

Piloting development of village regulation for PFES management and use in Thanh Hoa province



Background

Vietnam's national payment for forest environmental services (PFES) policy has been implemented for more than five years, during which time forest managers have received payments from private sector companies to improve forest quality and support local livelihoods. In Thanh Hoa province, PFES payments have been made to communities, household groups, and forest management and protection boards. These payments are often divided equally across village households or are used to support small infrastructure development in villages, but are not always used to improve livelihoods or pay for forest protection as the policy intends. As a result, local people, village management boards, commune staff and forest management boards expressed a need to design a regulation on PFES management and use for village communities to make sure payments were being used effectively. In response, VFD began work with the province to pilot the development of village regulations in five villages (Phong, Khong, Hon, Chieng and Lua) in the communes of Yen Nhan and Bat Mot.

Process and activities

Over a period of three months, VFD and local government partners held a series of village meetings to engage household representatives in discussions about current use of PFES payments and possible solutions to improve payment management. From these discussions and based on a similar model being used in other provinces, a model of a women-led village savings fund was introduced to the five villages with the idea to use a part of PFES payments as seed money for the fund. The concept received agreement from the village management board and Commune People's Committee to proceed with a pilot. Under this pilot, a portion of PFES payments would go to support the loan fund, while the remainder would be allocated for different priorities as identified by local villagers such as forest protection or developing village infrastructure.

While supporting the development of the village regulations, VFD also provided training to guide village management boards and local women on how to record and fill in accounting books and monitor cash flow. A study tour was also held to share the experience of village savings fund management in Dien Bien province, which provided village women and two commune women's association staff lessons on the usefulness of the fund and helped build consensus among stakeholders that the fund would be beneficial.

Achievements after 6 months of the pilot

- After six months, five villages now each have their own village regulations, developed by villagers and approved by commune PCs. Each set of village regulations includes:
 - Regulations on PFES management and use in the village, which stipulates the proportion of PFES payment allocated for forest protection, village infrastructure, and seed funding for village saving fund.
 - Regulations on village savings fund to be managed by women in the village. Members join voluntarily, but are limited to a maximum of 30 members per fund. In case any village has more than 30 interested women, an additional fund(s) may be established. The budget for the fund is from PFES payments, and is supplemented by additional funds contributed by members. The funds contributed by members can also be used to support sick or poor members.
- Most village management boards are now familiar with how to record PFES payments and expenses. These records have helped increase the transparency of PFES distribution and use at the village level. Village accountants are now able to use the cash-flow book for PFES funds. Village management boards have started using invoices and receipts for different expenses and payments received.
- All village forest protection groups have developed patrol schedules and carry out forest protection activity monthly. They also monitor work-days of members with verification from nature reserve's forest protection staff. Members of the forest protection groups receive allowances as described in the village regulations.
- By March 2017, the total loans disbursed to households in the villages was around VND 230 million, of which the highest loan was VND 5 million. The loans have been used for different purposes such as buying livestock such as pigs, chickens, or ducks, or to pay for children's school fees. A total of 84 households have received loans from the village savings fund.
- 136 women have joined the village saving funds, and more women in the villages are now interested to join.

"Since having the saving fund, we can access loans more easily. Before we have to borrow loans from bank with more complicated procedures and long time to process, sometimes we can't get loan on time for our needs"

Ms Lang Thi Hoanh, Chieng village, Bat Mot, Thanh Hoa

Lessons learned and the way forward

- This new model helps to manage and efficiently use PFES money at the village level to improve livelihoods and increase the effectiveness of forest protection.
- Participation of local villagers in developing the village regulation ensures effective representation, increases transparency, and meets requirements of communities.
- In the coming time, VFD will continue to support villages' implementation of the regulation, and guide village savings fund members to divide the interest earned after one year.
- The lessons from this model will be summarized and shared with other interested provinces.



Mrs Lang Thi Hoanh, Chieng Village, Bat Mot commune, Thanh Hoa borrowed 2.5 million VND to buy a pair of pigs. After some months she sold one for her child's medicine, and continues to raise the second.



The second village meeting to develop regulation - Khong village, Yen Nhan commune



Women from five villages discuss to finalize regulations for savings fund