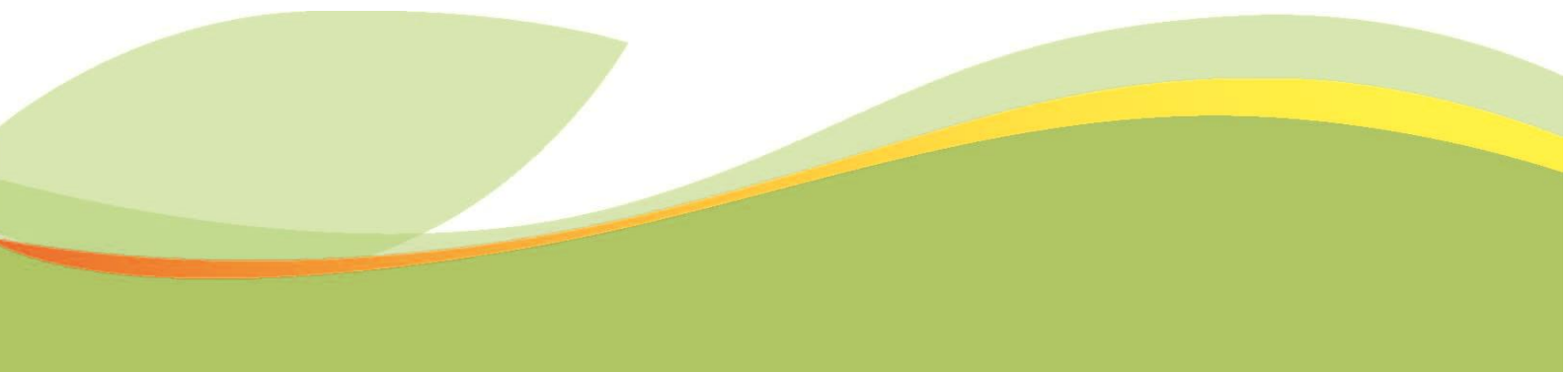




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Report on the pilot of distribution of fund from payment for forest environmental services via bank accounts



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On behalf of the

German Federal Ministry for Economic Cooperation and Development (BMZ)

TABLE OF CONTENTS

- REPORT OF THE PILOT 0
- ON DISTRIBUTION OF FUND FROM PAYMENT FOR FOREST 0
- ENVIRONMENTAL SERVICES VIA BANK ACCOUNTS..... 0
- LIST OF ABBREVIATIONS 3
- LIST OF TABLES AND FIGURES..... 4
- I. INTRODUCTION..... 5
- II. OBJECTIVE AND SCOPE OF APPLICATION 6
 - 2.1. Objective..... 6
 - 2.2. Location of pilot and status quo of PFES fund distribution via bank accounts 6
- 3. RESULT OF PFES FUND DISTRIBUTION VIA BANK ACCOUNTS 10
 - 3.1. Planning for PFES fund distribution via bank accounts 10
 - 3.2. Selection of banks who shall undertake PFES fund distribution via bank accounts 11
 - 3.3. Training PFES fund distribution via bank accounts 15
 - 3.4. Review of forest area, drafting the list of account holders and opening accounts 16
 - 3.5. Result of PFES fund distribution via bank account 20
 - 3.6. Assessment of the result of PFES fund distribution via bank accounts..... 22
- 4. CONCLUSION AND RECOMMENDATIONS 26
 - 4.1. Conclusion 26
 - 4.2. Recommendation..... 26
- DOCUMENT FOR REFERENCE 28

LIST OF ABBREVIATION

AgriBank	Viet Nam Bank for Agriculture and Rural Development
MB	Management board
PFES	Payment for forest environmental services
GIZ	German Development Cooperation GIZ
PA	Protected Area
KfW	German KfW Development Bank
MARD	Ministry of Agriculture and Rural Development
SPBVN	Social Policy Bank of Viet Nam
CPC	Commune People's Committee
VietinBank	Viet Nam Joint Stock Commercial Bank for Industry and Trade
VND	Vietnamese dong
VNFF	Viet Nam Fund for Forest Protection and Development

LIST OF TABLES AND FIGURES

Figure 1. Status quo of PFES fund distribution in De Xu Phinh commune in 2017..... 7

Table 2. Status quo of PFES fund distribution in 2017 in Tuy Duc and Dak R Lap district 9

Table 3. Fees and services relating to PFES fund distribution via bank accounts..... 14

Table 4. Information of training on PFES fund distribution in piloting provinces 15

Table 5. Area and plan of PFES advanced fund distribution via bank accounts in De Xu Phinh commune 17

Table 6. Forest area and plan of PFES fund distribution via bank account in Tuy Duc and Dak R' Lap district 18

Table 7. Result of opening bank account and PFES fund distribution in pilot provinces 19

Figure 1. Options in receiving PFES fund of account holders 11

Figure 2. people in a drama themed cash flow in PFES fund distribution 15

Figure 3. Number of PFES fund distributed to communal accounts and individual accounts in 3 piloting provinces 21

Figure 4. PFES fund distribution at De Xu Phinh and Tan Minh commune 21

Figure 5. the time used for distribution of provincial fund for forest protection and development and forest owners being organizations in pilot site..... 23

Figure 6. the volume of manwork involved in distribution of PFES in pilot sites 24

Figure 7. Cost incurred in PFES fund distribution in pilot site..... 24

I. INTRODUCTION

The Government's Decree 99 on Payment for Forest Environmental Services (PFES) stipulates the relationship between users and forest environmental service providers in the PFES policy. This is a revolutionary policy of the forestry sector, which has created a remarkable income source for the forest management, protection activities, contributed to improvement of people's livelihood, stabilization of the living condition of people and communities participating in forest management and protection, especially those come from ethnic minority groups living in highland and mountainous areas.

Funds for Forest Protection and Development are agencies trusted for receiving payment for forest environmental service (PFES) from forest environmental service users and are responsible for PFES fund distribution to forest owners being organizations, households, individuals and village, hamlet communities. The system of Funds comprises the Central level and provincial level. After 8 years implementing the PFES policy (2011-2018), Provincial Funds for Forest Protection and Development have been established in 45 provinces and the aggregated income from PFES after such a time reached VND 9,283 billion. Over 5,98 million hectares of forest have been protected annually with the finance from PFES fund (2018 Viet Nam Fund for Forest Protection and Development). At the moment, PFES fund distribution to forest owners being households, individuals, village communities contracted for forest management and protection is made mainly in cash by provincial Funds for Forest Protection and Development

According to inter-ministerial circular 62/2012/TTLT-BNNPTNT-BTC PFES fund distribution via bank account to forest owners being households, individuals, communities is encouraged and this is also encouraged in Circular 04/2018/TT-BTC of the Ministry of Finance. To date, PFES fund distribution via bank accounts is only applied in the province of Thua Thien Hue, but not yet in other projects

With GIZ's support through the project "Programme on Conservation, sustainable use of biodiversity and ecosystems services in Viet Nam", the feasibility study on PFES fund distribution via bank accounts was implemented in 2017 with KfW's participation. The study showed that over 96% of the PFES fund was distributed to forest owners being individuals, households, village communities by provincial Fund for Forest Protection and Development and to contracted parties for forest protection by forest owners being organizations (management boards of protection forest, of special-use forest) directly in cash .

PFES fund distribution in cash reveals itself limitations and raises concerns regarding transparency, safety and effectiveness during the organization (Vu Tan Phuong 2017). Given the fast development of the bank system, cooperation with banks in organization of PFES fund distribution via bank accounts can adress limitations of the current approach.

In Viet Nam, payment for planting, tending and protecting forest via bank accounts started in 1996 via afforestation projects in provinces of Lang Son and Bac Giang which was supported by KfW and this approach became compulsory according to regulation applied to forestry development projects funded by KfW.

Based on the result of a feasibility study on PFES fund distribution via bank accounts, GIZ further cooperated with the Viet Nam Fund for Forest Protection and Development to pilot PFES fund

distribution via bank accounts in 3 provinces of Yen Bai, Dak Nong and Hoa Binh in order to inform the process of policy improvement and upscale this approach in the whole country.

This report presents the result of PFES fund distribution via bank accounts in provinces of Yen Bai, Hoa Binh and Dak Nong. This report provides information on pilot places, implementation process and assessment on transparency, safety and effectiveness of PFES fund distribution via bank accounts in piloting provinces.

The pilot placed an important basis for policy development and guiding the implementation of PFES fund distribution via bank accounts.

II. OBJECTIVE AND SCOPE OF APPLICATION

2.1. OBJECTIVE

The general objective of this study is to find out the rationale of promotion of PFES fund distribution via bank accounts to forest owners being organizations, individuals, households, village communities and people contracted for forest protection and development. Specific objectives in pilot PFES fund distribution via bank accounts include:

- The Pilot is done and the lesson learnt from PFES fund distribution via bank accounts to forest owners being individuals, households, village, hamlet communities, and people contracted for forest protection is withdrawn;
- Transparency, safety and effectiveness in distribution of PFES fund via bank accounts are assessed;
- Gender integration in organization of PFES fund distribution via bank accounts is ensured.
- Basis for completion of procedure for implementation and indicators for monitoring/monitoring of PFES fund distribution via bank accounts is available

2.2. PILOT PLACES AND STATUS QUO OF PFES FUND DISTRIBUTION VIA BANK ACCOUNTS

Pilot distribution of PFES fund via bank accounts were implemented in 3 provinces including Yen Bai, Dak Nong and Hoa Binh. Selected pilot sites are diversified in terms of forest owners, people contracted for forest protection and development and difficulty in organization of PFES fund distribution via bank accounts. In Dak Nong province, where the pilot was implemented at the largest scale in the area of Tuy Duc district with a diversify of forest owners and people contracted for forest protection. In Yen Bai, the pilot was conducted at a scale of a commune that is Mu Cang Chai the most difficulty-stricken area of the province. In comparison with 2 pilot sites in Dak Nong and Yen Bai where PFES rates applied to recipients are quite high, the pilot site in Hoa Binh is quite different with a high number of households and the average rate of payment is much lower than that in the sites in Yen Bai and Dak Nong. Below is overviews about pilot sites.

2.2.1. Yen Bai province

The provincial Fund of Forest Protection and Development of Yen Bai province selected district Mu Cang Chai as the pilot site. Due to limitation in time, the Fund discussed with the commune people committee of Mu Cang Chai, the Management Board of the Mu Cang Chai Protection

Forest, the Habitates/species management area and the PFES Fund distribution Committee of Mu Cang Chai district and agreed upon that De Xu Phinh commune in Mu Cang Chai district was selected to be the commune where the pilot of PFES fund distribution via bank account was implemented.

The De Xu Phinh commune is a mountainous commune with quite disadvantageous conditions for socio-economic development, poor infrastructure. The commune constitutes of 6 hamlets with 454 households, of which over 90% is H'mong people. The total forest area in the commune area is 2,669 ha, of which 879 hectares are covered by special-use forest, 1,37 hectares are protection forest and 423 hectares are production forests.

All 6 hamlets of the commune De Xu Phinh were contracted for forest protection by the Management board of Mu Cang Chai protection forest and Habitats/species management area. The total forest area eligible for PFES is 2,388 ha, of which the forest area of the Management Board of Mu Cang Chai is 1,516 ha and the forest area of the habitats/species management area Mu Cang Chai is 872 ha.

The total value of PFES fund distributed to households, individuals participating in forest protection in 6 hamlets in 2017 was VND 1.815,5 million. Total number of households distributed PFES fund was 452, of which the average proportion of female householders was 3.3%. All the households in the hamlet were distributed PFES fund and the value of fund received varied among hamlets, from 1.8 to 8.5 million/household (Table 1).

All the value of PFES fund was distributed by forest owners being organizations (management board of protection forest, of habitats/species management areas) and the Fund for Forest Protection and Development of Yen Bai province (through the PFES distribution board at district) the fund was distributed to village, hamlet contracted for forest protection and development directly in cash.

Figure 1. Status quo of PFES fund distribution in De Xu Phinh commune in 2017

Indicator	Hamlet De Xu Phinh A	Hamlet De Xu Phinh B	Hamlet Hang Cuon Rua	Hamlet Ma Lu Thang	Hamlet Phinh Ho	Hamlet Chong Sua
1. Forest area eligible for PFES (ha)	328,6	219,6	155,8	966,0	411,0	308,0
2. Total number of households in the hamlet (households)	91	91	41	86	103	40
3. Total number of households received PFES fund (households)	91	91	41	86	103	40
4. Proportion of female householders (%)	2,2%	1,1%	2,4%	10,5%	3,9%	0,0%
5. Total PFES fund distributed (VND 1,000)	249.698	166.873	118.400	734.130	312.383	234.049
6. Average value of PFES fund distributed (VND 1,000/household)	2.744	1.834	2.888	8.536	3.033	5.851

7. Average value of PFES fund distributed (VND 1,000 / ha)	760	760	760	760	760	760
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2.2.2 Hoa Binh province

The provincial Fund for Forest Protection and Development in considering conditions of the transaction system of banks, distance from communes to bank transaction points, the diversification of PFES beneficiaries selected commune Tan Minh, Da Bac district, Hoa Binh province as the pilot site for PFES fund distribution via bank account.

Tan Minh commune, Da Bac district, Hoa Binh province is located in the river basin where the Hoa Binh Hydro-power factory is also located. Being a specially difficulty-stricken commune of the Da Bac district, about 20 km from the district center and is home of inhabitants from Muong, Thai, Tay ethnic groups, in which Muong group accounts for over 70% which is the majority. The total natural land area of Tan Minh commune is 7,494 ha, of which the planted forest area is 1,435 ha, natural forest area is 2,997 ha and the agriculture land area and other land area covers 3,062 ha (according to Hoa Binh provincial Fund for Forest Protection and Development 2018).

Total forest area in 2017 in the commune area is 4,437 hectares, of which the forest area allocated to households, individuals for their management is 1,316 hectares (of which forest area that is not included in spatial plan is 17.4 hectares; forest area under the management of commune people's committee is 2,109 hectares and the forest areas under organizations' management is 1,007 hectares (3 organizations).

In 2017, the forest area under the management of households, individuals and commune people's committees that was eligible for PFES was about 3,000 hectares, with the total value of PFES fund eligible was VND 711,437,600 (the average rate was VND 237,000/ha). PFES fund distribution was organized by the Management Board of Song Da Protection Forest in the direct form in cash. The proportion of female recipients was low, under 10% of the number of households, individuals eligible for PFES.

2.2.3. Dak Nong province

The Provincial Fund for Forest Protection and Development selected district Tuy Duc as the site for piloting the PFES fund distribution via bank accounts. Tuy Duc district is located in the West South direction of Dak Nong which has a natural forest area of 55,708 ha. Being a borderline district, located quite far from the provincial center where the transportation conditions are still in the underdeveloped status meaning travelling is extremely difficult.

Total population of Tuy Duc district is about 50,000 people, who come from 21 ethnic groups such as E De, Thai, Tay, H'mong, etc...of which people from ethnic minority groups accounts for 43% the total population of the whole district. The life of people is quite difficult, though living in a large area, the majority of inhabitants are poor households, they are living scatteredly and with low education level, some are even illiteracy (Dak Nong provincial Fund for Forest Protection and Development 2018).

In addition to difficulties in socio-economic aspects that Tuy Duc district encounters, it also has a diversity in terms of PFES beneficiaries, including forest owners being State owned organizations. (6 organizations); 5 commune people's committees; forest owners being households, individuals, village, hamlet communities and households contracted for forest protection. Among forest owners being State owned organizations, the management board of the protection forest Nam Cat Tien (Dac R' Lap district). Among forest owners being State owned organizations, the management board of the protection forest Nam Cat Tien (Dac R' Lap district), the management

board of the protection forest Thac Mo (Tuy Duc district), the management board of the protection forest border belt piloted PFES fund distribution via bank accounts to people contracted for forest protection and forest owners being households and village/hamlet communities. Total forest area eligible for PFES in 2018 was over 8,000 hectares with the number of households, groups of households contracted for forest protection was nearly 400, of which over 95% of households was people contracted for forest protection by the management board of the protection forest Nam Cat Tien and Thac Mo (the Provincial Fund for Forest Protection and Development of Dak Nong province 2018).

Table 2. Status quo of PFES fund distribution in 2017 in Tuy Duc and Dak R Lap district

Indicator	The management board of Nam Cat Tien				The management board of Thac Mo	The management board border belt	Forest owner being individuals, households, communities
	Nhan Dao commune	Dao Nghia commune	Daksin commune	Hung Binh commune			
1. Area eligible for PFES (ha)	1.883	292	675	1,415	2.438	627	822
2. Total number of households in the commune (households)	675	640	532	578	NA	NA	NA
3. Number of households received PFES for contractual forest protection (household)	95	16	37	74	164	0	7
4. Proportion of householders being female receiving PFES (%)	NA	NA	NA	NA	NA	NA	NA
5. Total value of PFES fund distributed (VND 1,000)	1.268.153	196.359	454.855	953.205	1.274.351	380.980	615.990
6. The average value of PFES (VND 1,000/household/community)	13.349	12.272	12.293	12.881	7.770	0	87.998
7. the number of average PFES fund distributed (VND 1,000/ha)	673	672	674	674	522	608	749

3. RESULT OF PFES FUND DISTRIBUTION VIA BANK ACCOUNTS

Pilot of PFES fund distribution is implemented in accordance with Verbal note 34/VNFF-BĐH dated March 28th 2018 of the Viet Nam Fund for Forest Protection and Development. The pilot underwent steps as follows: (i) Design of the plan of PFES distribution via bank accounts; (ii) Selection of banks implementing PFES distribution via bank accounts; (iii) meeting with people to reach consensus on accounts; (iv) organization of training on PFES fund distribution via bank accounts; (v) Inventory of the forest area, list of account holders and opening bank accounts; and (vi) Assessment of the result of pilot of PFES fund distribution via bank accounts in the piloted sites.

3.1. PLANNING FOR PFES FUND DISTRIBUTION VIA BANK ACCOUNTS

Feasibility study shows that at the moment, there are about 10 banks partnered with provincial Fund for Forest Protection and Development in order to have bank accounts opened for receipt of payment for forest environmental services, of which, the majority of provincial Fund for Forest Protection and Development partnered with Vietinbank and Agribank. However, in the aspect of capacity, the two banks including Agribank and the Social policy bank have a quite large network in far and remote areas (Vu Tan Phuong 2017).

Pilot the distribution of PFES fund via bank accounts to forest owners being individuals, households, village, hamlet community and people contracted for forest protection is aimed to ensure the impartiality and independence in distribution of PFES fund. The provision of distribution (transfer) service of banks is a business service that is agreed upon between the provincial fund for forest protection and banks. Provincial Fund for Forest Protection and Development and forest owners being organizations and stakeholders only undertake technical works such as planning for PFES fund distribution via bank accounts (list of bank accounts, amount, the distribution moment), the evaluation for acceptance, communication, collection of fund and monitoring.

Substantially, PFES fund distribution under implementation now by provincial Fund for Forest Protection and Development and forest owners shall be replaced by the service of a third party, in the new approach, banks shall undertake the distribution based on the standing order of provincial Fund for Forest Protection and Development and forest owners being organizations. In piloting PFES fund distribution via bank accounts, provincial Fund for Forest Protection and Development is the focal point in negotiation, selection and signing agreement on PFES fund distribution to forest owners and people contracted for forest protection services, this mechanism aims for lessening intermediary points in organization of PFES fund distribution via bank accounts such as distribution committees of provincial Fund for Forest Protection and Development or distribution teams of forest owners.

There are 3 types of bank accounts can be opened for beneficiaries of PFES policy, including:

- Organizational accounts: is the bank account opened for forest owners being organizations, who include management boards of protection forests, special-use forests and other organizations.
- Individual account: is the account opened for individual beneficiaries of PFES policy, who include forest owners being individuals, households; individuals, households contracted for forest protection;

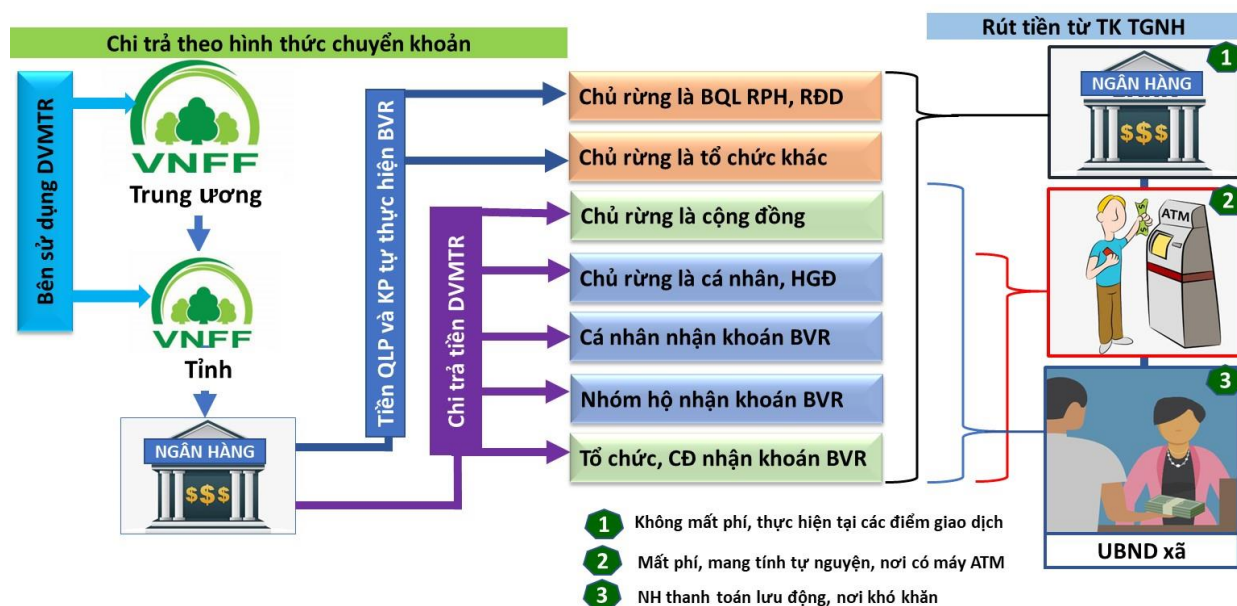
- Communal account: is the account opened for forest owners being communities, communities and groups of households contracted for forest protection. In places where the applied PFES rate is low, opening bank accounts for groups is recommended in order to improve the effectiveness of PFES fund distribution via bank accounts.

It is recommended that various types of bank accounts be opened in one bank system for implementation of the distribution service in order to cut down costs relating to organization of mobile PFES fund distribution of banks.

Forms PFES fund distribution to beneficiaries of PFES policy can vary in different options including (figure 1):

- PFES fund distribution in mobile form at office of commune people's committee;
- PFES fund distribution at bank counters;
- Bank accounts holders withdraw cash at ATM (as for account holders having ATM cards);

Figure 1. Options in receiving PFES fund of account holders



3.2. SELECTION OF BANKS WHO SHALL UNDERTAKE PFES FUND DISTRIBUTION VIA BANK ACCOUNTS

Implementation of PFES fund distribution via bank accounts was adopted by the Viet Nam Fund for Forest Protection and Development in April 2018. In such basis, the provincial Fund for Forest Protection and Development of Yen Bai, Hoa Binh and Dak Nong shall review and select banks who are eligible for providing PFES fund distribution via bank accounts.

During the negotiation process with banks, the Viet Nam Fund for Forest Protection and Development, GIZ, consultants supported provinces through direct meetings with banks. In total, there were 3 spells of support organized during when requirements in PFES fund distribution via bank accounts were clarified and consultancy on issues relating to selection of banks was provided. Additionally, during the implementation, recommendation and advice of consultants were taken via emails and telephones in order to support provincial funds for forest protection and development, banks to understand better about distribution of PFES fund via bank accounts so that they can reach consensus and sign contracts.

Below is the briefed process of bank selection who shall participate in distribution of PFES fund of pilot provinces.

3.2.1. Yen Bai province

Funds for Forest Protection and Development actively investigated, got an insight into 3 banks having branches in the province which are the Social Policy Bank, the Agriculture and Rural Development Bank, Vietinbank. The result shows that:

- The branch of Vietinbank only has bank counters located in the area of Yen Bai city and 1 bank counter in the area of Yen Binh district. There have not been any bank counters in Mu Cang Chai district.
- The branch of Social Policy Bank and the Agriculture and Rural Development Bank all have bank counters in district, towns, cities, including Mu Cang Chai and the branch of Social Policy Bank has bank counters at offices of commune people's committees and one day per month the bank organizes a transaction day at commune site.

In 3 banks, the Social Policy Bank enjoy the most advantageous edge thanks to its large network of bank branches and counters and is maintaining regular transaction in the commune area. However, working with this bank revealed the following limitations:

- At the moment, customer having bank accounts opened at the Social Policy Bank can withdraw cash, have bank transaction conducted only at the district level bank counters, not commune level bank counters. Therefore, in order to open accounts and conduct cash distribution at commune level counter of the Social Policy Bank, it must report to and obtain the approval of the Central level Social Policy Bank for guidelines, permit, use of accounts in case of specialized account.
- Provincial Bank branches are not allowed to decide the rate of service fee (transfer fee, cash payment at commune level bank counter), but have to report thereabout to Central level banks; in the meantime, the SMS banking service has not yet been provided.

With such limitation and requirements on progress, the Provincial Fund for Forest Protection and Development didn't select the Social Policy Bank and negotiated with the Branch Agriculture and Rural Development Bank of Yen Bai province. The result of working with the Yen Bai Agriculture and Rural Development bank is as follows:

- The Agriculture and Rural Development has branches in all districts, towns, cities in the provincial area, of which the branch in Mu Cang Chai district has 01 bank counter with 10 staff in total.
- The Agriculture and Rural Development bank satisfied all requirements regarding opening the deposit account for sending fund to be distributed, the mechanism of distribution in cash at bank counter or mobile distribution; rates of service fee applied is at the discretion of provincial bank branches based on the frame regulations of central level Agriculture and Rural Development Bank.

Based on the result of negotiation, the Provincial Fund for Forest Protection and Development selected and signed the service contract on distribution of PFES fund with the Agriculture and Rural Development Fund Yen Bai Branch. The contract was signed on June 15th 2018 with provisions on accounts to be opened, PFES fund distribution, services and fees applied for each types of service, responsibility of contract parties.

3.2.2. Hoa Binh provinces

The provincial Fund for Forest Protection and Development reviewed, analyzed the organizational structure, operational approach and actual situation of banks in the provincial area in order to select relevant banks. The Fund negotiated with the Hoa Binh Branch of the Social Policy Bank and the Hoa Binh Branch of the Agriculture and Rural Development Bank.

The Fund organized 2 meetings with the 2 banks. However, after discussing in detail, the Social Policy Bank didn't agree upon the cooperation due to their insufficiency of human resource. The Agriculture and Rural Development Bank Hoa Binh branch is the bank who has provided the PFES fund distribution service to individuals, households via bank accounts under the framework of the KfW8 project in Hoa Binh province and is highly experienced in organizing this service. The Provincial Fund for Forest Protection and Development organized 3 meetings with the Agribank Hoa Binh branch and right in the first meeting, (June 6/2018) a consensus between the Fund and the Bank was reached. In the 2nd meeting (June 2018), the Fund organized a meeting with the presence of leaders of the provincial Agribank (June 2018), the Fund organized Agribank Da Bac district, GIZ project and the consultants. After discussing in detail, parties clarified information regarding pilot of PFES fund distribution, discussed on different fees and organization of implementation. After the above-mentioned meeting, parties conducted and at the 3rd meeting (August 2018), negotiation was continued between both parties and a plan of action and the contract for distribution of PFES fund was signed with the Agribank Da Bac district. In the contract on PFES fund distribution, PFES fund receivers, location of distribution, kinds of fees are clearly defined (compulsory and optional), when the distribution is organized and responsibility of parties (the Fund and Bank).

Similar as Yen Bai, the Provincial Fund for Forest Protection and Development fulfilled the agreement on PFES fund distribution via one focal point that is the Provincial Fund for Forest Protection and Development. This means that in the pilot implementation, the distribution is conducted by the bank on behalf of the provincial Fund and the management board of Song Da protection forest.

3.2.3. Dak Nong province

The provincial Fund for Forest Protection and Development of Dak Nong province organized meetings with banks, below is the result of discussion and assessment:

- At the moment, customer having bank accounts opened at the Social Policy Bank can withdraw cash, have bank transaction conducted only at the district level bank counters, not commune level bank counters. Therefore, in order to open accounts and conduct cash distribution at commune level counter of the Social Policy Bank, it must report to and obtain the approval of the Central level Social Policy Bank for guidelines, permit, use of accounts in case of specialized account.
- Provincial Bank branches are not allowed to decide the rate of service fee (transfer fee, cash payment at commune level bank counter), but have to report thereabout to Central level banks; in the meantime, the SMS banking service has not yet been provided.
- Agribank: Though this bank has branches in all districts, towns in the provincial areas, including Tuy Duc district. However, the bank offered a comparatively high rate for distribution service, and irrelevant provisions in the contract.
- The Dak Nong Branch of Vietinbank: the bank expressed willingness in cooperation and both parties discussed in detail about requirements on PFES fund distribution. The bank was ready to satisfy requirements on bank account opening, mechanism for implementation of PFES fund distribution and shown its activeness in making-decision on fees relating to PFES fund distribution via bank accounts.

Based on the result of negotiation with the above 3 banks, the Provincial Fund for Forest Protection and Development decided to choose Vietinbank Dak Nong as the agency to whom it cooperates in order to pilot the PFES fund distribution via bank accounts and went through negotiation and reached an

agreement of cooperation (in July 2018), of which the following issues were agreed upon (i) method of bank account opening; (ii) distribution method; (iii) services and rate of fee for each type of service; and (iv) responsibilities of both parties in organization of implementation.

3.2.4. Fees relating to PFES fund distribution via bank accounts

Based on the agreement and contracts signed between the Fund for Forest Protection and Development of Yen Bai and Dak Nong and Hoa Binh with banks who are in charge of fund distribution service, the fees relating to PFES fund distribution is presented in Table 3.

The two compulsory fees include the account management fee (paid by bank account holders) and the fee for mobile distribution service at offices of commune people's committees vary quite a lot among banks. The fee for mobile distribution of Agribank is 0,30% of the value of fund distributed and this fee of Vietin Bank is 1,0% which is the highest.

In addition to compulsory fees, Banks also provide optional services for PFES receivers, including SMS banking, ATM card and saving accounts in different terms.

Table 3. Fees and services relating to PFES fund distribution via bank accounts

Transaction service	Agribank Hoa Binh	Agribank Yen Bai	Vietinbank Dak Nong
1. Bank account opening	Free of charge	Free of charge	Free of charge
2. Account management fee (compulsory), VND/ month	4,400	3,300	2,200
3. Minimum balance in individual account (compulsory), VND / 1,000/account	50.000	50.000	50.000
3. SMS banking fee (optional) VND/month	7.500	9.500	8.800
4. ATM card opening fee (optional), VND/card	50.000	50.000	50.000
5. Fee for mobile distribution at the office of commune people's committee (%/the distributed fund value)	0,30%	0,30%	1,0%

As such, it is undoubtedly that the negotiation in order to select Bank in charge of PFES fund distribution was quite time-consuming. Some reasons of delayed progress include: the steering of provincial Fund for Forest Protection and Development has yet to be close; an absence of efficient coordination between the Provincial Fund for Forest Protection and Development with forest owners being organizations. In addition, as it is a new distribution service, banks must consider and get to know carefully before making the decision on cooperation with the Fund.

During the pilot process in Dak Nong, Vietinbank didn't require minimum balance in accounts. In Hoa Binh, Agribank can consider apply the regime of sleeping account in no transaction time and this can help reduce cost of account management. However, all the above issues need to be discussed and agreed upon between banks and Provincial Fund for Forest Protection and Development.

3.3. TRAINING PFES FUND DISTRIBUTION VIA BANK ACCOUNTS

After contract signed, Viet Nam Fund for Forest Protection and Development in coordination with GIZ and the consultant continued to support Provincial Fund for Forest Protection and Development and selected banks so that knowledge on PFES fund distribution via bank accounts can be disseminated to more PFES recipients and more accounts are opened for them. 8 training courses on PFES fund distribution were organized in 3 pilot provinces. The total number of people participated in those training courses was 914 and on average, the proportion of female was 43% (ranging from 30-55%) (table 4).

Main content of training courses organized by Provincial Fund for Forest Protection and Development and Central Viet Nam Fund for Forest Protection and Development, GIZ and banks focused on the following contents:

- Introduction on the PFES policy
- Content and plan of piloting PFES fund distribution via bank accounts
- Role of gender in PFES fund distribution via accounts in order to improve the equality and effectiveness of PFES fund use
- Procedure in bank account opening and related fee

Table 4. Information of training on PFES fund distribution in piloting provinces

Or	Indicators	Yen Bai	Hoa Binh	Dak Nong
1	Number of training courses on PFES fund distribution via bank accounts	2	1	5
2	Number of people having participated in PFES fund distribution via bank accounts	250	150	514
3	Proportion of female having participated in training courses (%)	43	55	30
4	Number of meetings in villages, hamlets organized for selection of account types, and election of representatives for communal accounts	12	10	3

Due to the special condition in which the proportion of ethnic people such as H'mong, M'nong is high, in pilot sites in Yen Bai and Dak Nong, the method of communication selected was using local language and drama. This helped households who are ethnic people understand the meaning of PFES policy and the nature of PFES fund distribution via bank accounts.

Figure 2. people in a drama themed cash flow in PFES fund distribution



During the training process, procedures relating to bank accounts opening, relating fees (compulsory and optional) to be born by bank account holders, relating fee to be paid by the provincial Fund for Forest Protection and Development all were introduced. More importantly, different sorts bank accounts to different objects was introduced as well so that PFES recipients (individuals, hamlet, village communities) could make decision by their own.

In FPES fund distribution via bank accounts, the gender issue was emphasized and was included in the guidelines targeting provincial Fund for Forest Protection and Development, villages, hamlets and banks in their communication and dissemination about role of male and female in making decision who is account holders. As for communal accounts, women were encouraged to participate to representative committee and be account holders. Discussing and agreeing upon accounts types are made through villages, hamlets meetings in order to gain consensus.

During the training process, banks in coordination with forest owners reviewed, collected information relating to completeness of ID papers as conditions for bank accounts opening. On such basis, the preliminary list of accounts types was drafted for each village, hamlets. In addition, provincial fund, forest owners being organizations, village, hamlet communities and banks discussed on the plan of bank account opening for forest owners and people contracted for forest protection.

The highest barrier to the participation of people to meetings, trainings is language. People, especially women living in Mu Cang Chai district (Yen Bai) and Tuy Duc (Dak Nong) come from ethnic groups, such as H'Mông, M' Nông, Ê Đê was illiteracy and the fact that have never heard Vietnamese. Therefore, it is necessary to compile and apply relevant communication method, especially, ethnic languages in communication and training.

3.4. REVIEW OF FOREST AREA, DRAFTING THE LIST OF ACCOUNT HOLDERS AND OPENING ACCOUNTS

Based on the result of PFES fund distribution in 2017 in pilot sites and requirements on PFES fund opening for receipt of PFES fund, Provincial Fund for Forest Protection and Development in coordination with forest owners being organizations, and stakeholders (provincial fund, protection forest management boards, and species and habitats management areas, commune people committee De Xu Phinh commune and 6 villages) reviewed and drafted a list of PFES recipients whose bank accounts are to be opened.

3.4.1. Review of areas and PFES fund recipients

In Yen Bai, review of areas and planning for PFES fund distribution via bank accounts is quite time-consuming due to errors in statistics of areas and PFES beneficiaries. On the basis of inventory, stakeholders reached an agreement on the list and PFES eligible areas of which the PFES fund will be distributed via bank accounts (table 5).

The review table shows 5 villages and 1 farmer association were contracted for forest protection with 681 households benefited from the PFES policy (Yen Bai provincial Fund for Forest Protection and Development 2018). This shows that the number of households received PFES increased 229 households more (this number in 2017 was 452 households) and the forest areas eligible for PFES is 2,277 ha (an decrease of 111 ha in comparison with 2017). Total PFES fund value to be distributed (at the average rate 400,000/ha) via bank accounts is about 911 million (see table 5).

Table 5. Area and plan of PFES advanced fund distribution via bank accounts in De Xu Phinh commune

Or.	Forest owner and PFES eligible receiver	Forest area eligible for PFES (ha)	Value of advanced fund to be distributed via bank accounts (VND)
I	Management board of protection forest Mu Cang Chai	1.486,1	594.444.000
1	De Xu Phinh A	322,7	129.064.000
2	De Xu Phinh B	248,3	99.332.000
3	Hang Cuon Rua	166,3	66.516.000
4	Ma Lu Thang	283,7	113.488.000
5	Phinh Ho	232,6	93.028.000
6	Chong Xua	175,4	70.144.000
7	Farmer Association	57,2	22.872.000
II	Species and habitats management areas Mu Cang Chai	790,9	316.352.000
1	De Xu Phinh A + B	299,7	119.860.000
2	Hang Cuon Rua + Chong Xua	164,7	65.880.000
3	Ma Lu Thang	150,2	60.068.000
4	Phinh Ho	176,4	70.544.000
Total		2.277,0	910.796.000

Result of the review showed that there are errors in forest areas eligible for PFES and especially the error in number of households participating in forest protection and are eligible for PFES. This

is also an objective reason because the PFES fund distribution because PFES distribution is based on the result of forest protection on the allocated forest and land and updating changes in terms of area and PFES recipients is not reasonable paid attention.

Parties also agreed to open 6 communal accounts for 5 villages and 1 farmer association, 142 individual accounts for households from Phinh Ho and Chong Xua district. Head of villages coordinated with forest owners being organization to draft a detail list of account holders and elect the representative committee whose name will be used to open bank account.

As for pilot site in Hoa Binh, in order to conduct the 1st advance of money in 2018 for households, individuals, the Provincial Fund for Forest Protection and Development in coordination with consultants, local rangers, officials of commune people's committees in coordination with the project consultants, local rangers, official of commune people's committee to review the forest status quo and drawing the PFES fund distribution map in accordance with Circular 22/2017/TT-BNNPTNT. The result of review in the area of 10 hamlets in Tan Minh commune, Da Bac district showed that as many as 501 households, individuals were entitled to PFES (making an increase of 222 households in comparison with that of the year 2017 which was 279 households); the forest areas eligible for PFES was 1,299 ha (making an increase of 500 ha in comparison with 973 ha of the year 2017). Due to the high number of households and small value of PFES fund was to be distributed to households, in order to ensure the efficiency, the Fund organized a meeting with commune authorities and hamlets in order to reach an agreement on the selection of suitable account. All hamlets agreed to have a communal account for each hamlet opened and elected the representative whose name will be used for the communal account. The Fund drafted a list of forest owners by hamlet and list of hamlet representative in order to open the communal account.

In Dak Nong, identification of PFES recipients to be listed is based on the result of the review of forest area and eligible PFES recipients in 2017. The review has the participation of the provincial Fund for Forest Protection and Development, management board of the protection forest Nam Cat Tien, management board of the protection forest Thac Mo, management board of the border belt protection forest, commune people's committees and concerned agencies. On the basis of review result, the provincial Fund for Forest Protection and Development and stakeholders agreed on the eligible area of payment, value of advanced fund to be distributed to forest owners (being organizations, individuals, households, communities) and people contracted for forest protection.

Table 6. Forest area and plan of PFES fund distribution via bank account in Tuy Duc and Dak R' Lap district

Or.	Name of forest owner/ commune	Area (ha)	Number of household contracted for forest protection /forest owner	Value of PFES fund advanced to be distributed via bank account (đồng)
A	Forest owner being organization (Management board, organization)	5.890		3.583.243.892
B	Foresy owner who contract other parties for forest protection	7.330	386	1.811.161.093
1	Maangement board of Nam Cat Tien protection forest	4.265	222	1.149.028.716

1.1	Nhan Dao commune	1.883	95	507.261.342
1.2	Dao Nghia commune	292	16	78.543.570
1.3	Dak Sin commune	675	37	181.941.984
1.4	Hung Binh commune	1.415	74	381.281.820
2	Management board of the protection forest Thac Mo	2.438	164	509.740.571
C	Forest owners being households, individuals, groups of household	50	2	14.995.380
D	Forest owner being village community (hamlet)	772	5	128.790.181
Total		12.553	393	5.488.409.360

Based on the result of review, the provincial Fund for Forest Protection and Development forest owners being organizations, and stakeholders together make the detail list of account holders of individual accounts being forest owners and people contracted for forest protection, list of representatives for communal accounts of villages and accounts for forest owners being organizations.

3.4.2. Opening bank accounts for PFES recipients

From the review result, provincial fund for forest protection and development made the list of forest owners and people contracted for forest protection in order to open bank accounts for them. Based on this list, the bank opened bank accounts for people. The result of bank account opening and related services are presented below (table 7).

Selection of account types for distribution of PFES fund is at the discretion of individuals, households and village communities. In Yen Bai among 5 communal accounts, there are 2 villages households therein have individual accounts (142 accounts). Similarity, in Dak Nong, number of households participating in forest protection opened individual account is very high, with 322 accounts, and the number of communal accounts is 5. However, in Hoa Binh, 10 communal accounts were opened for 10 hamlets representing over 500 households (table 7).

Another active point is that via communication, training, the role of female in PFES fund receipt has changed considerably. The proportion of female being representatives of communal accounts in Hoa Binh is comparatively high (account for 30%) while in Yen Bai, the proportion of account holders being female is 15%.

Table 7. Result of opening bank account and PFES fund distribution in pilot provinces

Or.	Type of account (indicator)	Yen Bai	Dak Nong	Hoa Binh
1	Number of organizational account	1	14	0
2	Number of individual account	142	313	0
3	Number of communal account	6	5	10
4	Number of ATM cards (cards)	110	105	0
5	Proportion of account holders being female (%)	15	18	30
6	Proportion of account holders registered SMS banking SMS	0	92	0

Banks opened bank accounts in compliance with provisions and ensured a strict management of all dossiers. All dossiers applying for account opening of organizations, communities, individuals were stored in compliance with provisions at banks. During the process of account opening, there were some finding as follows:

- People has approached to credit services of banks so having a bank account opened and using accounts is not a new issue to them;
- There are some differences between forest owners, person signed the contract of forest protection and name of account holders which needs reviewing and cross-checking of banks.
- Limitation in Vietnamese official language of ethnic minority influenced account opening progress;
- That some households use ID card to deposit or lost ID card slowdown the bank account opening progress.

3.5. RESULT OF PFES FUND DISTRIBUTION VIA BANK ACCOUNT

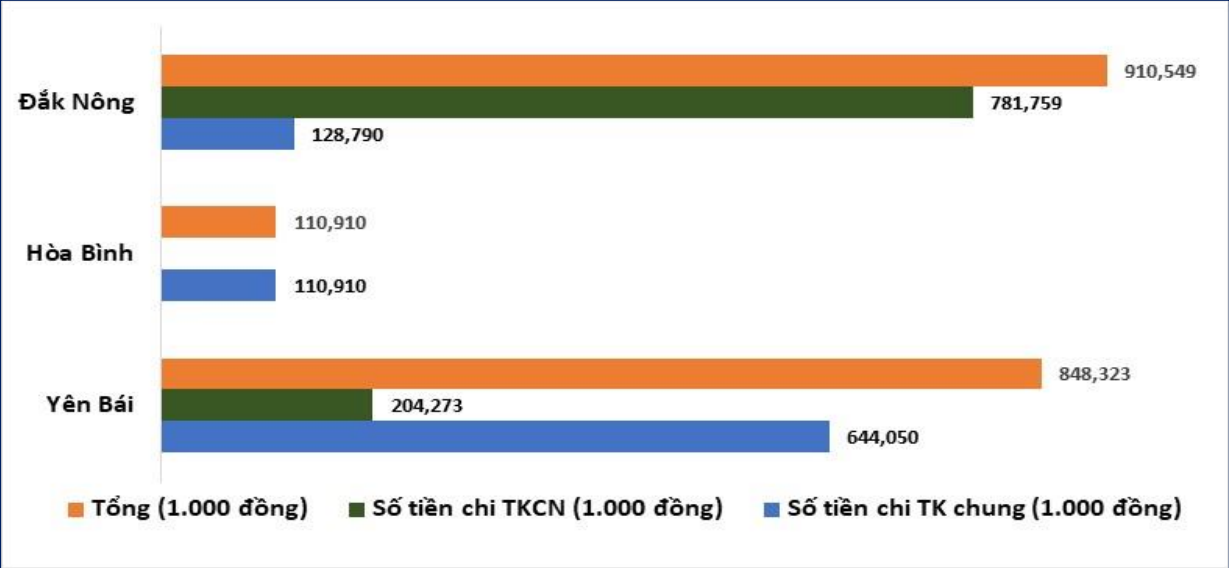
To the reporting moment (6/9/2018), all 3 provinces participating PFES fund distribution via bank accounts distributed the advanced value of PFES fund. Before distribution, the Fund and bank conducted the following tasks:

- Fund, bank reviewed the list of additional PFES recipients, update this list if necessary;
- The fund approved the list and sent the standing order and list of PFES recipients to the banks;
- The Fund and bank agreed upon the time and places for payment;
- The Provincial Fund for Forest Protection and Development publicized the list of PFES recipients by account holders at the commune people committee office and inform head of villages, hamlets thereabout.
- The bank transferred money to bank accounts of forest owners and people contracted for forest protection based on the approved list;
- The bank informed the Provincial Fund, forest owners being organizations, and stakeholders the time for organization of mobile distribution and agreed place (office of commune people committees).

Total value of PFES fund transacted via bank accounts in 3 pilot sites was VND 5.5 billion, of which the fund distributed to forest owners being organization (in Dak Nong) was VND 3,5 billion (accounting for 66%). The value of PFES fund distributed to communal accounts of 3 provinces was VND 888 million (21 communal accounts) and the value of PFES fund distributed to individual accounts (455 accounts) was VND 986 million.

Looking at the value of PFES fund distributed to communal accounts and individual accounts – accounts of communities and individuals, households, a difference can be seen among provinces. In Yen Bai, banks organized mobile distribution at the office of the Commune People's Committee of De Xu Phinh in one day) August 26th 2018) with 7 bank counters were arranged. The value of PFES fund distributed to households (via individual accounts) was VND 204 million, accounting for 24% of the total distributed PFES fund and the PFES fund distributed to communal accounts of villages communities (5 villages and 1 farmer association) was VND 644 million (accounting for 76% of the total value of the distributed fund) (figure 3). The value of distributed fund reached 97% against the plan. Some account holders haven't received PFES fund in the distribution of the bank because they were busy after that they visited the bank to withdrawal cash already. Among the form of PFES fund receipt in De Xu Phinh commune, there was one account holder withdrew money directly from ATM placed at the transaction office of the bank in Mu Cang Chai district.

Figure 3. Number of PFES fund distributed to communal accounts and individual accounts in 3 piloting provinces



In Hoa Binh, all the PFES fund was distributed to the communal accounts of hamlets and the distributed fund was distributed to households in every hamlets (500 households). PFES fund distribution by the Agribank Da Bac was conducted at the Commune People’s Committee of Tan Minh commune and include 2 in charge staff, 1 guard and 1 driver. The distribution of the bank was organized in a professional way, observed strictly the banks’s regulations. All the representatives of account holders were present at the distribution site. After being instructed by banks, representatives of communal accounts filled in the form of cash withdrawal and underwent transaction procedures including submission of personal ID card, cash checking, signing for confirmation of cash receipt (figure 4). The distribution by the bank took place within 1.5 hour and the total value of PFES fund advanced VND 110 million which was distributed to 10 communal accounts.

Figure 4. PFES fund distribution at De Xu Phinh and Tan Minh commune



a) the bank organized PFES fund distribution in De Xu Phinh, Mu Cang Chai, Yen Bai



b) The bank organized PFES fund distribution at Tan Minh commune, Da Bac, Hoa Binh

In Dak Nong, Vietinbank and the Provincial Fund for Forest Protection and Development in Dak Nong organized PFES distribution at the offices of Commune People’s Committees. The value of PFES fund distributed to holders of individuals was 782 million dong, accounted for 86% of the total PFES fund distributed to communal accounts and individual accounts (distributed to 313 individual accounts); the value of PFES fund distributed to communal accounts of 5 village communities was VND 129 million accounted for 14% (figure 3).

PFES fund distribution by the bank was organized professionally. Before moving to the commune site where the distribution was to be organized, the value of PFES fund to be distributed to every account holder had been made ready. When distributing the fund, bank staff checked the personal ID card and signature of account holders and representatives (as for communal account) in order to ensure that the distribution is made to proper people in the approved list and opened accounts. As for every transaction, vouchers were archived by bank staff, these vouchers include cash withdrawal slippers with signatures of account holders and bank staff after the cash withdrawal had completed.

3.6. ASSESSMENT OF THE RESULT OF PFES FUND DISTRIBUTION VIA BANK ACCOUNTS

PFES fund distribution via bank accounts has impacted significantly to transparency, reduction of risk (improved safety) and improved effectiveness (cost) in organization of PFES distribution to forest owners being individuals, households, villages, hamlets people communities; people contracted for forest protection.

3.6.1. Transparency

PFES fund distribution via bank accounts reveals itself high level of transparency in comparison to the current distribution approach which is proved from the following aspects.

The first, PFES fund distribution is conducted by a third party (bank) which ensure the independence, decrease intermediary points. In comparison to other form of distribution being practiced by the provincial fund for forest protection and development and forest owner being organizations, the number of points involved in distribution decreased. As for the provincial Fund for Forest Protection and Development of provinces, the point that can be saved is the distribution committees at district, commune levels (if any); as for forest owners being organizations, it is not necessary to establish the distribution team (normally 3-5 people) in order to distribute PFES fund to people contracted for forest protection.

The second, the dossiers applying for account opening and cash withdrawal from bank accounts were prepared in compliance with provisions of bank, ensured the exactness and explicitness. Evidences of PFES fund distribution to accounts of forest owners and people contracted for forest protection was archived in the bank system and can be easily accessed to. These evidences include standing orders of the provincial Fund for Forest Protection and Development, cash transferring order and cashcheck as for distribution to the list of accounts as authorized. Additionally, when the bank organized mobile distribution, vouchers were signed by account holders and bank staff and archive per each account and transaction. In comparison with the current distribution approach, of the Provincial Fund for Forest Protection and Development and forest owners being organizations. Normally vouchers means the distribution list with signatures for money receipt of recipients and this list was made for villages, hamlets with dozens or hundreds of money recipients.

Mr. Ly A Chanh, village Phin Ho, commune De Xu Phinh, district Mu Cang Chai said that, before, the commune had received PFES fund, after that it distributed the amount to heads of villages and these people distributed PFES fund to households. No one could monitor the distribution by heads of villages. *Now, the distribution was made through banks, it is transparent, we know how much money we are eligible and we can open ATM card, use the card for cash withdrawal at ATM as ATM is popular now*.

Mr. Ha Van Anh, representative of the communal account of village Xom Dieu Noi, Tan Minh commune, Da Bac district said "PFES fund distribution via bank accounts is very transparent, without the need of intermediary points and deduction of contributive amounts. The banks

requested the presence of all 3 representatives of the community so we can supervise each others. Before, everything was in the hand of heads of villages”.

The third, forest owners being households, individuals, village communities, people contracted for forest protection, especially females are given opportunity and raise voice during village meetings and during discussion and making decision on sorts of accounts (individual, communal); selection of representatives of villages, hamlets whose name will be use for the PFES fund-receiving communal accounts. In comparison with the current distribution approach in which people in villages, hamlets almost do not have the opportunity and voice in selection of village representatives in receipt of PFES fund.

The forth, in addition to the transparency of the bank in regulations on procedures, dossiers, vouchers, professional distribution, the transparency can be seen through publicizing the value of PFES fund distributed, distribution plan of banks to communes and villages, hamlets.

The fifth, the bank distributed PFES fund in the form of mobile distribution at commune people committee, Fund for Forest Protection and Development, forest owner being organizations, associations and stakeholders.

However, during the pilot process, most of account holders didn't use the SMS banking service. The main reason was the time of distribution was comparatively short and account holders did not have the need for SMS banking service and the fee of this service was comparatively high. The use of SMS banking needs to be reviewed so that it can be applied to communal accounts of villages, hamlets.

3.6.2. Safety

PFES fund distribution by banks is an approach that undoubtedly has a higher level of safety in distribution of PFES fund in comparison to the conventional approach by provincial fund for forest protection and development, forest owners being organization. Most of the sites where PFES policy is implemented are far and remote areas, difficile to access area and deserted areas. Therefore, the transportation of cash of provincial Fund for Forest Protection and Development, forest owners being organizations during the course of distribution is more risky.

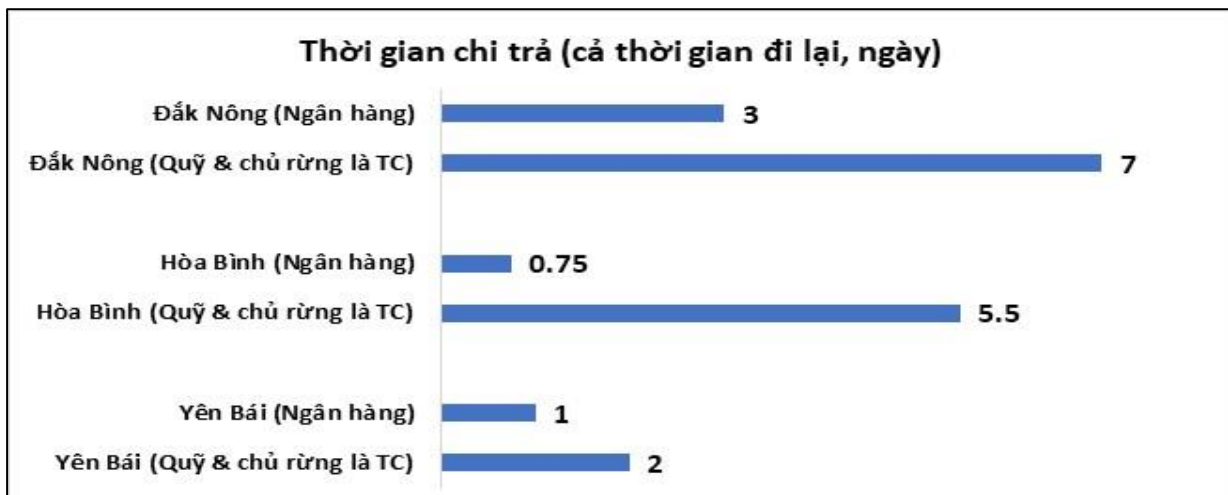
Banks are professional financial organizations, they have functions and expertise and means of cash transportation, implementation of mobile distribution. Banks have close regulations on cash transportation and opening bank accounts, withdrawal of cash. In addition, the archive of customers' confidential information and dossier relating to distribution can make use of the bank data system.

3.6.3. Effectiveness

The effectiveness of PFES fund distribution via bank account is measured based on the cost, time and man work used in fund distribution to forest owners and people contracted for forest protection. These analysis is based on the comparison at the same pilot site, comparison between distribution by provincial Fund for Forest Protection and Development and forest owners being organizations and distribution by banks.

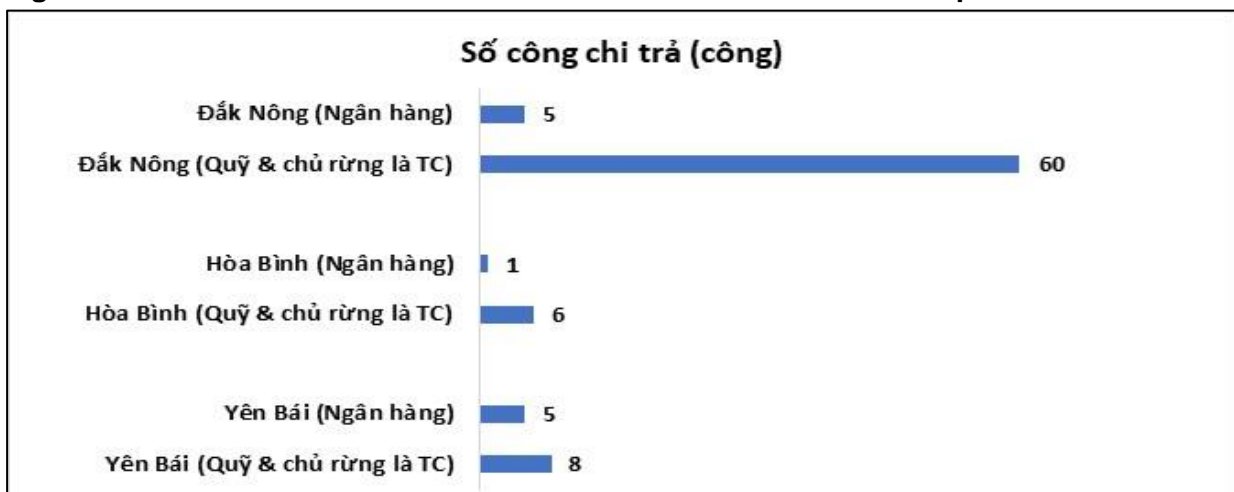
PFES fund distribution once organized in office of commune people's committees helped considerably the time required (including the travel time). The distribution time of bank decreased by 50%, 86% and 57% respectively in pilot sites in Yen Bai, Hoa Binh and Dak Nong (Figure 5).

Figure 5. the time used for distribution of provincial fund for forest protection and development and forest owners being organizations in pilot site



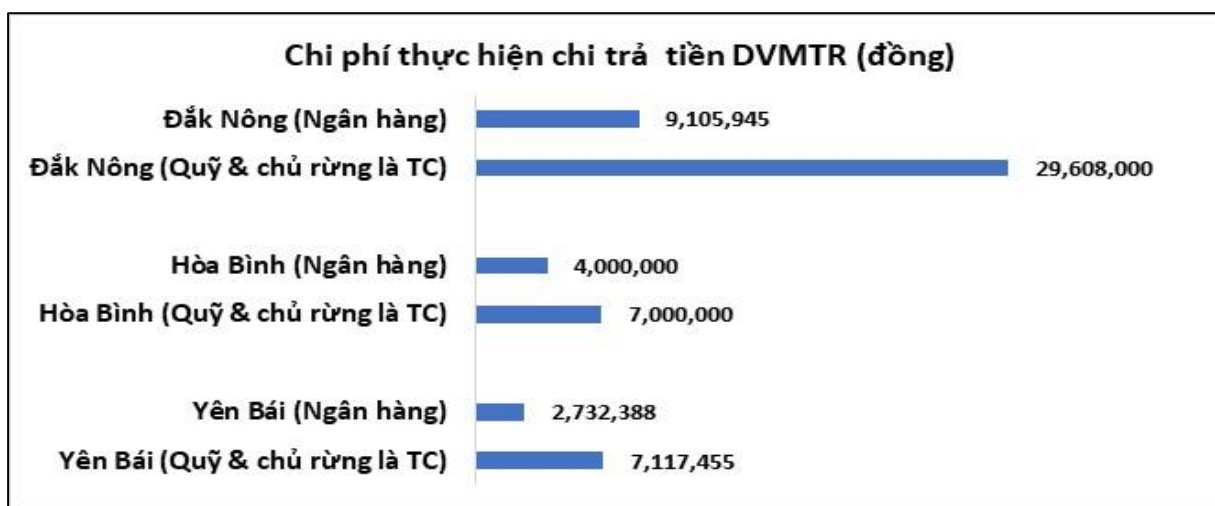
However, the distribution time only reflect one aspect in effectiveness of PFES fund distribution via bank accounts. In organization of distribution, even banks, provincial fund and forest owners often have difference in human resource participated. Looking into sharp focus the volume of manday involved in fund distribution one can see that in Yen Bai, the manday of the bank decreased by 38% in comparison to that of the provincial Fund for Forest Protection and Development and the Management Board of the protection forest and protected area Mu Cang Chai. In Hoa Binh, the volume of manday decreased by 82% and in Dak Nong the number of manday decreased by 92% if the distribution is undertake by the bank (figure 6).

Figure 6. the volume of manwork involved in distribution of PFES in pilot sites



On the basis of the time for distribution and number of man-day spent for distribution by the provincial Fund for Forest Protection and Development, forest owners being organizations and banks, cost analysis (financial) showed that distribution of PFES fund by the bank has a much higher effectiveness than by provincial Fund for forest Protection and Development and forest owners being organizations. The cost incurred to organization from distribution decreased by 62% in comparison to that to provincial Fund for Forest Protection and Development and forest owners being organizations at pilot sites in Yen Bai. This decrease is 43% in Hoa Binh and 69% in Dak Nong (figure 7).

Figure 7. Cost incurred in PFES fund distribution in pilot site



It is obvious that PFES fund distribution by the bank in 3 pilot sites was more effective than by provincial funds for forest protection and development and forest owners being organizations. As provincial funds for forest protection and development are not professional financial organizations, it takes them lots of time to count cash and control dossier during the distribution process.

Although the effectiveness of PFES fund distribution via bank accounts is considerable, but this achievement is subject to further improvements bearing in mind mobile distribution shall be limited. It means the value of PFES fund that is withdrawn at bank counters need increasing. This can be applied to communal accounts opened for forest owners being communities, groups of households and communities contracted for forest protection and development. These account holders surely can take initiative in cash withdrawal at bank counters of banks.

Report of the provincial Fund for Forest Protection and Development of Thua Thien Hue province (2017) shows that PFES fund distribution via bank accounts to forest owners being communities have very high effectiveness. In comparison to the conventional approach by provincial funds for forest protection and development and forest owners being organizations, the cost incurred from distribution via bank accounts to communal accounts decreased by 84% (this cost in the conventional approach was by provincial Fund for Forest Protection was VND 35.7 million and that in the distribution via bank account was VND 6,1 millions). With this effectiveness, as many as 222 of 277 communities applied this approach and the value of PFES fund distributed via bank accounts in 2017 accounted for 82% of the total value of PFES fund to be distributed.

3.6.4 Gender equality

Before the PFES fund distribution via bank account was applied (2017), the proportion of female being PFES recipients had been very low, under 5%. However, during the piloting process, data showed that the proportion of account holders being females was 14% in Yên Bái, 18% in Đắk Nông and 30% in Hòa Bình. This has shown that the promotion of gender equality in PFES fund distribution via bank account is completely feasible if the following factors are taken into account:

- Contents relating to both male and female, discussion and consensus were reached in making decision on who is account holders (individual and communal accounts), making decision in use of PFES fund should be emphasized throughout the communication, training on PFES.
- In some sites where there are a large number of ethnic minority people especially women living and being subjected to language barriers, activities relating to information communication, dissemination, opening bank accounts, PFES fund distribution should be in local language.

- Forms of communication, training should be in forms that diversified and common to local people such as drama, poetic, close, song etc....

4. CONCLUSION AND RECOMMENDATIONS

4.1. CONCLUSION

On implementation of pilot PFES fund distribution via bank accounts, the feasibility can be measured and experience during practical implementation has been documented. PFES fund distribution service by the banks proves itself highly professional and this approach affirms its preeminence in terms of transparency, safety and effectiveness in organization of PFES distribution to forest owners being individuals, households, village communities; people contracted for forest protection by forest owners being organizations. In pilot provinces, the effectiveness of PFES fund distribution via bank account is obvious and this approach has helped decrease the average cost incurred by organization of PFES fund distribution by 58% (the decrease ranges from 43 – 69%) in comparison with the approach being applied by Provincial Funds for Forest Protection and Development and forest owners being organization.

PFES fund distribution via bank accounts has promoted gender equality and the role of female in receipt PFES fund. The proportion of female being account holder has increased considerably, from under 5% with the current approach to 15% with the distribution via bank account (Yen Bai) and 18% in Dak Nong. The proportion of female have their name in the communal accounts is 30% in Hoa Binh. However, it is noticeable that, gender equality in receipt and management of PFES fund depends on the knowledge of local people and authority on importance of gender equality to the social-economic development. Effective communication will help improve the participation of female in receipt of PFES fund.

There is a plenty of opportunities for up scaling this approach given that the bank network is thriving, high competitiveness and the development of e-paying services. PFES fund distribution via bank account once is applied can liberate resources for Funds for Forest Protection and Development so that this body can focus on activities such as financial mobilization, monitoring, improving awareness of forest owners and people contracted for forest protection, effective management of finance for livelihood development and poverty eradication.

Effectiveness of PFES fund distribution via bank account shall be further improved if the value of PFES fund distributed through mobile distribution service from banks to forest owners and forest protectors being village, hamlet communities and people contracted for forest protection; the system of accounts for money receipt and distribution should be in the same bank system. The long-term partnership between the Fund for Forest Protection and Development with the organization proceeding PFES fund distribution via bank account will create lots of added value in implementation of PFES policy.

4.2. RECOMMENDATION

a) As for Viet Nam Fund for Forest Protection and Development:

- To early promulgate the guidelines for implementation of PFES fund via bank accounts
- To promulgate the guidelines for implementation of PFES fund distribution via bank account in order to embark the upscaling at the soonest time in the whole country;
- To review and amend provisions on finance, dossiers for financial settlement when PFES fund distribution via bank account is applied

b) The provincial Funds for Forest Protection and Development and forest owners being organizations

- Use of accounts for receipt of PFEs fund and account for distributing PFES fund in the same bank in order to improve effectiveness, decrease costs relating to organization of PFES fund distribution;
 - To make sure that organization of mobile distribution (in the most convenient sites as possible) is only applied in difficulty-stricken areas and PFES recipients are unable to access to banks. This can help to reduce costs relating to mobile distribution of bank and improve the distribution effectiveness or in order to ensure that people can access to distribution service (especially in areas where people, especially women encounter difficulties in travelling), the organization mobile distribution is the most optimized and effective solution.
 - To promote the progress of inventory forest areas eligible for PFES and PFES recipients in order to minimize errors in PFES eligible forest areas per forest areas and forest protectors;
 - To formulate communication materials and develop capacity in communication for provincial Funds for Forest protection and development, special attention should be paid to far and remote areas, areas where there are a large number of ethnic minority people, women who are PFES policy beneficiaries but encounter a language barrier;
 - Integrate the gender equality in the communication material formulation and capacity development on communication for Provincial Fund for Forest Protection and Development;
 - It is necessary to review the application of SMS banking service as for communal accounts in order to increase even higher the transparency on PFES fund distribution.
 - To strengthen monitoring the PFES fund distribution to forest owners, parties contracted for forest protection being village, hamlet communities; groups of households by means of development of regulations on benefit distribution in villages, hamlets and establish a hotline in order to receive and handle complains, disputes (if any).
 - To support the effective management and use of PFES money by communities, groups of households in development of livelihoods and poverty reduction and hunger eradication.
- c) As for the banks who proceed PFES fund distribution:
- Based on the specific requirements of the PFES fund distribution service to apply flexibly and discount fees relating to services such as mobile distribution, account management, SMS banking, required minimal balance, application of provisions for sleeping accounts while there is no transactions
- d) Donors and other organizations:
- To continue to support communication material and capacity development for the Provincial Funds for Forest Protection and Development;
 - To develop capacity in fund raising of the Provincial Funds for Forest Protection and Development of village, hamlet communities.

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