

ESTABLISHMENT AND OPERATION OF FOREST PROTECTION AND DEVELOPMENT FUND: EXPERIENCE FROM SON LA



I. Source of the establishment

- Decree No.05/2008/NĐ-CP dated 14/1/2008 of Government on forest protection and development fund;
- Decision 380/QĐ-TTg dated 10/4/2008 of Prime Minister on pilot policy of payment for forest environmental service (PFES);
- **Decisions of Sonla People's Committee:**
 - + Decision No.376/QĐ-UBND dated 17/02/2009 on project approval;
 - + Decision No.471/QĐ-UBND dated 27/02/2009 on approval of project "building management mechanism and using money for payment of forest environmental service"

II. Result of establishing organization structure of forest protection and development fund

Son La forest protection and development fund was established according to Decision No. 1535/QĐ-UBND dated 8/6/2009 of Son La People's Committee.

The fund is a state-owned financial organization under Department of Agriculture and Rural Development (held concurrently by Forest Protection Department).

- Organization structure and operation of the fund: according to Decision No.1926/QĐ-UBND dated 11/7/2009 of Sonla People's Committee

- **Functions, tasks, authorities**

- According to regulation in clause 6, clause 10 Decree 05/2008/NĐ-CP of Government on the forest protection and development fund;

- Perform the payment of forest environmental service for forest owners in provincial area. (pay for forest owners in Song Da valley in provincial area according to regulation in clause 10 Decision 380/QĐ-TTg dated 10th April 2008 of Prime Minister.

- **Organization structure of Fund:**

- Fund management council: including 7 members are leaders of Departments: Agriculture and Rural development, Finance; Planning and Investment, state bank, Tax, Provincial state treasury, Forest Protection Division;
 - + Chairman: Director of Department of Agriculture and Rural development
 - + Vice chairman: leader of Department of Finance
- Control board: includes 3 members chaired by Chief inspector of Department of Agriculture and rural development.

- **Organization structure**

- Executive Board: includes 5 member (1 manager and 4 members)

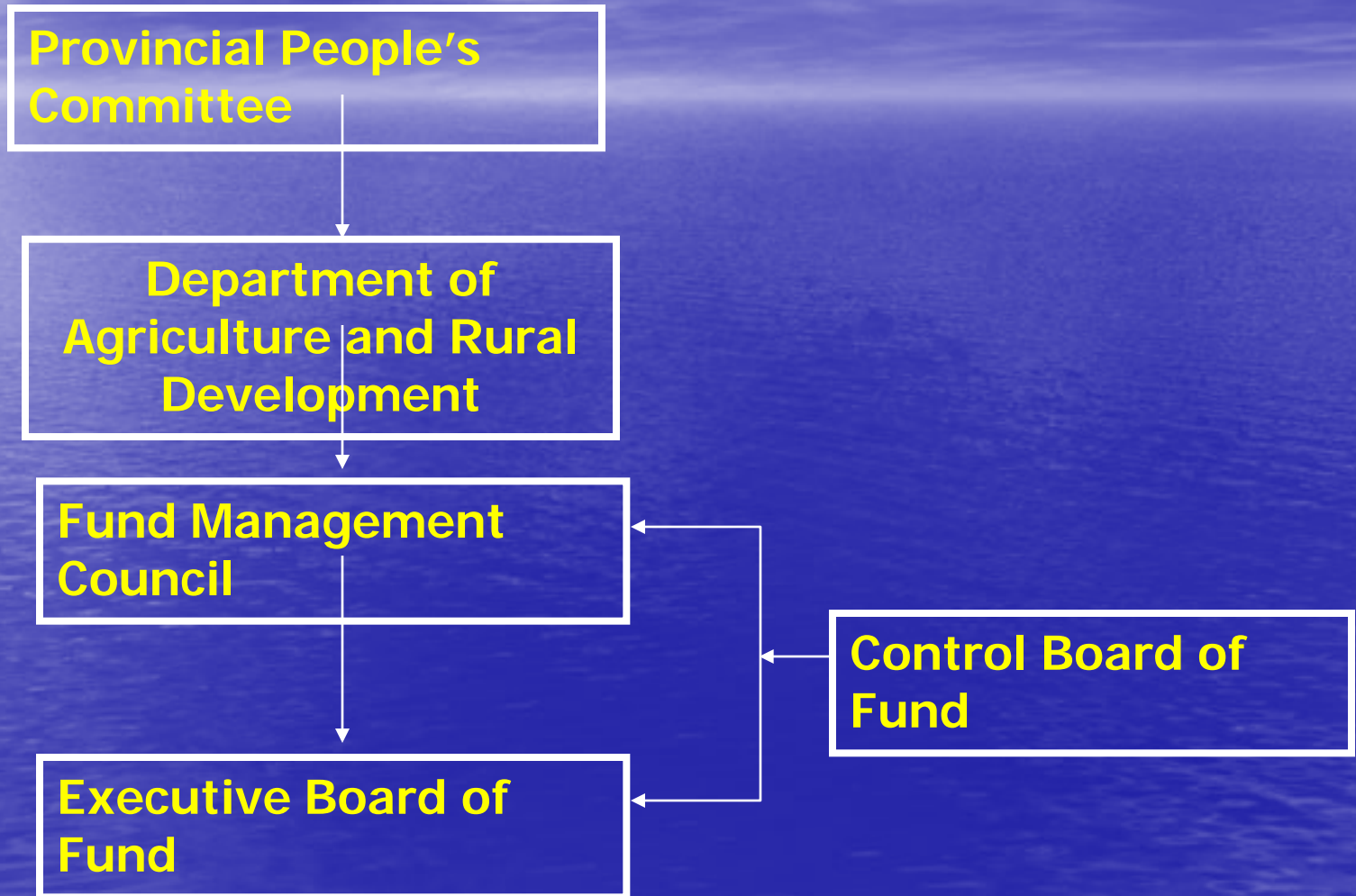
Director: Deputy director of Forest Protection Division a

Member: officials of Forest Protection Division, recruit 1 accountant

- Working regulations:

- Fund management council, Executive board, Control board: concurrently
- Accountant: contracted staff

Organizational structure of forest protection and development Fund



Management structure and payment of forest environmental service

+ Provincial level: The provincial fund is trustee.

+ District level: District payment management board including 5 to 7 members chaired by District Standing People's Committee.

Tasks: - Signing commitment for forest protection and service with forest owners (state agencies), checking upon delivery and submitting to district people's committee. DPC then submits to DARD for evaluation. DARD submits to PPC for approval of payment for forest owners.

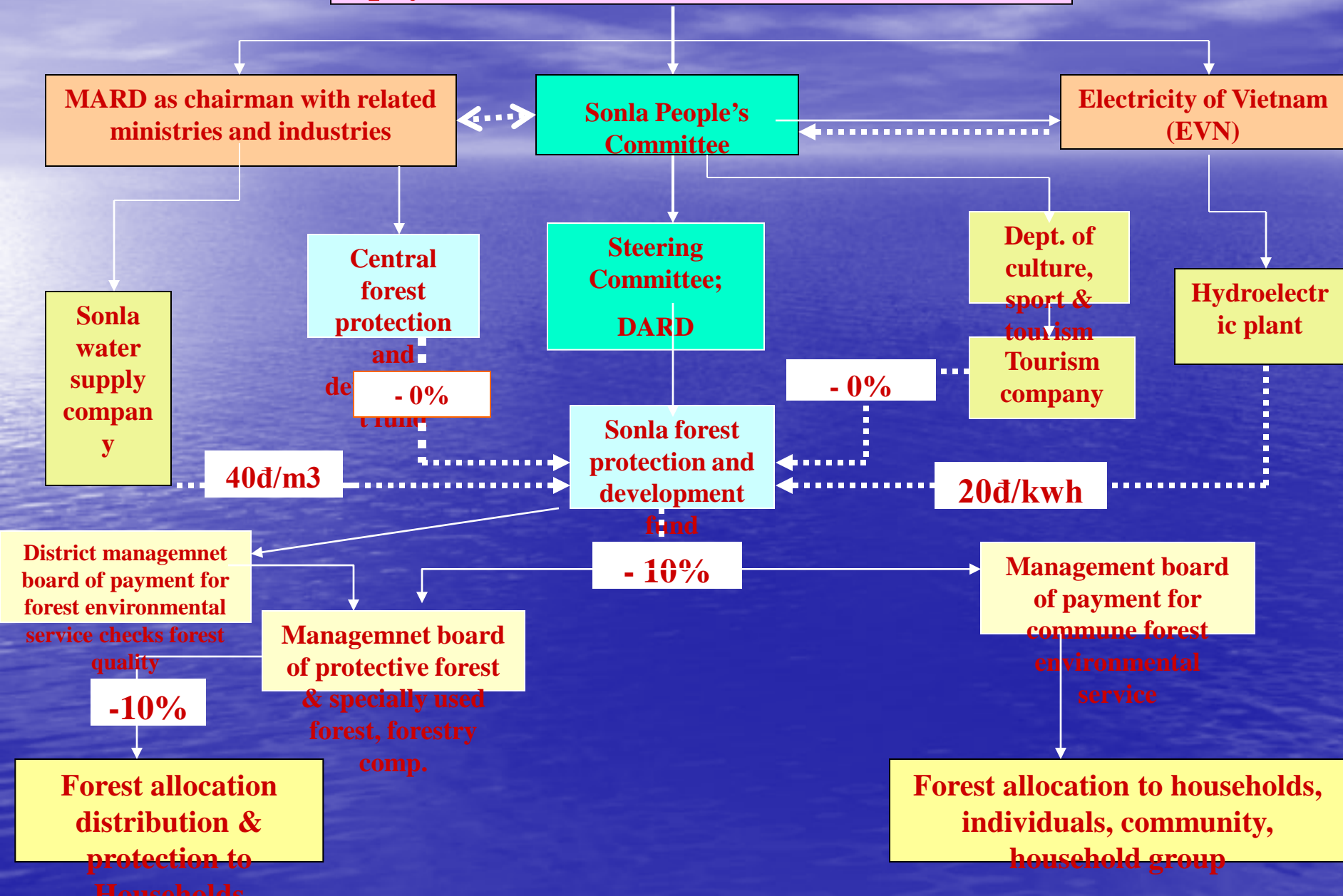
- Managing, guiding Commune management board develop plan, estimate and pay to forest owners.

+ **Commune level:** Payment management board including 5 to 7 members chaired by Commune standing People's Committee

Tasks: - Signing commitment for forest protection and service with households/individuals/communities, checking upon delivery and submitting to district people's committee for approval. Money transferred from Fund to commune management board for direct payment to beneficiaries

Structure of Management and PFES in Son La:

Decision of Prime Minister on pilot payment for forest environmental service



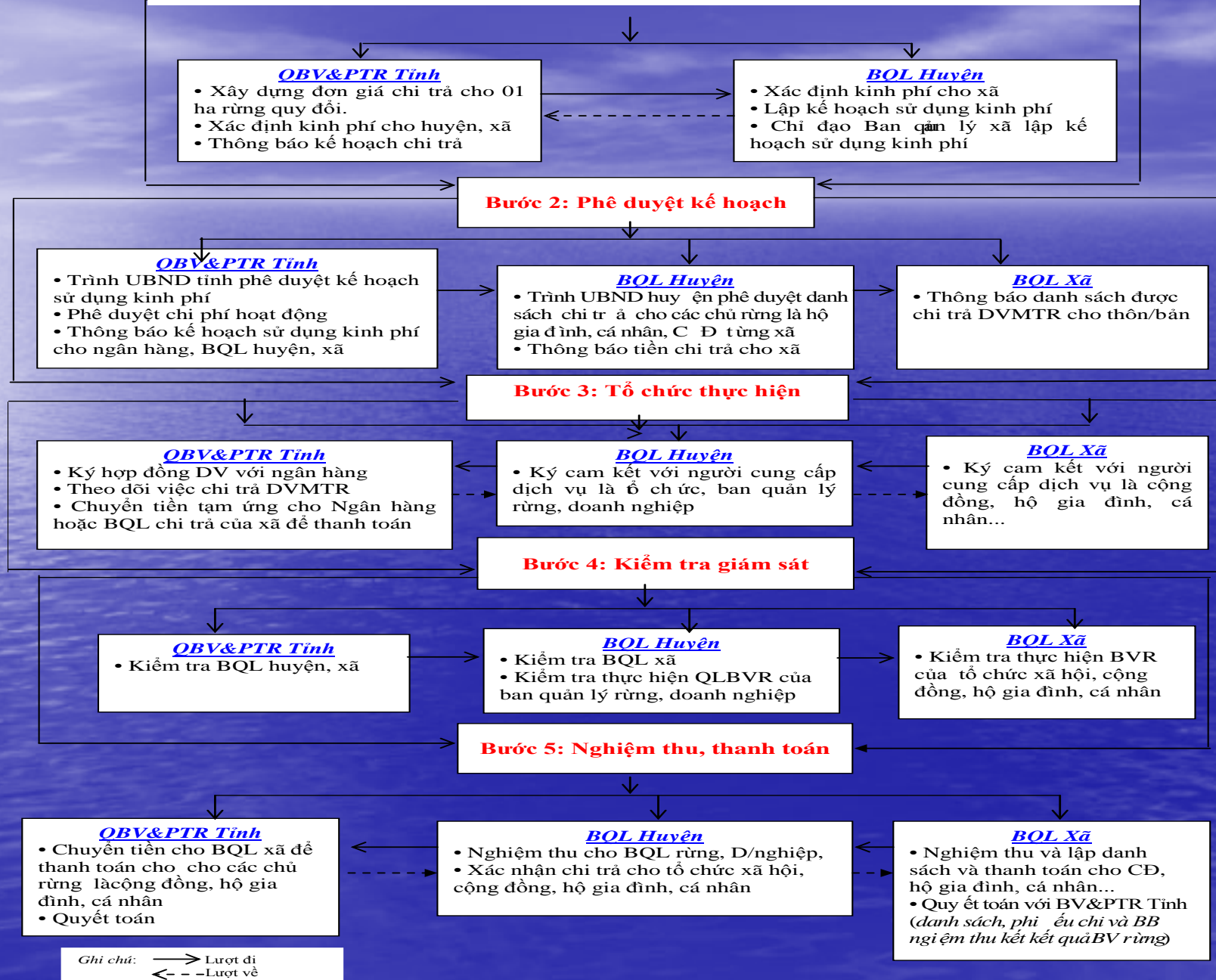
PFES management process: 5 steps

-  Step 1: Develop plan
-  Step 2: Approval
-  Step 3: Implementation
-  Step 4: Monitoring and evaluation
-  Step 5: Receipt accept, payment

SƠ ĐỒ

QUY TRÌNH QUẢN LÝ THỰC HIỆN CHI TRẢ DỊCH VỤ MÔI TRƯỜNG RỪNG GIỮA BAN QUẢN LÝ CÁC CẤP VỚI NGƯỜI CUNG CẤP DỊCH VỤ MÔI TRƯỜNG RỪNG

Sonla People's Committee



MONITORING SYSTEM

Management

Provincial level

- Provincial People's Committee
- Steering Committee (DARD, DPI, DF, DONRE, Tax, Forest Protection Division, Forest Management Division)

Forest protection and development Fund

- Fund management council
- Control board
- Audit

Forest owner is organization

Allocation and distribution of households, individuals, communities

Forest owners (households, individuals, communities, groups and social organizations)

HYDROELECTRIC PLANT
WATER SUPPLY PLANT
TRAVEL BUSINESS

Monitor

District level

- District People's Committee
- Forest ranger station
- Management board of payment for

Commune level

- Commune People's Committee
- Forest area
- Management board of payment for district

III. LIMITATIONS

1. Forest protection and development Fund just only implements mandate mainly to pay forest environmental service.
2. Organizing structure of Fund and implementation of payment at levels work concurrently, no allowance or negligible. Therefore implementing process lacks professionalism and continuousness, so implementation is still slow and not ensure prescribed progress.

3. For organizing Fund management structure and implementation of payment for forest environmental service, number of participants is too large but short of stability and professionalism
4. Not have a sustainable financial mechanism for Fund to operate on function, task and authority prescribed.
5. Fund has not built a management mechanism for using fund suitably such as: procedure for approval and cost finalization for activity of forest protection and development fund;
Procedure of making, appraising and approving payment record for forest environmental service;

6. Mandate to pay through bank for social policy is slow. Main reason is the bank just transacts one time per month in short time with lots of records while many remote forest owners when they arrive the transaction time out, on the other hand many forest owners have to pay less money, they do not come. Queries of forest owner about forest area, unit price and ownership ...have not answered yet because bank officials do not have speciality on forestry.
7. Have not the detailed instruction of Ministries, central industries on finalization of payment in the pilot implementation; using content on 10% of management expenditure, 10% management expenditure of forest owners is organization, procedure of payment and finalization...; procedure of payment record; checking and monitoring mechanism; procedures of record for payment to pay record.

6. Lessons learnt

1. Forest protection and development Fund should be an independent agency and should not work concurrently
2. Fund management and PFES structure should have reasonable number of involvers to ensure stability and professionalism
3. Should develop sustainable financial mechanism for prescribed function, task and authority.



Trân trọng cảm ơn Quý vị!