deposits + allocated state budget in the period 2016-2020

Unit: Million VND

Year		2016	2017	2018	2019	2020	Total
Total interest on deposit + initial capital		400	400	400	400	400	2,000
	PFES Deposit	200	200	200	200	200	1,000
Interest	Allocated State budget capital	200	200	200	200	200	1,000

The calculations are based on bank interest rate in 2016. However, it depends on the annual interest bank rate and the amount of cash balance in bank.

#### 6.2. Revenue from the replacement afforestation upon conversion of forest use purpose

The payment for the replacement afforestation upon conversion of forest use purpose is based on the collected amount in 2016 until November 30th and estimated collection amount for one month at the end of the year. However, the revenue also depends on the approval of projects for conversion of forest use purposes to other purposes which approved annually by the PPC.

Table 07. Plan for collection from the replacement afforestation upon conversion of forest use purpose in the period 2016-2020

Year	2016	2017	2018	2019	2020	Total
The rate for the replacement afforestation upon conversion of forest use purpose (Million VND)	4,000	6,241	7,022	7,386	10,720	35,369
Replanting forest area (ha)	76.9	120	135	142	206.1	680

#### III. PLAN FOR DISBURSMENT OF PFES MONEY IN THE PROVINCE IN THE PERIOD 2016-2020

Total estimated disbursement of PFES money in the period 2016-2020: 416,432 million VND, including:

- 1. Funding for regular activities of the Fund, the Fund's Management Council; Funding for acceptance of forest areas providing FES: 39,907 million VND;
- 2. Expenditure for contingency as prescribed (5%): 17,553 million VND;
- 3. Expenditure for performing the task of entrustment; Expenditure for support of programs and projects: 358,972 million VND, in which:
- Expenditure for performing the task of entrustment of forest owners: 289,745 million VND;
- Expenditure for supporting programs, projects, non-project activities: 33,859 million VND;
- Expenditure for afforestation: 35,369 million VND.

#### Summary table for PFES disbursement plan in the period 2016-2020

Unit: Million VND

No	Content	2016	2017	2018	2019	2020	Total
No.	1	2	3	4	5	6	7
1	Total revenue	48,909	55,599	96,346	102,718	112,857	416,432
2	Expenditures for the Fund's regular activities, management council, checking and acceptance	4,851	5,296	9,293	9,893	10,574	39,906
3	Contingency (5%)	2,165	2,198	4,146	4,397	4,647	17,553
4	Expenditure for entrusted tasks; sup- port programs and projects; afforesta- tion, in which:	41,892	48,105	82,910	88,428	97,636	358,972
	<ul><li>Expenditure for entrusted tasks</li></ul>	35,615	35,615	68,661	72,838	77,015	289,745
	<ul><li>Support programs and projects</li></ul>	2,277	6,249	7,227	8,204	9,901	33,859
	Replacement afforestation	4000	6,241	7,022	7,386	10,720	35,369

#### IV. IMPLEMENTATION ARRANGEMENT

#### 1. Provincial Forest Protection and Development Fund

- ▲ To take the lead, urge and coordinate with the relevant departments and the People's Committees of districts and cities to implement PFES activities in the province; to coordinate with the Electricity Regulatory Authority - Ministry of Industry and Trade, Vietnam Electricity (EVN) and the Northern Power Corporation, on handling and solving issues related to PFES implementation in the locality.
- To take the lead and coordinate with concerned units to advise PPC in promulgating guiding documents, organizing the propagation and implementation the policies and laws of the Party and the State on the implementation PFES policy in the province.
- ▲ To exchange timely information with relevant departments and People's Committees of districts and cities on the implementation of PFES activities, list of units that not have payment or late payment of PFES as regulations, propose solutions to promote the collection of PFES debt.
- ▲ To sum up the collection and disbursement situation of PFES money in the province.
- ▲ To notify and provide relevant information and documents to concerned departments, organisations, People's Committees of districts and cities for the coordination in considering, handling or requesting authorities for treatment when detecting the FES users have signs of violation of the obligation to pay for FES, FES payments to forest owners, or complaint letters related to PFES.
- ▲ To arrange annual monitoring and evaluation on the use of PFES sources by forest owners in the province as stipulated in PPC's Decision No.31/2013/QD-UBND dated 13 August 2013.

#### 2. Departments, People's Committee of the districts and cities

To strengthen the coordination of implementation in accordance with the provisions of PPC's Decision No.2154/QD-UBND dated 06 July 2016 on the promulgation of regulations on coordinating and implementing the PFES policy in the province.

The above is the Financial Plan for Payment for Forest Environmental Services in Lao Cai province in the period 2016 - 2020.

#### Recipients:

- -Provincial People's Committee;
- -Board of Directors of the Provincial Forest Protection and Development Fund;
- -Departments: DoF, DPI, DARD;
- -Provincial Fund for Forest Protection and Development (05b);
- -Fund Control Board;
- -People's Committees of districts, cities; Chief of PPC's office;
- -Deputy chief Hoang Quoc Bao;
- -For archive.

#### **CHAIRMAN OF THE FUND'S MAN-**AGEMENT COUNCIL

(Signed)

**CHAIRMAN OF PPC Dang Xuan Phong** 

## Annex 4

### PEOPLE'S COMMITTEE OF LAO CAI PROVINCE No: 2154/QĐ- UBND

### THE SOCIALIST REPUBLIC OF VIETNAM Independence - Freedom - Happiness

Lào Cai, date 06 July 2016

#### **DECISION**

Promulgating the coordination regulations on the implementation of the policy on payment for forest environment services in Lao Cai province

#### PEOPLE'S COMMITTEE OF LAO CAI PROVINCE

Pursuant to the Law on Organization of Local Government dated 19 June 2015;

Pursuant to the Law on Forest Protection and Development dated 03 December 2004;

Pursuant to the Government's Decree No.05/2008/ND-CP dated 14 January 2008 on the Forest Protection and Development Fund;

Pursuant to the Government's Decree No.99/2010/ND-CP dated 24 September 2010 on the policy on payment for forest environment services;

Pursuant to Circular No.85/2012/TT-BTC dated 25 May 2012 of the Ministry of Finance on payment for forest environmental services:

Pursuant to the Joint Circular No.62/2012/TTLT-BNNPTNT-BTC dated 16 November 2012 of the Ministry of Agriculture and Rural Development and the Ministry of Finance guiding the financial mechanism for managing and using payments for forest environment services;

At the proposal of the Director of Lao Cai Forest Protection and Development Fund in the Report No.13/QBVR-KH dated 27 June 2016,

#### DECIDED

Article 1. To promulgate together with this Decision the coordination regulations on the implementation of the policy on payments for environmental services in Lao Cai province.

(Regulation attached)

Article 2. This Decision takes effect from the date of its signing.

Article 3. Chairman of Provincial People's Committee Office, Director of Provincial Forest Protection and Development Fund; Directors of Departments: Agriculture and Rural Development, Natural Resources and Environment, Industry and Commerce, Finance, Planning and Investment, Culture, Sports and Tourism, Provincial Taxation; Provincial State Treasury; Chairmen of People's Committees of districts and cities; The heads of the concerned agencies and units shall have to implement this Decision.

#### Recipients:

- -Chairman of the Provincial People's Committee;
- -Vice Chairman Nguyen Huu The;
- -As Article 3;
- -Ministry of Agriculture and Rural Development
- -Vietnam Forest Protection and Development Fund;
- -For archive, TH (Bich), NLN

#### FOR PROVINCIAL PEOPLE'S COMMITTEE **CHAIRMAN**

(Signed)

**Dang Xuan Phong** 

## PFOPI F'S COMMITTEE OF LAO CAI PROVINCE

THE SOCIALIST REPUBLIC OF VIETNAM **Independence - Freedom - Happiness** 

No: 94/QĐ-UBND

#### REGULATIONS

## On coordinating the implementation of Policy on Payment for Forest Environmental Services in Lao Cai province

(Attached to the Decision No.2154/QD-UBND dated 6 July 2016 of Lao Cai PPC)

## Chapter I GENERAL PROVISIONS

#### Article 1. Scope of regulation

This Regulation stipulates the principles, methods, contents and responsibilities of relevant departments, agencies and People's Committees of districts and cities in coordinating the implementation of the policy on payment for forest environment services (abbreviated as PFES) in the province of Lao Cai.

#### Article 2. Subjects of application

This Regulation applies to relevant departments, Provincial Forest Protection and Development Fund, People's Committees of districts, cities and other relevant units in the province.

#### **Article 3. Coordination principles**

Coordination work should be focused under the unified leadership and direction of the provincial People's Committee, based on the functions, duties and powers of the relevant departments, units and people's committees of districts, To ensure the compliance with the law, in order to improve the effectiveness of the coordination in implementing the policy on payment for forest environment services in the province.

#### **Article 4. Coordination contents**

- 1. Researching to advise the PPC on policy and solutions related to the management, implementation of the obligation to pay the money, pay for the FES of the FES users, and forest owners.
- 2. Studying and exchanging experiences on inspection, supervision and handling for the violations of FES users, FES providers in implementation of policy in province;
- 3. Coordinating to advise the PPC to handle matters related to PFES policy enforcement in the province, to handle violations of the PFES policy as stipulated in Decree No.40/2015/ND-CP dated 27 April 2015 of the Government on amending and supplementing some articles of Decree No.157/2013/ND-CP dated 11 November 2013 of the Government on Regulations on sanctioning of administrative violations in forest management, forest development, forest product protection and management (referred to as Decree No.40/2015/ND-CP dated 27 April of the Government).
- 4. Announcing, providing and exchanging related issues on the entrusted contract of payment, registration of annual PFES plan, quarterly PFES declaration and annual PFES settlement

- amount of FES users. Detecting subjects using FES with signs of violation of PFES obligations to consider or propose competent agencies to handle in accordance with the regulations of PFES policy.
- 5. Organizing the inspection and acceptance of forests providing forest environmental services, evaluation of dossiers on requesting PFES for forest owners being organizations, households and individuals, communities, the organizations who are not forest owners but assigned responsibility by the State for forest management and finalization of PFES as regulated.
- 6. Organizing the monitoring and evaluation for the FES users as planned or when giving signs of violation of payment contracting; making plan on registration, declaration and settlement money paid into Forest Protection and Development Fund. Monitoring, urging, monitoring and supervising the implementation of notices, inspection conclusions and decisions of competent agencies on the implementation of the obligations to the PFES of the FES users and forest owners.
- 7. Coordinating and urging the PFES of FES users under the provisions of Decree No.99/2010/ ND-CP dated 24 September 2010 of the Government on PFES policy.
- 8. Coordinating with the concerned agencies to organise advocacy and implement the policies and laws of the Party and State on PFES to object have to pay for FES in the province.

## **Chapter II** COORDINATION RESPONSIBILITY

#### Article 5. Provincial Forest Protection and Development Fund

- 1. Taking the lead, urging, coordinating with relevant departments and People's Committees of districts and cities to implement well PFES; Handling and solving issues related to PFES in the province.
- 2. Taking the lead, coordinating with concerned agencies and units to advise the PPC in promulgating guiding documents, to organise propagation and implementation of the Party's and State's undertakings, policies and laws on PFES implementation in the province.
- 3. Timely exchanging information with the relevant departments and PCs of districts and cities on the implementation of collection and disbursement of PFES, the list of units who have not payment yet, late payment for FES as regulated, and to recommend solutions to urge PFES debt collection according to the regulation.
- 4. Summarizing the implementation of the collection and expenditure of PFES money in the area, reporting to the Fund Management Council and PPC as regulated.
- 5. Notifying and providing relevant information to relevant departments and people's committees of districts and cities for coordinating the consideration, handling or request the competent authority for treatment when detecting signs of violation of the obligation to PFES, PFES payments to forest owners, complaints related to PFES.
- 6. Appointing a members to participate interdisciplinary inspection team, advising PPC to handle PFES users, the forest owners are organizations when violating the PFES policy stipulated in Decree No.40/2015/ND-CP dated 27 April 2015 of the Government.

7. Annually, organising the monitoring and supervision for the use of PFES funds by forest owners in the province as stipulated in Decision No.31/2013/QD-UBND dated 13 August 2013 of PPC promulgated the regulations on payment for FES in Lao Cai province.

#### Article 6. Department of Industry and Trade

- 1. Quarterly (after 15 days after the end of the quarter), the list of newly-established hydroelectricity production units shall be reviewed and notified to the provincial Forest Protection and Development Fund as the basis to sign contracts and collect PFES. At the same time, providing data related to hydroelectricity production, serving the implementation of PFES policy in the locality.
- 2. Quarterly, annually (15 days after the end of the quarter, after 45 days from the last day of the year) providing and certifying the rate of capacity mobilization compared with the project design capacity of industrial production units using water sources in the province and sent to the Provincial Forest Protection and Development Fund as the basis for implementation of PES policy and collection PFES money.
- 3. Coordinating with related departments, Provincial Forest Protection and Development Fund to urge hydropower production units to sign entrustment contracts and to pay for FES. Taking the lead, advising the PPC to report to competent authorities for consideration and withdrawal of electricity activity licenses for hydroelectricity production units that refuse to sign contract and delay the payment of FES according to regulations.
- 4. Coordinating with relevant departments, Provincial Forest Protection and Development Funds, People's Committees of districts and cities, advising the PPC to set up an interdisciplinary inspection team to inspect the implementation of the PFES policy at hydropower units. At the same time, proposing PPC measures to deal with violations of FES users in accordance with the Government Decree No.40/2015/ND-CP dated 27 April 2015.

#### Article 7. Department of Culture, Sports and Tourism

- 1. Coordinating with related departments, provincial forest protection and development funds to urge organizations and individuals dealing in tourist services, which are subjects to PFES to sign entrustment contracts and to pay of FES according to regulations.
- 2. Every 6 months (before 01 July), reviewing and making a list of organizations and individuals doing business and traveling services related to FES have to pay under the provisions of Decision No.15/2014/QD-UBND dated 22 September 2014; Decision No.11/2015/QD-UBND dated 30 March 2015 by Lao Cai PPC sent to Provincial Forest Protection and Development Fund as the basis for contract signing and pay for FES. At the same time, providing data related to the business of tourism services for PFES policy implementation in the locality.
- 3. Annually (after 30 days since the end of December 31st), collaborating with relevant departments, Provincial Forest Protection and Development Fund, People's Committees of districts and cities advise the PPC to approve the list of organizations and individuals dealing in tourist services that are subject to PFES.
- 4. Coordinating with relevant departments, Provincial Forest Protection and Development Funds, People's Committees of districts and cities to advise the PPC to set up an interdisciplinary inspection team to inspect the implementation of the PFES policy at organizations and individuals dealing in tourist services. At the same time, proposing PPC measures to deal with violations of FES users in accordance with the Government Decree No.40/2015/ND-CP dated 27 April 2015.

#### **Article 8. The Department of Natural Resources and Environment**

- 1. Coordinating with concerned departments, provincial Forest Protection and Development Fund to organize and supervise industrial production units using water resources that are subject of PFES to sign entrustment contracts and pay for FES according to regulations.
- 2. Quarterly (after 15 days after the end of a quarter), reviewing, providing information, making a list and volume of registered water that used by industrial production units using water sources in the province under the water exploitation and use permission granted by the competent authority and sending to the provincial forest protection and development fund as the basis for the signing contract and pay for FES according to regulations.
- 3. Coordinating with relevant departments, Provincial Forest Protection and Development Funds, People's Committees of districts and cities to advise the PPC to set up an interdisciplinary inspection team to inspect the implementation of the PFES policy at industrial production units using water resources that are subject of PFES. At the same time, proposing PPC measures to deal with violations of FES users in accordance with the Government Decree No.40/2015/ND-CP dated 27 April 2015.
- 4. Applying administrative sanctions and suspending administrative procedures for those who deliberately delay the implementation of PFES policies in the local area under the management authority.

#### Article 9. Department of Planning and Investment

- Coordinating with related departments, provincial Forest Protection and Development Fund to urge the collection of PFES paid by beneficiaries in accordance with the Decree No.99/2010 /ND-CP dated 24 September 2010 of the Government on PFES policy.
- 2. Coordinating with the Department of Finance, Department of Agriculture and Rural Development, Provincial Forest Protection and Development Fund to direct the integration of PFES funding for forest owners in the basin into the Forest Protection and Development Plan in the whole province.
- 3. Taking the lead, and coordinating with the provincial Forest Protection and Development Funds, department of Agriculture and Rural Development and the department of Finance to balance the PFES funding sources to ensure the support of projects and non-project activities according to regulations.
- 4. Assigning members to join the interdisciplinary inspection team to inspect the implementation of PES policies at units that are subjects of PFES, forest owners are organizations assigned by the State for forest management. At the same time, proposing PPC measures to handle FES users, forest owners are organizations assigned by the State for forest management in violation of PFES policy as stipulated in Decree 40/2015/ND-CP dated 27 April 2015 of the Government.
- 5. Applying administrative sanctions and suspending administrative procedures for those who deliberately delay the implementation of PFES policies in the local area under the management authority.

#### Article 10. Department of Finance

1. Coordinating with the Provincial Forest Protection and Development Fund to urge the collection of PFES paid by beneficiaries in accordance with Decree No.99/2010/ND-CP dated 24 September 2010 of the Government on PFES policy.

- 2. Proposing financial mechanisms and policies, appraising estimates, finalizing annual PFES revenues and expenditures, and guiding provincial funds for forest protection and development to use PFES money according to regulations to promote the implementation of PFES policy in the locality.
- 3. Coordinating with the Department of Planning and Investment, the Department of Agriculture and Rural Development, the provincial Forest Protection and Development Fund to balance and ensure the allocation of PFES funding to forest owners in the basin, integrating into the Forest protection and development plan for the whole province.
- 4. Coordinating with Department of Planning and Investment, Department of Agriculture and Rural Development, Provincial Forest Protection and Development Fund to consider and balance PES funding to support projects and non-project activities according to regulations.
- 5. Assigning the specialized sections under the Department, Finance and Planning Division of districts and cities to inspect the accounting and settlement of PFES money into the accounting system of the units receiving PFES money in the province in accordance with the provisions of Article 14 and Article 17 of Joint Circular No.62/2012/TTLT-BNNPTNT-BTC dated 16 November 2012 of the Ministry of Agriculture and Rural Development and Ministry of Finance and Decision No.5307/QD-BNN-TCLN dated 22 December 2015 of the Ministry of Agriculture and Rural Development on the issuance of "Handbook of financial management - accounting for payment for forest environment services".
- 6. Assign members, participate in the interdisciplinary inspection team to inspect the implementation of PES policies at units that are subjects of PFES, forest owners are organizations assigned by the State for forest management. At the same time, proposing PPC measures to handle FES users, forest owners are organizations that are assigned by the State for forest management in violation of PFES policy as stipulated in Decree 40/2015/ND-CP dated 27 April 2015 of the Government.
- 7. Applying administrative sanctions, suspending the payment of money to those who deliberately delay the implementation of PFES policies in the local area under the management authority.

#### Article 11. Department of Agriculture and Rural Development

- 1. Coordinating with the Provincial Forest Protection and Development Fund to urge the collection of PES paid by beneficiaries in accordance with Decree No.99/2010/ND-CP dated 24 September 2010 of the Government on PFES policy.
- 2. Taking the lead, coordinating with Departments of: Industry and Trade, Culture, Sports and Tourism, Natural Resources and Environment, Provincial Forest Protection and Development Fund, People's Committees of districts and cities, advising the PPC to set up an interdisciplinary inspection team to inspect the implementation of the PFES policy at forest owners are organizations assigned by the State for forest management. At the same time, proposing PPC measures to deal with forest owners are organizations that are assigned for forest management in violation of PES policy as stipulated in Decree No.40/2015/ND-CP dated 27 April 2015 of Government.
- 3. Applying administrative sanctions, suspending the licensing of procedures in the field of management to those who deliberately not to comply with, not in compliance with PFES policy in locality.

- 4. Taking the lead, coordinating with relevant departments, provincial forest protection and development fund, People Committees of districts and cities, advise PPC on the exemption and reduction of PFES for subjects defined in the Decision No.80/2011/TT-BNN dated 23 November 2011 of the Ministry of Agriculture and Rural Development; Dealing with violations of PFES policy in accordance with Decree No.40/2015/ND-CP dated 27 April 2015 of the Government.
- 5. Coordinating with concerned units in organizing the checking and acceptance of forests providing FS and appraising PFES applications for forest owners are organisations and organisations being non-forest owners but are assigned by the State for forest management in accordance with regulations.
- 6. Taking the lead, coordinating with relevant units to guide organizations being non-forest owners (commune-level People's Committees, agencies, political and social organizations) in monitoring and evaluation of forest protection and management plans and submitting the competent authority for approval.
- 7. Directing the Forest Protection Units of districts, cities and forest owners to set up PFES documents and disbursing PFES money as stipulated in Decision No.31/2013/QĐ-UBND dated 13 August 2013 of PPC promulgated regulations on PFES in Lao Cai province.

#### **Article 12. Provincial Tax Department**

- 1. Coordinating with the Provincial Forest Protection and Development Fund to urge the collection of PES paid by beneficiaries in accordance with Decree 99/2010/ND-CP dated 24 September 2010 of the Government on PFES policy.
- 2. Quarterly (from 30 days after the end of each quarter), providing electricity production figures of hydropower units and turnover of tourist service business and sending the Provincial Forest Protection and Development Fund as the basis for collecting PFES.
- 3. Annually, assigning staffs to coordinate with the Provincial Forest Protection and Development Fund in reviewing and comparing data sources of units that are objects of PFES, with declaring and finalizing taxes data of units sent to the Provincial Forest Protection and Development Fund, as the basis for the implementation of the policy of the unit, to avoid violations and loss of funds paid by the units as prescribed.
- 4. Directing the Tax Department of Sa Pa District quarterly (from 30 days after the end of the quarter) to provide turnover figures of tourist business operating in the locality that are subject of PFES, send to Provincial Forest Protection and Development Fund as the basis for collection of PFES money.
- 5. In the course of performing tasks and when conducting tax examination and inspection at FES users, if there are signs of violation of PFES policy, providing information and having a written notice to the Provincial Forest Protection and Development Fund to coordinate for treatment.
- 6. Coordinating with the provincial Forest Protection and Development Fund to study and advise the PPC on guidelines and solutions to managing PFES collection. At the same time, jointly considering the handling of complaints by FES users relating to the implementation of PFES payment obligations.

7. Assigning members, participating in the interdisciplinary inspection team to monitor the implementation of PES policies at units that are subject of PFES. At the same time, proposing PPC measures to deal with FES users in violation PFES policy in accordance with Decree No.40/2015/ND-CP dated 27 April 2015 of the Government.

#### Article 13. The provincial State Treasury

- 1. Coordinating with the Provincial Forest Protection and Development Fund to urge the collection of PES paid by beneficiaries in accordance with Decree No.99/2010/ND-CP dated 24 September 2010 of the Government on PFES policy.
- 2. Assigning members, join the interdisciplinary inspection team to inspect the implementation of PES policies at units that are subject of PFES. At the same time, proposing PPC measures to deal with FES users in violation PFES policy in accordance with Decree No.40/2015/ND-CP dated 27 April 2015 of the Government.
- 3. Applying administrative sanction, suspending the payment of funds from the state budget for units that are subject of PFES but have not signed the contract of entrustment, incomplete payment of PFES according to regulations and under the management authority.

#### Article 14. People's Committees of districts and cities

- 1. Coordinating with the Provincial Forest Protection and Development Fund to urge and monitor the collection of PFES money by the subjects stipulated in the Government's Decree No.99/2010/ND-CP dated 24 September 2010 on PFES policy in the locality.
- 2. Annually (before 31 January), directing relevant departments, Commune People's Committees, reviewing and determining the pond volume of cold-water aquaculture units, list of industrial production facilities using water sources in the locality; Synthesizing and sending to the Forest Protection and Development Fund as a basis for consulting the PPC for approval of the list of units that are PFES payers.
- 3. Assigning members, participating in the interdisciplinary inspection team to inspect the implementation of PFES policy at units that are subject of PFES, forest owners are organizations in the locality. At the same time, proposing PPC measures to handle PES units, forest owners are organizations that are assigned for forest management in violation of PFES policy as stipulated in Decree 40/2015/ND-CP dated 27 April 2015 of the Government.
- 4. Applying administrative sanctions, suspending the licensing of procedures in the field of management to those who deliberately not to comply with, not in compliance with PFES policy in locality
- 5. Applying administrative sanctioning measures, suspending the granting of administrative procedures, suspending the licensing tours and tourist routes in the districts, cities, stopping the administrative procedures of units that are objective of PFES but not sign contracts for entrustment and payment for FES to the Provincial Forest Protection and Development Fund.
- 6. Directing the Forest Ranger Unit as the focal agency for district-level payment, guiding forest owners being households, individuals and village population communities; organisations are not forest owners but assigned by the State for forest management: Commune People's Committees, social and political organizations prepare PFES documents.
- 7. Coordinating with Department of Agriculture and Rural Development, Provincial Forest Protection and Development Fund to supervise and urge forest owners and Forest Protection Unit to organize the disbursement of PFES money according to the regulations.

## **Chapter III** IMPLEMENTATION ARRANGEMENT

#### Article 15. Reporting regime

1. The Provincial Forest Protection and Development Fund shall take the lead, urge and coordinate with the relevant departments and the People Committees of districts and cities to synthesize and prepare periodical and extraordinary reports to Provincial Party Committee, PPC and other higher level agencies on the implementation of PFES policy in the province.

#### 2. Time to submit reports

- a) Periodic reports:
- ▲ Report the first six months of the year should be sent before 28/6.
- ▲ Annual report should be sent before 31/12.
- b) Irregular reports:

When there are unexpected cases related to the implementation of PFES must immediately report to the PPC (Provincial Forest Protection and Development Fund compiling), and at the same time coordinating with related units to advise the PPC for timely treatment

#### 3. Preliminary and final Review

The provincial Forest Protection and Development Fund shall take the lead and coordinate with the relevant departments and the People Committees of districts and cities to organize annual review meetings and organize every 5 years review meeting to evaluate the implementation of this Regulation.

#### **Article 16. Implementation provisions**

- 1. The provincial Forest Protection and Development Fund shall monitor, inspect and urge the implementation of this Regulation.
- 2. Departments, committees, branches, units and People's Committees of districts and cities shall be responsible to coordinate, advise and organize the implementation of this Regulation.
- 3. In the course of implementation, if any problems arise, units and localities should report timely to the provincial Forest Protection and Development Funds to sum-up and report to the provincial People's Committee for consideration and supplementation accordingly.

FOR PROVINCIAL PEOPLE'S COMMITTEE **CHAIRMAN** 

(Signed)

**Dang Xuan Phong** 



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