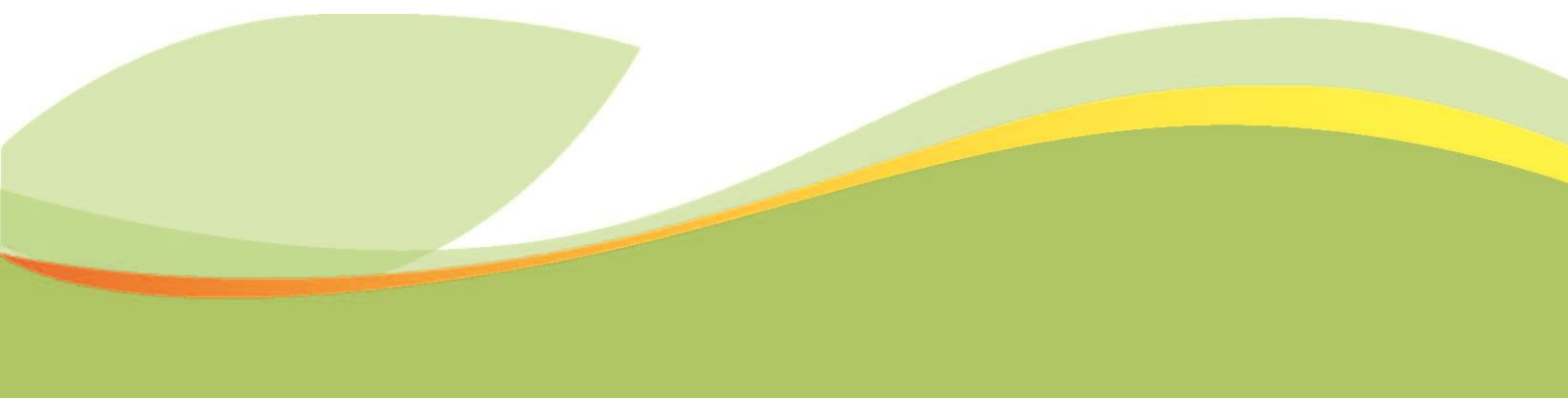




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Report of an analysis on status quo of making payment for forest environmental services and recommendations on making payment by bank transfer to deposit accounts



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On behalf of the

German Federal Ministry for Economic Cooperation and Development (BMZ)

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LIST OF ABBREVIATIONS

AgriBank	The Viet Nam Bank for Agriculture and Rural Development
FPD	Forest Protection and Development
MB	Management Board
DARD	Provincial Department of Agriculture and Rural Development
FES	Forest environmental services
GIZ	GIZ
KfW	KfW
MARD	Ministry of Agriculture and Rural Development
VBSP	Viet Nam Bank for Social Policies
SUF	Special Use Forest
USD	US Dollar
PPC	Provincial People Committee
VND	Vietnamese dong
VNFF	Viet Nam Fund for Forest Protection and Development

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I. INTRODUCTION

Decree 99 on the Payment for Forest Environmental Services was adopted in 2010 before officially taking effect nationwide since January 2011. According to the Decree, three environmental services were entitled to PFES. They are: (1) soil protection, limitation of soil erosion, sedimentation on lakes, rivers, streams beds; (2) regulation and maintenance of water resources for production and social life; and (3) protection of natural landscapes, conservation of biodiversity of forest ecosystems for tourism services. The Ministry of Agriculture and Rural Development (2016) reports that the total revenue from PFES for the 2011-2016 period (five years) was VND 6,511 billion (US \$ 303 million), \$ 60 million per year on average. 97% of this revenue comes from hydro power establishments, 2.7% from water supply companies and 0.2% from ecotourism services.

In the current approach, the PFES is made to PFES recipients through the Viet Nam Fund for Forest Protection and Development (VNFF). This fund is established at the central level (VNFF) and provincial level (Provincial Forest Protection and Development Fund, provincial VNFF) in accordance with Decree 05/2008 / ND-CP. At the central level, the VNFF is in operation under MARD's steering and management and the provincial Forest Protection and Development Fund is currently managed directly by either PPCs or DARDs depending on the situation of certain province. These units act as a trusted Fund who are mandated to collect PFES from forest environmental services users and make PFES to forest environmental services providers (forest owners). The number of provincial VNFFs has increased rapidly over the past years, from 18 units in 2012 to 41 units in 2016 (MARD, 2016). However, PFES practice thus far has raised some concerns regarding effectiveness and transparency. Making payment via bank accounts under the forestry development project in Vietnam which was piloted for the first time in 1996 through the KfW forestry project has become a common practice in KfW projects. The change of approach in making PFES is considered a good opportunity to resolve seen limitations meanwhile increasing transparency and efficiency.

Article 13 of Circular 62 states that individual forest owners, households, village communities and forest protection household contractors are encouraged to open bank accounts for PFES receipt. Therefore, VNFF, GIZ and KfW have together proposed conducting a study on the pilot PFES in bank transfer to deposit accounts.

This report presents the status quo of PFES made to forest owners by provincial VNFF and to forest protection contractors by forest owners being organizations. The report also includes stakeholders viewpoints on the pilot of PFES by bank transfer to forest owners' deposit accounts.

II. OBJECTIVES AND METHODS

The objectives of the report include:

- Analyze the status quo of PFES to forest owners by provincial VNFF;
- Recommend on pilot of PFES by bank transfer to deposit accounts. Methods used include secondary literature study, questionnaires-based survey in pilot provinces.

Secondary literature study:

The documents studied include legal documents stipulating PFES and reports on result of PFES policy implementation, to name a few:

- Decree No. 99/2010 / ND-CP of the Government on Payment for Forest Environmental Services.
- Decree No. 147/2016 / ND-CP of the Government amending and supplementing a number of articles of Decree No. 99/2010 / ND-CP on payment for forest environment services.
- Inter-ministerial Circular No. 62/2012 / TTLT-BNNPTNT-BTC of the Ministry of Agriculture and Rural Development and the Ministry of Finance on guiding the mechanism for management and use of payments for forest environment services.
- Circular No. 85/2012 / TT-BTC of the Ministry of Finance guiding the regime of financial management of the Forest Protection and Development Fund.
- Decision 43/2003 / QD-BNN of the Ministry of Agriculture and Rural Development (MARD) on guidelines for the implementation of afforestation projects financed by the KfW.
- Evaluation report on implementation of PFES policy for 3 years (2011-2014).
- Report on 8 years of operation of the Forest Protection and Development Fund and results of 5 years implementation of the PFES policy (2011-2016).

Questionnaire based information collection from the surveyed provinces:

The questionnaire is designed to collect information on PFES money delivery. The contents of the questionnaire focused on the issues (sample of survey forms is presented in appendix 1 and 2):

- Human resources of the Forest Protection and Development Fund
- Area entitled to PFES and amount of payment
- Organize direct delivery of PFES money to forest owners
- Expenses related to direct delivery
- Proposals for pilot delivery via deposit bank accounts

Questionnaires were sent to the provincial VNFF, and forest owners being organizations (Forest Protection Management Boards, Special Use Forest Management Boards, Forestry Companies), communities and Commune People's Committees. Provincial Departments of Agriculture and Rural Development, National Parks and Protected Areas. A total of 77 responses were received, of which 19 were from provincial VNFFs and 58 from forest owners being communities and organizations (38 from forest management board, 12 from the forestry companies, and 8 from the communities and commune people committees).

Field survey:

Based on discussions with VNFF, KfW and GIZ, provinces potential for pilot identified are Dak Nong, Yen Bai, Lai Chau and Son La. Due to time constraint and given the fact that is purposed to learn about the pilot feasibility, the survey was conducted in two provinces namely Dak Nong and Yen Bai. In the surveyed provinces, discussions were held on issues related to the initiative

of PFES by bank transtransfer. During the survey, there were meetings with two potential banks, the Bank for Agriculture and Rural Development (Agribank) and the Viet Nam Bank for Social Policies. In addition, interviews with forest owners, forest management boards, households and households contracted for forest protection services were conducted.

Scope of the report:

The report focuses on the following: (1) legal framework related to organization for payment and use of payment from forest environmental services (FES); (2) human resources and personnel structure of the provincial VNFFs; (3) PFES to forest owners; (4) Costs incurred from organization of PFES by provincial VNFFs and by forest owners being organizations; and (5) evaluation on the pilot of PFES by bank transfer to deposit accounts. Issues related to the use of PFES money by PFES beneficiaries are not covered in this report.

III. RESULT

3.1 LEGAL DOCUMENTS ON MANAGEMENT AND ORGANIZATION OF PFES MONEY DELIVERY

The PES policy in Vietnam is stipulated in the Decree No. 99/2010 / ND-CP dated September 24, 2010 by the Government and the circulars guiding the implementation of Decree 99 and Decree No. 147/2017 amending some articles of Decree 99 and related guiding circulars. Types of forest environmental services stipulated in this Decree include:

- Soil protection, limitation of erosion and sedimentation on lakes, rivers, streams beds;
- Regulation and maintenance of water resources for production and social life;
- Carbon absorption and sequestration and the reduction of greenhouse gas emissions by measures to prevent degradation, dwindling of forest area and sustainable forest development;
- Protection of natural landscapes and conservation of biodiversity of forest ecosystems for tourism services;
- Services to provide spawning grounds, food sources and natural seedlings, using water from forests for aquaculture.

According to Decree 99, three (3) PFES eligible forest environmental services from 2011 to date including: i) land protection services, limitation of soil erosion, sedimentation on reservoirs, rivers, streams beds; ii) regulation and maintenance of water resources for production and social life; and iii) services to protect the natural landscape and biodiversity conservation of forest ecosystems for tourism services, specifically:

- Hydropower establishments pay for land protection services, limitation of soil erosion, sedimentation on reservoirs, rivers, streams beds: 20 VND / kWh of commercial electricity;
- Clean water supply establishments pay for regulation and maintenance of water for production and social life: 40 VND / m³ of commercial water;
- Tourism businesses using forest environment pay for landscape protection and biodiversity conservation of forest ecosystems for tourism services: 1-2% total revenue in the period.

As of 02/11/2016, the Government issued Decree No. 147/2016 / ND-CP amending some articles of Decree No. 99/2010 / ND-CP dated September 24th 2010 on PFES policy. Accordingly, from 01/01/2017, the unit price of electricity for hydro power establishments will increase from 20 dong

/ kwh to 36 dong / kWh of commercial electricity; For water supply establishments, the unit price will increase from VND 40 / m3 to VND 52 / m3 for commercial water.

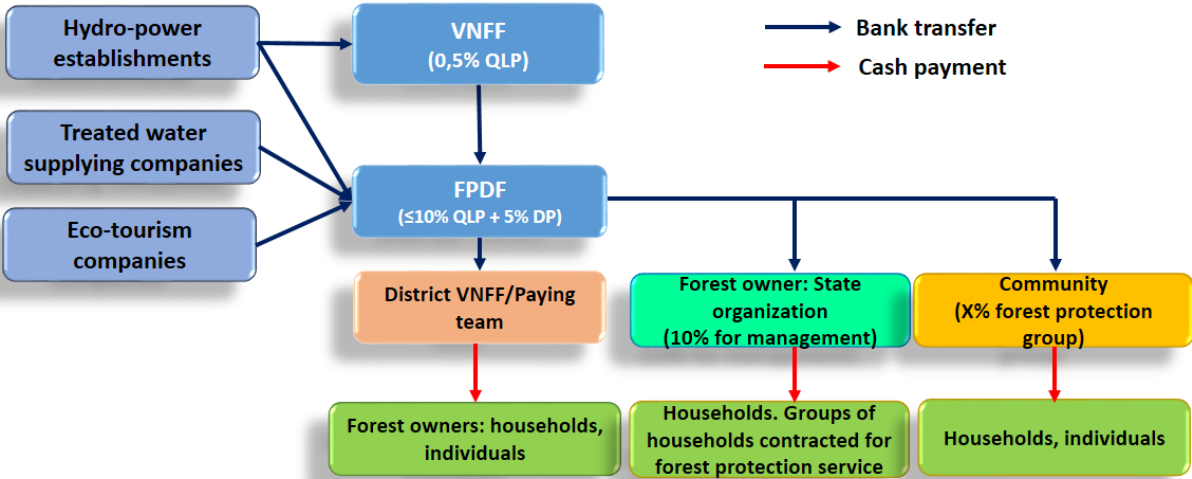
PFES is made through VNFF at central and provincial levels. The provincial VNFF is responsible for making PFES to forest owners. The management of PFES money is conformed with the Ministry of Finance's Circular No. 85/2012 / TT-BTC. Regulations on fund management expenses cover both regular and irregular expenses.

Expenditure for regular expenditure; including management: salaries, allowances and other honorariums for members of the fund management board, the fund control board and the executive board; payment for postage and communication charges; expenses for petrol, oil, electricity and water; expenses for working trips and conferences; regular reparation of assets according to the current regulations of the State; 2) expenditures on professional activities: expenses for appraisal of programs or projects; cost for money payment service; cost for trust fund related services; expenses for communication and promotion; inspection, examination, supervision, pre-acceptance test and evaluation of forests; Auditing expense (if any); and 3) other expenses (if any);

- Irregular spending: expenses for professional training services, conferences; Support technical activities to monitor the quality of forest environmental services; Support activities related to PFES at district and commune levels; Expenses for authorized organizations to collect compulsory payables to the Fund; Expenses for procurement and / or overhaul of assets in service of the fund organizational structure's operation; Other expenses (if any).

Management of PFES to forest owners conforms to inter-ministerial Circular 62/2012 / TTLT-BNNPTNT-BTC of Ministry of Agriculture and Rural Development and Ministry of Finance. The amount of PFES to forest owners is based on revenues, forest coverage and PFES is made correctly in terms of values and to eligible recipients. PFES money is mostly delivered directly to forest owners who are individuals, households, communities through provincial VNFF or forest owners who are organizations. The map of cash flow is shown in Figure 1.

Figure 1. PFES money delivery map



Without a doubt, both circulars provide clear regulations on PFES management and distribution to forest owners. However, both of these documents do not include “obligatory” provisions on PFES by bank transfer to deposit accounts as for forest owners being households, individuals, communities, households and group of households who are contracted for forest protection. Circular No. 62/2012 / TTLT-BNNPTNT-BTC only mentions “*it is encouraged*” make PFES by bank transfer to deposit accounts of forest owners being individuals, households and communities, households and groups of households contracted for forest protection services (mentioned in Article 13).

Forestry development projects financed by the KfW applied the management of money invested in afforestation of households and individuals using bank deposit accounts for the first time in 1996 in Bac Giang and Lang Son provinces. The payment of money to households and individuals is conducted based on schedule and work performance. This is a relatively new payment method and has proven to be effective and transparent. The payment service providing bank was the Viet Nam Bank for Agriculture and Rural Development. To date, the payment of wages to households and individuals participating in the project via bank accounts is mandatory for KfW funded afforestation projects and has been concretized at Decision No. 43 of the Ministry of Agriculture and Rural Development.

3.2 PFES REVENUE

According to VNFF's report (2017), the total PFES value entrusted to VNFF at the end of 2016 is VND 1,235 million (US \$ 54.8 million, US \$ 1 = VND 22,500). Of the total PFES, the amount collected in the Central Highland region accounted for the highest proportion (34%), followed by the North West region (33%), followed by the Northeast (16%) and the South East region accounted for the lowest proportion (2%). Funds collected at the Central Fund accounted for 67% of the total entrusted fund and provincial funds accounted for 33% (see Table 1).

Table 1. Total PFES distributed under entrusted contract in 2016 by ecological regions

Or	Region/province	Total amount (1,000)	Of which	
			Coordinated at central level	Collected at provincial level
Total		1,235,237,558	824,501,534	410,736,024
I	North West Region	408,631,271	364,800,000	43,831,271
1	Son La	113,861,569	90,500,000	23,361,569
2	Lai Chau	228,220,202	213,200,000	15,020,202
3	Dien Bien	52,524,195	48,000,000	4,524,195
4	Hoa Binh	14,025,305	13,100,000	925,305
II	North East	195,106,592	90,841,840	104,264,752
5	Yen Bai	65,629,812	51,500,000	14,129,812
6	Lao Cai	53,199,312	4,520,000	48,679,312
7	Tuyen Quang	8,799,308	8,518,840	280,468
8	Ha Giang	41,105,061	9,000,000	32,105,061
9	Cao Bang	10,510,569	5,100,000	5,410,569
10	Bac Can	12,000,000	12,000,000	0
11	Thai Nguyen	455,259		455,259

Or	Region/province	Total amount (1,000)	Of which	
			Coordinated at central level	Collected at provincial level
12	Phu Tho	442,000	203,000	239,000
13	Bac Giang	791,928		791,928
14	Quang Ninh	2,173,343		2,173,343
III	Bac Trung Bo	96,035,771	8,500,000	87,535,771
15	Thanh Hoa	5,495,043	4,400,000	1,095,043
16	Nghe An	46,353,081	4,100,000	42,253,081
17	Ha Tinh	13,696,084		13,696,084
18	Quang Binh	0		0
19	Quang Tri	6,413,061		6,413,061
20	Thua Thien Hue	24,078,502		24,078,502
IV	Nam Trung Bo	90,262,428	38,416,665	51,845,763
21	Quang Nam	46,110,825	15,100,000	31,010,825
22	Da Nang	4,065,034		4,065,034
23	Quang Ngai	6,713,143	559,000	6,154,143
24	Khanh Hoa	4,784,579	1,747,000	3,037,579
25	Binh Dinh	3,465,880	2,250,665	1,215,215
26	Phu Yen	4,827,561	3,760,000	1,067,561
27	Binh Thuan	16,902,467	15,000,000	1,902,467
28	Ninh Thuan	3,392,939		3,392,939
V	Tay Nguyen	414,562,367	293,000,000	121,562,367
29	KonTum	102,387,533	85,600,000	16,787,533
30	Dak Lak	49,667,977	42,000,000	7,667,977
31	Dak Nong	63,760,315	44,800,000	18,960,315
32	Gia Lai	69,327,747	41,300,000	28,027,747
33	Lam Dong	129,418,795	79,300,000	50,118,795
VI	Nam Bo	30,639,129	28,943,029	1,696,100
34	Binh Phuoc	17,051,601	15,945,029	1,106,572
35	Dong Nai	10,389,528	9,800,000	589,528
37	Tay Ninh	3,198,000	3,198,000	

3.3 ORGANIZING DELIVERY OF PFES MONEY BY PROVINCIAL VNFF

Evaluation of PFES based on the feedback of provincial VNFFs, forest owners being organizations such as forest management boards, communities, forestry companies. Issues such as structure, personnel of the Fund, organization of PFES delivery and costs associated with the delivery service are presented as follows.

3.2.1. Organizational structure and personnel of Provincial VNFFs

According to Decree No. 05/2008 / ND-CP, the provincial VNFF was established by the PPC. The direct management agencies of the fund in the province are the provincial People's Committee and the Department of Agriculture and Rural Development. Of the 20 surveyed provincial VNFFs, four are managed directly by provincial People's Committees (Bac Can, Thua Thien Hue, Gia Lai

and Bac Giang) and the remaining 16 are directly under the Department of Agriculture and Rural Development.

Of the 20 surveyed provincial VNFFs, there are 371 staff and the number staff working in provincial VNFFs varies greatly among provinces. Son La provincial VNFF has the highest number of employees with 75 people, followed by Dak Nong (38 people), Lam Dong (33 people). It can be seen that there is no clear correlation between the number of staff and the PFES eligible forest areas and revenue. For example, Ha Giang has a an area of PFES eligible forest areas that is 1.4 times higher than that of Gia Lai, but the number of employment therein is as equal as 0.5 time of Gia Lai's. Dak Nong's PFES eligible forest area is as large as half of the Yen Bai's but the number of employees therein is 2 times higher (Table 2).

The number of staff working at provincial VNFFs corresponds to its expenditure which comes from the management budget which is decided in accordance with Circular 85. There is currently no regulations stipulating that the number of employees working at provincial VNFFs should be based on the PFES eligible forest area. Therefore, the allocation of personnel was not made in a consistent way and unreasonable that led to increased operational costs.

Table 1. Revenue, paid forest area and number of employees working in provincial VNFF of surveyed provinces in 2016.

Order	Name of the Provincial VNFF	# of employees (person)	Total revenue in 2016 (million VND)	Total paid forest areas (ha)	Forest areas by forest owners (ha)			
					Forest management board	Households, individuals	Community	Others
1	Lam Dong	33	129,419	347,886	261,607	7,161	1,564	77,554
2	Son La	75	113,862	593,718	54,610	153,986	354,113	31,010
3	Gia Lai	21	69,328	231,295	212,442	0	3,191	15,662
4	Yen Bai	16	65,630	173,734	98,993	20,805	45,296	52,998
5	Dak Nong	38	63,760	81,889	65,412	407	1,961	14,109
6	Dak Lak	30	49,668	223,052	135,292	806	8,167	78,788
7	Nghe An	24	46,353	192,732	160,580	32,153	0	0
8	Ha Giang	11	41,105	331,382	39,304	0	235,816	56,263
9	Thua Thien Hue	18	24,079	150,453	83,669	12,354	11,170	43,261
10	Bac Kan	4	12,000	56,084	10,100	36,368	9,257	359
11	Cao Bang	19	10,511	161,570	2,932	44,702	31,560	82,375
12	Tuyen Quang	15	8,799	74,523	60,707	13,617	0	200

13	Quang Ngai	7	6,713	77,058	14,481	228	633	61,717
14	Quang Tri	9	6,413	24,983	4,618	0	500	19,865
15	Binh Dinh	6	3,466	350,700	73,231	176	0	277,293
16	Ninh Thuan	10	3,393	48,165	48,165	0	0	0
17	Quang Ninh	5	2,173	124,424	13,195	0	0	111,229
18	Bac Giang	9	792	5,035	0	0	0	5,035
19	Thai Nguyen	11	455	3,280	1,790	0	0	1,490
20	Phu Tho	10	442	816	637	179	0	0
Total		371	658,360	3,252,778	1,341,761	322,940	703,227	929,207
Proportion of forest managed by forest owners					41.2%	9.9%	21.6%	28.6%

(Source: VNFF 2017; Survey statistics in 2017)

The structure of personnel working in provincial VNFFs also varies from province to province. Average data from 19 surveyed units showed that technicians represented the highest rate with 41.8% of the total; the number of staff doing work such as clerical and cashiers accounts for 16% and financial, accounting accounts for 19%. In addition, staff in charge of organization, administration, inspection, supervision, driving, safeguard, handyworks accounted for 9.3% of the total number of employees (Table 3).

Table 2. Average staff structure in the surveyed provincial VNFFs

Or	Personnel structure in VNFFs	Tỷ lệ
1	Leaders	14.0%
2	Technicians	41.8%
3	Accountants, financialists	18.1%
4	Clerks, cashiers	15.4%
5	Driver, safeguard, handywomen/women	3.8%
6	Inspection, monitoring	3.5%
7	Organization, administrative staff	3.5%

3.2.2. Organization of PFES

Provincial VNFFs are responsible for making PFES to forest owners. This is currently done in two approaches: in cash or by bank transfer. Specifically:

- For forest owners being organizations, PFES can be made by the provincial VNFF by either bank transfers and in cash. After receiving money from provincial VNFFs, forest owners in turn, are responsible for making PFES to individuals, households, communities and groups of households contracted to forests protection services. Survey data show that about 82% of the PFES made to forest owners being organizations through bank transfer.

For forest owners being individuals, households and village communities, the PFES is made directly in cash through the District VNFF (Son La) or Payment Board (Yen Bai) or Payment Team set by the provincial VNFF and directly in cash.

The survey in Yen Bai shows that the PFES made to forest owners being individuals, households and communities by the Payments Board. There are 8 payment boards established and PFES is conducted 1-2 times a year. Commune people committees, villages, or forest protection stations are used as payment sites.

3.2.3. Use of money from PFES and cost incurred from direct payment

Among 19 out of 40 funds, 16 of them reported that the use of average PFES money based on 2015 and 2016 data is as follows:

- 88.3% of total revenues from PFES was paid to forest owners.
- 9.6% of total revenues was extracted from PFES venue for provincial VNFFs' management budget.
- 1.6% of total revenue was extracted for contingency fund
- 0.5% of total revenues was extracted for some non-recurring expenditures

According to VNFF statistics, on average, money from PFES was used by all provincial VNFFs in the period 2011-2016 as follows:

- 72.3% of total PFES revenues was paid to forest owners and non-forest owners organizations.
- 6.0% of total revenue was used for management of the provincial VNFF.
- 1.2% of total revenue was used for some non-recurring expenses
- 0.2% of total revenue was allocated to the contingency fund
- 20.3% of total revenue was unused (not yet disbursed)

Under the provisions of Circular 62, the proportion to be extracted from PFES revenue for management budget must not more than 10%. Survey results show that the average proportion made among provincial VNFFs is 9.6%. However, the interview with the Yen Bai provincial VNFF showed that this proportion was about 5%. As can be seen, the value of management funds vary from province to province and depending on the proportion can be extracted from the PFES revenue for management budget which is decided by the PPC.

Survey data provided by the 11 provincial VNFFs shows that the cost incurred from direct payments to the forest owners varies greatly. The proportion of cost incurred from direct payments versus management budget is in a range from 0.3% to 31.6%. Some provinces incurred a high cost for direct payments such as Nghe An (31.6%), Ha Giang (21.4%) and Bac Can (14.8%). However, some provinces reported low rates thereof such as Thua Thien Hue (0.3%), Dak Lak (1.2%) and Dac Nong (1.4%). The details are in Table 4 and Appendix 4.

Table 4. Direct PFES cost versus management budget of some provincial VNFF in 2016

Or	Provinces	Management budget (1,000 VND)	Cost incurred from direct payment (1,000 VND)	% Cost incurred from direct payment versus management budget
1	Thua Thien Hue	2,273,045	6,604	0.3%
2	Quang Tri	517,615	14,400	2.8%
3	Dak Lak	4,017,420	49,310	1.2%
4	Quang Ngai	582,900	51,000	8.7%
5	Bac Kan	507,019	75,000	14.8%
6	Cao Bang	1,216,000	87,077	7.2%
7	Dak Nong	6,683,050	93,361	1.4%
8	Ha Giang	3,778,930	808,320	21.4%
9	Son La	11,655,000	1,291,872	11.1%
10	Nghe An	4,761,000	1,503,000	31.6%
11	Yen Bai	2,953,342	360,000	12.2%
The average proportion of direct payment cost against management fee				11.1%

The result of survey among 11 provincial VNFF shows below on average, proportions of detail expenditures incurred in direct payment compared with total cost incurred from direct payment (see Table 6).

- Staff salary accounted for 22.8% of total cost incurred from direct payment
- Out-of-pocket expenses for staff accounted for 31.2% of total cost incurred from direct payment
- Traveling gasoline used for direct payment accounted for 19.5% of total cost incurred from direct payment
- Allowance for supportive local staff accounted for 22.8% of total cost incurred from direct payment
- Supervision and others accounted for 3.7% of total cost incurred from direct payment

Table 5. Direct cost structure versus total cost for direct delivery

Or	Item	Proportion vs management fund
1	Staff salary	22.8%
2	Travel allowance	31.2%
3	Fuel	19.5%
4	Supportive local staff allowance	22.8%
5	Supervision and security	2.6%
6	Others	1.1%

VNFF's report (2017) shows that the PFES amount managed by provincial VNFFs for the period 2011-2016 was VND 325 billion (VND 54 billion per year). Some provinces applied a proportion for extraction from PFES revenue for management budget that is higher than that defined in Circular 62 such as Binh Dinh (12.9%), Phu Tho (12.5%), Lao Cai (11.4%), Quang Ninh (10.3%), Thanh Hoa (10.2%), Khanh Hoa (10.9%) (see Table 6).

Table 3. Table 6. The average proportion of extraction from PFES revenue for management budget versus PFES revenue in the period 2011-2016

Or.	Region/province	Management fund (VND 1,000 đồng)	Proportion of management budget versus revenue
I	North West region	74,042,497	4.1%
1	Son La	23,824,596	5.0%
2	Lai Chau	36,371,727	4.6%
3	Dien Bien	8,600,948	1.8%
4	Hoa Binh	5,245,226	9.4%
II	North East region	39,252,795	7.1%
5	Yen Bai	8,342,763	5.3%
6	Lao Cai	16,225,398	11.4%
7	Tuyen Quang	2,338,968	8.5%
8	Ha Giang	9,096,776	5.7%
9	Cao Bang	2,131,531	6.0%
10	Bac Ca	865,019	3.3%
11	Thai Nguyen	38,646	8.9%
12	Phu Tho	45,953	12.5%
13	Bac Giang	0	0.0%
14	Quang Ninh	167,741	10.3%
III	North Central region Bắc Trung Bộ	25,305,059	7.1%
15	Thanh Hoa	2,786,920	10.2%
16	Nghe An	16,901,908	8.1%
17	Ha Tinh	397,636	3.7%
18	Quang Binh	0	
19	Quang tri	1,465,003	4.8%
20	Thua Thien Hue	3,753,592	4.7%
IV	South Central region	28,983,299	8.2%
21	Quang Nam	21,286,445	10.2%
22	Da Nang	0	0.0%
23	Quang Ngai	851,185	6.3%
24	Khanh Hoa	759,576	10.9%
25	Binh Dinh	1,565,240	12.9%
26	Phu Yen	1,992,600	8.4%
27	Binh Thuan	1,834,492	2.3%
28	Ninh Thuan	693,761	9.0%
V	Tay Nguyen	149,482,076	6.6%
29	KonTum	38,882,457	5.6%
30	Dak Lak	15,802,531	8.5%
31	Dak Nong	26,469,568	9.7%
32	Gia Lai	15,747,005	4.7%
33	Lam Dong	52,580,515	6.8%

Or.	Region/province	Management fund (VND 1,000 đồng)	Proportion of management budget versus revenue
VI	South East Region	8,707,460	6.0%
34	Binh Phuoc	4,700,426	5.5%
35	Dong Nai	4,007,034	8.0%
	Total	325,773,186	6.0%

As such, with the assumption that the average fund used for direct payment represents 11.1% of the total management budget allocated to provincial VNFFs, the cost incurred from organization of direct PFES to forest owners being households, individuals was about 6 billion dong. However, the survey result showed that this amount varies from province to province.

3.2.4. Banks where accounts can be opened to receive PFES money

The data from the 19 funds provided by provincial VNFF showed that currently 10 banks are used by provincial VNFF to open bank accounts for PFES receipt, of which:

- The number of accounts opened at VietinBank accounted for 27.0%
- The number of accounts at Agribank accounted for 24.3%
- The number of accounts opened at Vietcombank and BIDV accounted for 16.2% and 10.8% respectively;
- The number of accounts opened at 6 remaining banks (ABBank, Eximbank, ACB, Sacombank, Seabank and SHB) accounted for 21.6%

According to VNFF' 2017 statistics, provincial VNFFs have also opened bank account in 11 banks in order to receive and make PFES, including:

- 32.5% of all the provincial VNFFs opened bank accounts in the VietinBank
- 22.5% of all the provincial VNFFs opened bank accounts in the Agribank
- 15.0% and 10.0% of all the provincial VNFF opened bank accounts in the Vietcombank and BIDV respectively
- 20% of all the provincial VNFF opened bank accounts in the remaining banks (ABBank, Eximbank, ACB, Sacombank, Seabank and SHB)

There are currently no regulations regarding account opening at which commercial banks and the number of accounts opened to receive PFES money. VNFF's data (2017) shows that some provincial VNFFs opened accounts at two banks (Dien Bien, Lai Chau, Tuyen Quang, Quang Ngai, Binh Dinh, Phu Yen and Gia Lai). Specifically, there are provincial VNFFs opened bank accounts at 3 banks, they are Kon Tum, Dak Lak and Dak Nong. This will be a hindrance for PFES by bank transfer to deposit accounts incompatibility in paying system which can entail to an increase of transaction cost.

3.4. ORGANIZATION OF PFES BY FOREST OWNERS BEING ORGANIZATIONS

The survey was conducted among 58 forest owners being organizations, including protection forest management boards, special-use forest management boards and village communities. The results of the survey are summarized as follows.

3.4.1. Contracting for forest protection

According to regulations, forest owners being organizations are allowed to organize by themselves forest management and protection and sign contracts for forest protection with individuals, groups of households and communities. Survey results showed that (see Annex 5 for more details).

- 60% of PFES eligible area of forest owners being organizations is allocated to communities, households, household groups and other organizations (armed forces, district team, etc.).
- 40% of PFES eligible area of forest owners being organizations is managed and protected by themselves

The area of forest contracted for protection in correspondence to contracted entities:

- 39.1% of forest area of which protection service was contracted with groups of households
- 27.9% of forest area of which protection service was contracted with local communities
- 21.6% of forest area of which protection service was contracted with households
- 11.4% of forest area of which protection service was contracted with other units such as armed forces (border guard, police), district team, etc.

3.4.2. Organization of PFES

Forest owners being organization are responsible for making direct PFES to households, groups of households, communities contracted for forests protection. Normally, the protection and special-use forest management boards shall sign contracts for forest protection with contracted entities (individuals, groups of households and communities). The contract is valid for 5 years and is reviewed annually.

PFES is made to forest contractors directly in cash and bank transfer. Statistics showed that up to 96.8% of the money is paid in cash and 3.2% through bank transfer. This result is also consistent with the result from interviews with the Nam Cat Tien Protection Forest Management Board, Mu Cang Chai Protection Forest Management Board and Mu Cang Chai District Forest Protection Department (Yen Bai).

At Nam Cat Tien Protection Forest Management Board, the total forest area receiving PFES was 12,425 ha, of which 5,638 ha were allocated to 295 households in the form of forest protection contract (of which 184 come from M'ngong ethnic groups and on average, each household is contracted for protection of 19 ha). The paid forest area is distributed in 4 communes. The total amount paid in 2016 to households contracted for forest protection is VND 2,323,602,000 (VND 413,000 / ha / year).

In the case of Mu Cang Chai Protection Forest Management Board, about 45,000 hectares of forest are allocated to households for protection and in 2016, the amount paid in cash was about 35 billion. Similarly, Mu Cang Chai Forest Protection Division is assigned by the provincial authority to manage the Mu Cang Chai Species and Habitat Conservation Area with an area of about 21,000 ha. The direct PFES made to forest protection group leaders in 2016 were about VND13 billion.

Commonly, for organization of direct payment to forest protection contractors, a group of 3-5 staff is held and in collaboration with some commune officials, make payments directly to households,

groups of households contracted for forest protection. The payment site is usually at the commune people's committee and, in some special cases at the village or the head office of forest owners.

Making PFES to households and groups of households contracted for forest protection is monitored by local authorities (communes, villages) and the contractual parties include forest owners and forest protection contractors. At the Nam Cat Tien Protection Forest Management Board, the forest owner develops a "Forest Protection Wage Distribution Card" and distributes it to each household involved in forest protection. This distribution card records details of the household representative (name, address, contract, area and location of the forest plot) and the payment schedule includes the date of payment, the amount to be paid, and recipient (signed by two parties). In case of payment at Mu Cang Chai District Forest Protection Department, the forest owner (Mu Cang Chai FPD) make PFES to the head of forest protection group and that person then distribute the money to households in the group based on their forest protection service. PFES is made in a different way among groups of forest protection contractors in Mu Cang Chai and the village makes decision thereupon by itself. Some villages distributes PFES received based on the number of households living in the village, while the others did it based on the number of people in the village.

However, for forest owners being forestry companies, armed forces (military commander boards, border guards, etc.) they often protect forest by themselves and spend the PFES they received on general activities, for instance, the case of the Hoanh Bo Forestry one member liability company (38.2% of total management budget granted)

3.4.3. Cost for making PFES directly

Out of 58 questionnaires filled up by forest owners being organizations, 21 were fully filled. Survey data show that the average cost incurred by 21 forest owners being organization for making PFES directly is 7.7% of total management budget they are granted. However, this cost varies greatly among forest owners. This cost was quite high in cases of some forest owners such as the species reserve and habitat of Khau Ca where living the Tonkin Snub-nosed Monkey, Ha Giang (53.9% of management budget); Nam Xuan Lac and Bac Kan species and habitats conservation areas (40.1% of the management budget). In contrast, this cost was quite low in cases of some other forest owners (less than 10%) such as Ba Be National Park, Song Con Forestry Company Limited (Binh Dinh), Du Gia special-use Forest Management Board (Ha Giang), etc. See table 8 for details.

Table 4. The cost incurred from direct PFES by forest owner being organizations in 2016

Or	Province	Name of protected areas, national parks	Management budget (million dong)	Cost of direct PFES money delivery (million dong)	% Cost of direct PFES money delivery vs management budget
1	Bac Kan	Management board of Nam Xuan Lac species and habitats conservation areas	12	5	40.1%

2	Bac Kan	Ba Be National park	45	4	9.5%
3	Binh Dinh	Song Kin forestry company	630	6	0.9%
4	Gia Lai	Kon Ka Kinh national park	681	38	5.6%
5	Gia Lai	Management board of Bac la Grai protection forest	641	6	0.9%
6	Ha Giang	Management board of Du Gia special use forests	98	26	26.4%
7	Ha Giang	Management board of Bat Dai Son special use forest	107	8	7.8%
8	Ha Giang	Management board of Tay Con Linh special use forest	76	7	9.6%
9	Ha Giang	Management board of the species and habitats conservation area for Khau Ca Snub nose monkey	11	6	53.9%
10	Lam Dong	Management board of D'Ran protection forest	602	166	27.6%
11	Lam Dong	Bidoup - Núi Bà national park	2,281	50	2.2%
12	Nghe An	Management board of Ky Son protection forest	1,201	194	16.2%
13	Nghe An	Management board of Pu Luong nature reserve	231	52	22.4%
14	Nghe An	Management board of Tuong Duong protection forest	1,071	45	4.2%
15	Nghe An	Management board of Pu Hoat protected area	1,274	30	2.4%
16	Phu Tho	National park Xuan Son	7	4	61.4%
17	Quang Ngai	Management board of Tra Bong protection forest	130	4	3.0%
18	Quang Ninh	Hoanh Bo forestry company	40	15	38.2%
19	Quang Tri	Management board of Bac Huong Hoa protected area	67	5	7.2%
20	Son La	Management board of Thuan Chau protection forest	63	2	3.7%

21	Thua Thien Hue	Management board of Sao La Thua Thien Hue protected area	188	57	30.2%
Total/On average			9,455	729	7.7%

Like provincial VNFFs, forest owners being organizations often establish payment team including 3-5 members who are technical staff, planners, accountants, cashiers, supervisors. The group shall collaborate with responsible villagers and communal authority in order to deliver PFES money to forest protection contractors. Cost incurred from making PFES including travel allowance, travel expenses, honorarium for local officials, and others (Table 8).

Table 5. The cost structure of direct PFES versus total management budget

Or.	Item	Proportion of delivery cost versus total management budget granted to forest owners
1	Salary for staff involving in PFES money delivery	33.8%
2	Travel allowance	31.4%
3	Travel expenditure (fuel, hiring transportation means)	22.9%
4	Honorarium for supportive local staff	1.8%
5	Supervision, security	3.7%
6	Other expenses	5.2%

3.5. FEASIBILITY OF MAKING PFES BY BANK TRANSFER TO DEPOSIT ACCOUNTS

Survey among provincial VNFFs and forest owners being organizations for their viewpoints about PFES by bank transfer to deposit accounts focused on the below questions: capability for implementation, rationale of implementation and selection of service providing banks.

The survey results are very different between provincial VNFFs and forest owners being organizations. Most of provincial VNFF highly endorsed the pilot while up to 62% of forest owners requested not to do the pilot (table 9).

Table 6. viewpoints about PFES by bank transfer to deposit accounts

Viewpoints	Provincial VNFF	Forest owners being organization
Should implement	78,9%	25,9%
Shouldn't implement	15,8%	62,1%
No idea	5,3%	12,0%

Reasons why provincial VNFF endorsed the pilot of PFES by bank transfer to deposit accounts include:

- 80.0% of the respondents said it would be fast, convenient, accurate and secured
- 66.7% of the respondents said it would save the cost incurred in direct delivery
- 46.7% of the respondents said it would be more transparent, public, and reduce possibility of cheating acts
- 20.0% of provincial VNFF agreed upon the pilot with the reasons of easy control and management of deposits
- 6.7% of respondents said that this approach would increase their entitled amount as a result of deposit interest

Reasons why provincial VNFF didn't endorse the pilot include:

- 100% of the respondents believe that the banking network has not yet developed to the village
- 66.7% of the respondents said that the forest owners were not well-distributed in the area, that their travel was difficult, that they had to spend more time and effort to access and exercise banking transactions.
- 33.3% of the respondents believe that forest owners are subject to many additional fees for the bank

Reason why forest owners being organizations endorsed the pilot of PFES by bank transfer to deposit accounts include (17 forest owners):

- 81.8% of the respondents said that payment via bank account will be quick, convenient, accurate and secured
- 72.7% of the respondents said that the approach would reduce the cost of direct payments to the contracted actors
- 36.4% of the respondents think that the approach should be employed as it would be more open, transparent, reduce possibility of cheating acts, and save travel time for the PFES recipients.
- 9.1% of the respondents said that bank deposits interests would be added.

Reason why forest owners being organizations didn't endorsed the pilot of PFES by bank transfer to deposit accounts include (37 forest owners):

- 66.7% of the respondents said that PFES recipients would encounter difficulties in accessing and dealing with the bank
- 27.8% of the respondents believe that the banking network has not yet developed to the commune level; And local people's education and information technology is low
- 19.4% of the respondents said that most of the forest protection contractors do not have an account, therefore, they have to open the bank account and pay various service fees.
- 19.4% of the respondents considered that the community was not a legal entity and could not open a bank account for the transaction.
- 13.9% of the respondents stated that the amount of money paid to households and individuals was low and it was inconvenient to withdraw money at the bank.

Forest owners are households, groups of households receiving PFES shared that they don't care about any forms of payment. What is most important to them is that they can receive the PFES they are entitled. Discussion with the Mu Cang Chai Protection Forest Management Board and the households contracted for forest protection in Mu Cang Chai also suggested that bank transfer

would be a more professional and safer approach. Moreover, at present, regular visits of delegations for inspection of PFES made to households are more or less bothering forest owners.

In fact, the Viet Nam Bank for Agriculture and Rural Development and the Viet Nam Bank for Social Policy Bank are two large banks operating in rural and mountainous areas. Therefore, these banks can fully participate in PFES money delivery provincial VNFFs. Among the banks considered to be partners, the Viet Nam Bank for Agriculture and Rural Development (MARD) was mostly voted (Table 10).

Table 7. Recommendation on banks PFES transfer service

Or	Name of the bank	Rate of vote from provincial VNFFs (%)	Rate of vote from forest owners being organizations (%)
1	Agribank	86,7%	84,6%
2	Vietcombank	46,7%	15,4%
3	Vietinbank	40,0%	30,8%
4	BIDV	46,7%	38,5%
5	Viet Nam Bank for Social Policies	13,3%	30,8%
6	ABBank	6,7%	0
7	MBBank	6,7%	0
8	ACB	6,7%	0

3.6 CAPABILITY OF BANKS PROVIDING SERVICES PFES TRANSFER SERVICE

At present, Agribank and the Viet Nam Bank for Social Policies are the two state-owned banks, which are quite active in rural and mountainous areas. Therefore, these two banks are targeted by the assessment of bank's capability to provide PFES transfer service. Other commercial banks mostly operate at the provincial level.

3.6.1. The Agribank

Agribank is a commercial bank that has the largest network in the country with 2,300 branches and transaction offices nationwide with a diversified product portfolio to meet the needs of individuals and organizations. Agribank has cooperated with a number of forestry development projects funded by the World Bank, the Asian Development Bank and the KfW, especially agro-forestry projects in rural and regional and mountainous areas.

Agribank's financial services are diversified including account services, deposits, international payment, credit, guarantee, etc. In addition to banking services at the offices of Agribank (provincial, district, commune transaction offices), Agribank has coordinated with the Commune People's Committee to send mobile loan teams - using specialized cars (to give loans to borrowing groups / affiliated groups set up by rural households). Accordingly, the mobile team directly disburses loans to, collects debts from each member of affiliate groups ...etc. based on the

schedule in the commune area, these activities are not necessary to be performed at the office of Agribank. Below are regulations on opening deposit accounts for individuals and organizations.

Requirements in case of account opening:

- ***For individuals:*** the dossier includes: i) account opening and use contract; (ii) Request for account opening; (iii) Personal identification papers (citizen identification card, people's identity card ...), birth certificate (for individuals who are Vietnamese citizens under 14 years of age)
- ***For organization: documents include:*** i) Account opening and use contract; (ii) Request for account opening; (iii) Papers proving the establishment and legal operation of the bank account opening organization: decision of establishment, license of operation, enterprise registration certificates or other papers as prescribed; (iv) Documents proving the representative status of the legal representative, decision on the appointment of the chief accountant or person in charge of accounting (if any), together with their personal identification papers; v) Documents in the account opening dossier must be originals or public notary certified copies, or copies issued from the original books or copies presented together with originals for collating

Rights of account holder:

- Use the amount on your payment account to make legal, valid payment orders.
- Authorize another person to use the payment account.
- Be provided with information on payment transactions, balance on payment account as agreed with Agribank
- Entitled to ask Agribank to temporarily lock, close the account when necessary.
- Enjoy a call interest rate for the current deposit account balance. In case the account holder shift to the saving account she/he shall be entitled to an interest rate which is subjected to certain bank's regulations.

Obligations of the account holder:

Make sure you have enough money on your account to make payments order

- Timely notify Agribank the accounts addresses when detecting any errors, mistakes or doubts about account abusement their accounts being exploited.
- Refund or co-ordinate with Agribank to refund money transferred to the account due to errors or mistakes
- Provide sufficient information, additional information, changes relating to the opening and use of accounts.
- Maintain a minimum balance as required

Account opening fund and account balance:

Opening account is free of charge. The minimum balance in the account is compulsory in the payment account at any time (since the account opening). For personal accounts, the minimum balance is VND 50,000 VND and for organizational account, the minimum balance is VND 1,000,000 VND. Fees of services such as opening accounts, depositing, withdrawing money (cash transactions), transferring, etc. are presented as follows (table 11).

Table 11. Agribank's service fees

Name of fee	Rate (VAT excluded)		
	Rate	Minimum	Maximum
1. Opening bank account	Free		
2. Deposit money to the account, withdraw money from the account (cash transaction)			
2.1. At the branch where the bank account is opened			
Deposit in cash of VND	Free		
Deposit in cash with bank note value less than VND 5,000 and with an amount worth at least VND 1 million	0,03%	VND 20,000	VND 2,000,000
Cash withdrawal in VND (no fee for cases in which cash is withdrawn for depositing saving depositing money into another account at the same branch, payment of loans, payment of service charges ...):	0-0,1%,	VND 5,000	Based on negotiation but not lower than 0,005% of the amount under transaction
2.1. At the branch where the bank account is not opened			
Deposit VND among branches located in the same district, town or equivalent level	0-0,02%,	VND 10,000	VND 500,000
Deposit VND among branches located in other district, town or equivalent	0,01-0,02%	VND 10,000	VND 1,500,000
Deposit VND among branches located in districts of Ha Noi, HCMC	0-0,02%	VND 10,000	VND 1,000,000
Deposit VND among branches in suburban districts to branches in inner districts of Hanoi and Ho Chi Minh City	0,01%	VND 10,000	VND 1,500,000
Deposit VND among branches of different provinces, cities	0,03-0,06%	VND 20,000	VND 3,000,000
Withdraw VND cash from branches in the same provinces, cities	0,005-0,02%	VND 10,000	VND 300,000
In the branches located in inner districts of Ha Noi, HCMC	0,01%	VND 10,000	VND 300,000
Cash withdrawal from the account in other provinces, cities	0,02-0,06%	VND 20,000	VND 500,000
3. Bank transfer			
Transfer among accounts opened in the same branch	Free		
Transfer among accounts opened in different branches			
- The same district, town or administrative level	Free		
- Different district, town or administrative level	0,01%	VND 10,000	VND 500,000
- Different provinces, cities	0,02-0,04%	VND 20,000đ	VND 2,000,000
- Make deduction from account based on a given list	VND 0-5,000/person/transaction, based on negotiation		
4. Account management			

- Annual personal account management fee	VND 2,000/month		
- Annual organization's account management fee	VND 10,000/month		
- Co-possessed account at the customer's request	VND 20,000/month		
5. Closing account			
- Closing account being opened under one year ago at the customer's request	VND 20,000/account		
- Early closing account at the customer's request	0-0,03%	VND 10.000	VND 1,000,000

Discussion with Agribank at the central and provincial levels showed that opening accounts is quite flexible to meet real demand. In the KfW8 project, AgriBank opened deposit accounts for the following entities:

- Open deposit account for Village Development Fund (Fund operating without its own seal): The account is opened based on the list of Funds sent by the commune people committee to Agribank (the list includes: Fund name, cashiers...). Documents to open an account include: i) ID card of the account holder's representative. If the ID card is not available, the account holder can submit a paper certified by commune people's committee regarding the personal ID card which is signed or signed with finger print of the account holder. ii) Decision on Village Development Fund establishment of the Commune People's Committee, decision on the appointment of the Fund's manager and cashier and Fund's operational regulations.
- Open deposit accounts for individuals and households: The account is opened based on the list of Funds sent by the commune people committees to Agribank (the list includes: household heads and authorized account holders (account holders spouse, children), account holder's ID card). When opening an account, the representative of the account holders should have the following documents: ID card of the account holder. If the ID card is unavailable, the account holder can present the paper certified by commune people committee with the signature or finger print of the account holder.

Generally, opening a deposit account for individuals is quite simple. For groups of households contracted for forest protection, or the community, an account may be opened for the representative of the group or the community, with the same procedure as the individual account is applied. After opening an account, the account holder can withdraw money at the bank's office. In addition, Agribank will carry out payment services at the office of the Commune People's Committee under the programs and projects.

AgriBank's branches operate independently and are active in mobilizing capital and diversifying banking services. Currently, there is not any calculation and agreement on service fees if AgriBank provides PFES bank transfer to forest owners. However, discussions with Agribank branches in Dak Nong and Yen Bai showed that Agribank is looking forward to cooperating. Currently, for rural and mountainous areas, Agribank has a policy of reducing fees for payment services through banks.

3.6.2. The Viet Nam bank for social policies

The VBSP was established to implement preferential credit policies for the poor and other policy beneficiaries. VBSP's activities are not for profit purposes, the State guarantees the solvency, the compulsory reserve ratio is 0% (zero percent), not the customers do not have to participate in deposit insurance, can enjoy exemption of tax and other levies to the State budget.

VBSP can carry out the following operations: mobilizing capital, lending, paying, fund maintaining and receiving trusted preferential loans from local authorities, national and international economic organizations, socio-political organizations, associations, non-governmental organizations and individuals for investment in programs and projects for the sake of socio-economic development.

VBSP is one of the economic leverage tools of the State to help the poor, pro-poor households and policy beneficiaries to access to capital via preferential credit to develop production, create jobs and increase income, improve living conditions, to rise out of poverty, to contribute to the implementation of economic development policies in association with hunger elimination and poverty alleviation and social welfare, for the purpose of wealthy people - strong country - democracy - fairness - civilization.

In terms of organizational structure, VBSP is organized in 3 levels: Central Headquarters, Branches at provincial level, Transaction Offices at district level. Each level has a management and operation system. The management system includes: the Board of Directors and the assisting structure at the central level; Board of Governance at the provincial and district levels. The operation system includes: Head office at central level; Transaction centers, training centers, information technology centers; 63 provincial branches and 618 district transaction offices.

VBSP has branch offices at the commune level, usually located at the Commune People's Committee. Up to June 2017, there were 10,984 commune transaction offices in 11,171 communes across the country. Commune transaction offices usually work on a specific day in the month.

Products and services include: (1) loans to poor households and policy beneficiaries; (2) receive savings; (3) fund payment services (remittance, term deposit, inward, outward remittance, e-remittance); (4) receiving entrusted funds from organizations and individuals inside and outside the country; (5) issuing ATM cards to students; and (6) issuing government-guaranteed bonds.

The rules on opening an account are similar to those of AgriBank, including personal and organizational accounts. The procedure for opening an individual account requires an application for account opening and personal identity card. For organizations, in addition to the written application for account opening, the decision on the appointment of the organization's head and accountant must be decided.

In Dac Nong, VBSP has implemented many credit activities, such as lending to groups of households. Loans are given to beneficiaries through heads of beneficiaries groups. The documents required include: (1) minutes of election of the group head with commune people's committee's confirmation; (2) Loan contract signed between the bank and the group leader. Then the bank opens the account for the leader (which is actually a personal account). To distribute the loan, the bank directly comes to each member of the group. To recover the loan, head of the group takes responsible for collecting money from group member and returns the loan to the bank. Group leaders earn a profit equal to approximately 10% of the bank interest. For the community, loaning is similar to that applied to groups. This means that the community must nominate a representative on behalf of the borrowers (certified by the commune). Community representatives will take out loans, and will be responsible for collecting money from members in order to recover the loan.

VBSP has the service of mobilizing savings deposit with an interest rate as prescribed is equal to that of commercial banks in the area.

As such, it is obvious that, VBSP has a fairly wide network in rural and mountainous areas. Main activities are implementing the State's credit policies on household economy development, especially poor households and ethnic minorities. In the surveyed provinces, VBSP has experience in lending money directly to households, groups and communities at commune transaction offices. Limitations of VBSP are:

- Be accountable for government policies on lending for social responsibility (eradication, poverty reduction, etc.);
- Not be commercial banks has limited their competitiveness and provision of banking services;
- Cost-accounting depends on central level bank. If the provincial branches wish to provide PFES money delivery, they must be approved by the central VBSP.

3.7 DISCUSSION

Expectation in making PFES include: (1) improving transparency in payments; (2) Minimizing risks in making PFES; and (3) improving the efficiency in delivery of PFES money.

Transparency in payment for PFES is still under debate. Although Vietnam has implemented PFES policies since 2011, there has not been an independent monitoring and evaluation system yet to measure the **transparency** in making PFES (Thuy et al, two thousand and thirteen). Under the current form of making PFES by provincial VNFFs and forest owners being organizations, there are concerns about transparency as cash payments accounts for the majority. In the surveyed provinces, such as Mu Cang Chai (Yen Bai), there are functional agencies such as inspection agency who conducted inspection of the PFES money delivery by provincial VNFF and forest owners being organizations. For this end, it often takes staff of provincial VNFFs and forest owners being organization time to explain and synthesize the relevant payment records. With the current form of payment, the independence in making PFES is very low. With the development of telecommunication networks in rural and mountainous areas, the application of mobile text messaging will help forest owners, households and individuals to easily receive information on PFES which help to improve transparency and efficiency in organization of PFES.

The **safety** of staff involving in making PFES is also of concern. Due to the payment in cash, the volume of cash under transactions can be quite high so there may be risks in the process of transportation and payment. Through working with the Funds, there has been an improvement in the safety of payments such as car rentals and security officers. However, since the Fund and forest owners are not money-trading agencies like banks, there are no specialized vehicles and the security is limited so transport and cash delivery is still under risks. Cash transportation by a group of staff on motorbikes is still organized in some localities.

Effectiveness of making PFES: The question now is whether the new approach in making PFES in bank transfer to forest owners deposit accounts reduces costs compared to direct way. Practical examples from Thua Thien Hue show this efficiency. Thua Thien Hue has piloted making PFES in bank transfer for 9 communities for the first time in 2014. This approach has been expanded to 16 communities and 14 household groups by 2015 and by 2016 there have been 222 out of total of 278 communities household groups (accounting for 80%) received PFES money through the bank account of Forest Protection and Development Fund (FPDF) of Thua Thien Hue Province, 2017. The payment is convenient and the bank does not charge any fee. In contrast, the Bank has mobilized communities to deposit PFES money they received through the

savings book and the Forest Protection and Development Fund can easily monitor the use of PFES money by communities. It is clear that the current cost for direct payments accounts for 11.1% of total management fund of provincial VNFF and 7.7% of that of forest owners. Reducing this cost will help improve the efficiency in making PFES. The effectiveness of payments through Bank is also reflected in the reduction of the time spent by staff and forest owners' managers in making payments, and they can focus on other specialized tasks such as communication, awareness raising, seeking and mobilize other funds for forest protection. The Bank provides PES payment services, which will help banks to access funds from households and communities and contribute to better management of PFES funding source

Among the 3 above-mentioned, the transparency and safety in distribution of PFES via bank accounts are quite obvious. The transparency can be seen separation of payment organizations (as planned is banks) and the supervising party (here is VNFF and forest owners being organizations). Additionally, the application of SMS banking is also an effective tool to improve the transparency in payment. Payment made by the 3rd party who is bank will be highly professional as banks have relevant means and professionalism, hence, the transportation of cash and organization of distribution will be more professional and much safer than the direct distribution by VNFF or forest owners being organizations. Regarding the effectiveness of the distribution via bank account, at the moment, input is not enough for an assessment and the effectiveness depends on the following factors: (1) Cost for PFES distribution of banks. This is the services arrangement between VNFFs with banks and if the accounts for PFES money receipt are not opened in the same bank system this fee must be higher and does not attractive enough to induce the banks to collaborate; (2) Requirements on PFES distribution to forest environmental services providing parties (being households, individuals, groups of households...). These requirements include, payment sites that relate to travelling distance, number of forest owners, number of payment ... Without a doubt, when distribution via bank account is applied, it is needed to consider all 3 issues: transparency, safety and effectiveness and this is also questions that can be answered after piloting this approach. Additionally, the pilot can make clear the feasibility of PFES distribution via bank account, it is the answer to the question the what is the minimum PFES amount feasible to distribution via bank account.

Discussion with forest protection contractors in Mu Cang Chai showed that they do not care of the money paid to them come from whom but being continued to receive PFES money. The contracted households said that if banks make payment, it is very convenient because many households have borrowed bank capital to develop the economy and banks' services are very good.

Discussion with the Agribank and the Viet Nam Bank for Social Policies revealed that the cost to be paid to banks depends on a number of factors. The incurrence of bank charges when making PFES to forest owners is possible if the Fund and Forest owners do not use their banks to receive PES and thus have no benefits from this transaction. Therefore, in order to reduce the bank transaction costs for this delivery transfer service, provincial VNFFs should consider to open all bank accounts in one selected bank for making PFES by bank transfer.

The comments on transfer the payment from FES between bank accounts revealed 2 trends: Most of comments from provincial VNFFs reflect a strong endorsement on this approach, meanwhile this is not the case in comments from forest owners being organizations. In direct discussion with forest management boards, the opinions received was the current approach is transparent enough already. In contrast some argued that such direct payments are risky and insecure. They also said that the bank is the appropriate legal and professional unit involved in

the cash transaction. The difficulty to forest owners is financial constraint and they want to use PFES (including management budget) to cover the shortfall in budget.

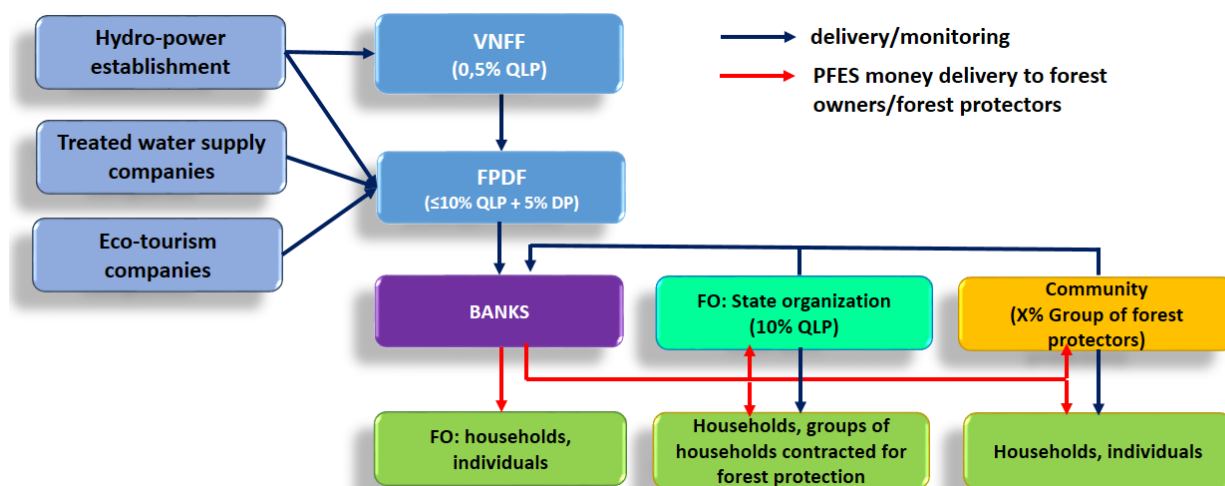
Bank transfer to beneficiaries of forestry development projects is no longer a new approach, especially in projects funded by or received concessional loans from KfW. As for projects funded or loaned by KfW, payment is always made to individuals, households and village communities through bank deposit accounts. Agribank is the payment service provider who does not charge service fee. However, it is visible that in these cases, the Agribank enjoys lots of opportunities as a result of dealing with such a large fund, comparative long deposit term. This is also different from transaction with PFES. As for PFES, the retention time at bank is quite short and in particular the bank may charge a fee if provincial VNFF open bank accounts and keep money at banks that are not in the same system. At present, Provincial VNFFs are maintaining accounts at different banks for receiving PFES and without working with one bank system (all provincial VNFFs open accounts in a selected bank) it is hard to be entitled to preferential treatments from the banks. During discussion, the Agribank opened that it has preferential treatment for rural and mountain areas and is willing to minimize service fee. These banks believe that transfer PFES via bank account is surely safer and economical than the current approach. However, it is important that the accounts where PFES is transferred to must be opened at these banks.

IV. RECOMMENDATIONS ON PILOT OF MAKING PFES BY BANK TRANSFER TO DEPOSIT ACCOUNTS

4.1. APPROACH

The Bank will provide the service of PFES transfer to forest owners. The bank will be under the supervision of the Provincial VNFF and forest owners being organization. The provision of bank transfer by the bank is a business based service under agreement between provincial VNFF and the bank. Provincial VNFF, forest owners being organizations and stakeholders are only in charge of professional activities such as payment planning, evaluation for acceptance, communication, fund mobilization and monitoring. The diagram below shows the flow of PFES (Figure 2). In essence, PFES related activities conducted by provincial VNFF and forest owners will be now conducted by banks based on the list of PFES recipients approved by provincial VNFF and forest owners.

Figure 1. flow of PFES via banks



4.2 PILOT SITES

4.2.1 In the province of Dak Nong

It is proposed by the Dak Nong provincial VNFF to conduct the pilot in two districts Dac R ' Lay and Tuy Duc. These are two districts with a great diversity of PFES recipients and quite difficult areas. The total paid forest area in the two districts is 50,896 ha with the total amount paid in 2016 is about VND 26 billion. The PFES recipients include:

- 10 forest owners being State organizations (protection forest management boards, forestry companies, border guards units)
- 8 land leasees units
- Five forest owners being village communities.
- Five forest owners are the township and commune people's committees
- Households and groups of households contracted to forests protection service (with forest management boards, forestry companies).

Detailed information on forest areas, forest owners and PFES recipients is provided in Annex 3.

4.2.1. In the province of Yen Bai

- Mu Cang Chai district is proposed as a pilot area of PFES bank transfer who is one difficulty stricken-district of Yen Bai. The pilot site covers the forest areas under the management and protection by the management board of the protection forest Mu Cang Chai, Mu Cang Chai Species and Habitat Conservation Area, and local households. Total paid forest area is 30,000 ha and the amount paid in 2016 is VND 16 billion. PFES recipients include (table 7):
- Households;
- Households contracted for forest protection service
- Households groups contracted for forest protection service

Table 8. PFES eligible forest areas and recipients in Mu Cang Chai district

Or	Forest owner	Total forest area (ha)	Household groups	Households
1	Payment committee of the Mu Cang Chai district	512.34	18	1.280
2	The management board of the MCC protected area	19,851.10	18	430
3	The management board of the protection forest MCC	9,697.20	135	8.775
Total:		30,060.64	171	10.485

4.3 PLAN

For the payment year 2017, the 1st advance to forest owners has been done, and the pilot also requires preparation. The pilot of PFES bank transfer need to be started from 2018. Below are recommended activities:

Table 9. Plan of PFES bank transfer

Or.	Activities	Time	Responsible	Result
1	Agree upon the plan and approval of the pilot	11/2017	VNFF	Official dispatch is sent to the pilot provinces
2	Development of pilot plan	11-12/2017	Provincial VNFF	Plan
3	Select, negotiate and sign contracts with banks for the transfer service	11-12/2017	Provincial VNFF	Contracts are signed
4	Make detail list of PFES recipients and send this list to the bank	1-2/2018	Provincial VNFF	List of PFES recipients
5	Open bank accounts for PFES recipients	1-2/2018	Selected banks	The bank accounts are opened for PFES recipients
6	Conduct PFES bank transfer as prescribed in the agreement and make regular report	2018/2019	Selected banks	Payment is made to appropriate targeted groups, value and as scheduled
7	Monitor and oversee;	2018/2019	Provincial VNFF and forest owners being organizations	Reports are made on a regular basis
8	Evaluate the pilot and recommend the plan on upscaling kế hoạch nhân rộng	5-6/2019	VNFF	Evaluation report and recommendations

4.4 RESPONSIBILITIES OF STAKEHOLDERS

a) Vietnam Forest Protection and Development Fund

- Send to the provinces selected for pilot an official dispatch;
- Monitor and document the pilot results in writing for upscaling (if appropriate).

b) Provincial VNFFs

- Plan for the pilot implementation, including location, target groups, areas and detail list of PFES recipients.
- Negotiate with the bank and agree upon PFES transfer service therewith;
- Monitor and supervise the PFES bank transfer
- Update and timely report to the Bank about the list of PFES recipients

c / Forest owners being organizations

- Plan for pilot implementation, including location, targeted groups, area and detailed list of eligible PFES recipients.
- Monitor and supervise the implementation of PFES bank transfer service

d) Banks

- Open a bank deposit account for PFES eligible recipients according to the list provided by provincial VNFF . The accounts to be opened include: (1) Individual accounts applied to forest owners being individuals, households, contracted households for forest protection; (2) communal accounts applied to services providers being group of households contracted for forest protection service, communities
- Conduct PFES bank transfer based on schedule, value and targeted groups according to the list approved by provincial VNFFs.
- Take responsible to provincial VNFF as prescribed in the signed contracts regarding PFES transfer service;
- Report on a regular basis to provincial VNFF on PFES bank transfer

V. CONCLUSION AND RECOMMENDATIONS

According to current regulations, PFES via bank transfer is not compulsory. There are clear provisions on how to use PFES for provincial VNFF operation (management fund for provincial VNFF and forest owners). The number of staff working at the provincial VNFFs varies greatly does not show any close linkage between the number of staff and revenue and PFES eligible forest area. However, the number of staff working at the fund will greatly affect management fund thereof.

The proportion of PFES made in cash is very high. About 82% of total PFES value made to forest owners being organizations by transfer (bank), meanwhile, over 96% of PFES value is made directly from provincial VNFFs to forest owners being individuals, households and from forest owners being organizations (management boards of protection forests, special use forests) to forest protection contractors in cash payment. The direct payment is made through various

forms such as by payment teams (consisting of 3-5 provincial VNFF staff); district VNFF (Son La) or payment committees (Yen Bai). The provincial VNFFs have to incur a cost worth up to 11.1% of the total budget for management (0.3-31.6%). As for forest owners being organizations (management boards, etc.), the average cost incurred for direct payments accounted for 7.7% of the total management budget (from 0.9 to 53.9%).

Provincial VNFFs do not share the same view on PFES via bank transfer with forest owners being organizations. However, the majority (79%) of provincial VNFFs voted for PFES via transfer to deposit accounts. Agribank and the Viet Nam bank for social policies are banks whose networks are large and expanded o rural and mountainous areas, but Agribank has more advantages in terms of experiences, diversified services, self-finance and stronger commercial competitiveness. Agribank is voted in more than 85% of opinions from provincial VNFFs and forest owners to be partner for provision of PFES transfer service to deposite account.

Distribution of PFES via bank account will help to improve transparency, minimize risks and improve effectiveness in PFES to forest environmental services providers. Transparency and safety of this approach is obvious. However, the effectiveness of this approach can not be weighed as it depends on some factors such as accounts for receipt of PFES and the supplier of distribution service (banks) whether they are of the same system? Requirements regarding distribution such as sites, distribution times, ...the pilot of distribution via bank accounts can be done in order to answer those questions.

5.1. RECOMMENDATIONS

Banks should be considered independent service providers for PFES distribution to forest environmental services providers being individuals, households, groups of households, vv... Accounts for receipt of PFES money distribution service provider should be on the same selected banking system. Additionally, it is necessary to apply IT in organization of PFES distribution via SMS banking in order to ensure that the forest environmental services providers can access information regarding PFES distribution.

When apply PFES distribution via bank accounts requirements on payment evidences such as receipt signatures of the forest environmental services providers are no longer suitable. As a result, it is needed to consider the revision of legal documents related in adaptation to this distribution approach.

At the moment, there are no specific provisions to be considered in order to improve the transparency and improve the effectiveness in distribution. Additionally, it is needed to considered the provisions on human resources working in provincial VNFF. Hence, it is needed to consider the promulgation of regulations on number and job positions in provincial VNFF based on the area of PFES eligible forests and PFES amount to be distributed. This could help to ensure the synchronicity among provincial VNFF and improve their operational effectiveness meanwhile cut down their management costs.

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**SURVEY FORM PAYMENTS ORGANIZATION OF FOREST ENVIRONMENTAL SERVICES
BY DECREE No. 99/2010 / ND-CP
(Applies to protect and Development Fund Provincial Forest)**

Introduce

Thank him / her for taking the time to provide information for the survey, collect our information. This survey is one of the co-operation between Vietnam and GIZ Protection Fund and Forest Development of Vietnam (VNFF). The purpose of this survey is to collect information on the implementation of payment for forest environmental services (PES) as a basis for pilot PES via bank account.

A. GENERAL INFORMATION

1. Name and Development Fund for forest protection:
.....
2. Address institution:
3. Full name of person providing information:
4. Title provider information:
5. Contact: Mobile: Email:

B. ORGANIZATION OF THE FUND Forest Protection and Development

1. Established:
 2. The decision of establishment:
- The managing agency of Forest Protection and Development Fund (DARD / PPC):
.....
4. Branch of the Fund to grant: District commune
 5. The total number of staff working at the Forest Protection and Development Fund: XXpeople.
Contract staff: XXpeople. Specifically:

Fund staff	Total (person)	Number of full-time (person)	Number of part-time (person)
1. Leadership			
2. Accounting, finance			
3. Technicians			
4. The letter, treasurer			
5. Driving			
6. Other (specify)			
total			

C. FOREST AND FOREST OWNERS AREA RECEIVED PES 2016

1. The number of forest owners under the administrative unit

TT	Forest owners / PES Party Supply	Number of forest owners by:		
		districts	commune	Thon
first	Protection Forest Management Board			

2	Special use FMBs			
3	Forestry companies			
4	Other organizations			
5	CPC			
6	Households and individuals			
7	Community			

2. The area and the amount received PES according to forest owners

TT	forest owners	Amount	Forest area receiving PES (ha)	Amount paid (million)
first	Protection Forest Management Board			
2	Special use FMBs			
3	Forestry companies			
4	Other organizations			
5	CPC			
6	Households and individuals			
7	Community			

3. The area of forest protection (ha) have received money PES at forest owners are organized

TT	forest owners	Family			households		
		Amount	Area (ha)	Amount (VND mil)	Amount	Area (ha)	Amount (VND mil)
first	Protection Forest Management Board						
2	Special use FMBs						
3	Forestry companies						
4	Other organizations						
5	CPC						

D. FORM OF PAYMENT TO PES FOREST OWNERS AND HOUSEHOLD / GROUPS households contracted BVR

1. Payment of Forest Protection and Development Fund to forest owners is organized:
Cash Transfer
2. Payment of Forest Protection and Development Fund to forest owners being households and individuals: Cash Transfer
3. Payment for Forest Protection and Development Fund to community forest owners are:

Cash Transfer

4. Payments from the forest owner is held to households / households contracted: Cash
 Transfer

5. Period covered:

Once / year From January By month

Twice / year From monthto monthsand From September By
 January

6. Listing banks open accounts to receive money PES of the Fund:

a) Bank

c) Bank

c) Bank

E. REVENUE AND EXPENSES PAID PES 2015 and 2016

1. Revenue from money PES

Source	Revenue 2015 (million)	Revenue in 2016 (million)
1. central fund transfer		
2. provincial revenue fund		
3. Other (specify) *		
Total (Millions)		

* The budget, financing, etc.

2. Use of Fund money PES Provincial Forest Protection and Development

Categories	The amount spent in 2015 (million)	The amount spent in 2016 (million)
1. Payments for forest owners / PES Party Supply		
2. The apparatus of funds *		
3. The reserve fund **		
4. Other (specify) ***		
Total expenditures (Millions)		

* These costs come from the QLP prescribed, including expenses such as: i) Salaries and allowances; ii) professional activities; iii) Gasoline car, per diem; and iv) other expenses.

** According to the 5% funds for prevention

*** Expenses for project support, etc.

F. ESTIMATED TIME AND COST OF DIRECT CASH PAYMENT IN 1 YEAR TO PES owners being households, INDIVIDUAL, COMMUNITY.

1. The number of staff involved direct payments of money PES in 1 year

TT	Categories	Amount of people	Days go direct payments of money PES *	The average salary (million / month) **
first	Treasury officials			
2	District officials			

3	Commune officials			
4	Village officials			
6	Supervisor			
7	Other (specify)			

* Including travel time and about to / from the points paid

** Includes insurance

2. Costs related to the implementation of direct payment funds in the first year PES (Only during the organization of direct payment at the point of payment)

TT	Work items	Cost (million)
first	Salary staff involved go pay	
2	Diem	
3	Travel expenses (car renting Cars, Gasoline)	
4	Sub district officials, commune participation payments	
5	Security spending (eg police)	
6	Sub supervisors	
7	Other (specify)	

G. PES ORIENTATION THROUGH CASH PAYMENT DEPOSIT ACCOUNTS

1. He / she should perform PES payment to forest owners through a deposit account at the bank?

a) should be piloted

b) It should not be done

If you choose the answer is a) please continue answering questions 2, 3 and 4. If you choose the answer b), please indicate reasons:

.....

2. He / she, pay PES through deposit accounts have certain advantages (please list):

.....

3. According to him / her, any suitable bank to make payments to forest owners through deposit accounts (please list the banks in order of priority).

.....

4. If only one bank is selected he / she stated above, he / she select the bank and the bank selected reason is that?

.....
.....
.....
.....
.....
.....

Honor to thank him / her for the feedback and cooperation!

Appendix 1. Sample questionnaire is organized forest owners
SURVEY FORM PAYMENTS ORGANIZATION OF FOREST ENVIRONMENTAL SERVICES
BY DECREE No. 99/2010 / ND-CP
(Applies to the forest owner organizations)

Introduce

Thank him / her for taking the time to provide information for the survey, collect our information. This survey is one of the co-operation between Vietnam and GIZ Protection Fund and Forest Development of Vietnam (VNFF). The purpose of this survey is to collect information on the implementation of payment for forest environmental services (PES) as a basis for pilot payment through bank account.

A. GENERAL INFORMATION

1. Name of forest owners:
2. Address institution:
3. Full name of person providing information:
- ..
4. Title provider information:
5. Contact: Mobile: Email:

B. FOREST AND MARKET AREA BY BVR PES 2016

1. Forest area is paid PES and BVR exchange area for household / group

TT	Categories	Area (ha)
first	The total forest area is paid PES	
2	Total forest stock BVR	
3	Total forest area by the unit performing BVR	

2. The area and the amount received PES exchange through BVR

TT	Categories	Number (HH / group)	BVR exchange area is paid PES (ha)	Amount paid (million)
first	BVR exchange for household			
2	Stock BVR for households			
3	Stock community BVR			
4	BVR securities other (specify)			

C. REVENUE AND FORMS OF PAYMENT TO HOUSEHOLDS PES / GROUPS households contracted BVR

1. Revenue from money PES

Source	Revenue 2015 (million)	Revenue in 2016 (million)
1. Fund transfers province PES		
3. Other (specify)		
3. Total		

2. Using PES amount of forest owners

Categories	Expenses in 2015 (million)	Expenses in 2016 (million)

1. Payment of PES for households / households contracted BVR		
2. Management of the unit cost (management, monitoring, testing, organizing payments, etc.)		
3. Other (specify)		
total expenditure		

3. Forms of payment PES for families / households contracted BVR

- a) Payments to households / households contracted BVR: Cash Transfer
 b) Payments to the contracting community BVR: Cash Transfer
 c) Payments to other subjects contracted BVR: Cash Transfer

4. Period covered:

- Once / year From January By month.
 Twice / year From monthto monthsand from month to month

D. ESTIMATED TIME AND COST OF DIRECT CASH PAYMENT IN 1 YEAR TO PES households / GROUPS households contracted BVR

1. The number of staff involved direct payments of money in one year next PES HDG / Group contracted households BVR

TT	Categories	Amount of people	Days go direct payments of money PES *	The average salary (million / month) **
first	MB staff			
2	District officials			
3	Commune officials			
4	Village officials			
6	Supervisor			
7	Other (specify)			

* Including travel time and about to / from the points paid

** Includes insurance

2. Costs related to the implementation of direct payment of money to households PES in 1 year / Group contracted households BVR (Only during the organization of direct payment at the point of payment)

TT	Work items	Cost (million)
first	Salary staff involved go direct payments *	
2	Diem **	
3	Travel expenses (car renting Cars, Gasoline)	
4	Sub district officials, commune participation payments	
5	Security spending (eg police)	
6	Sub supervisors	
7	Other (specify)	

* Calculated based on the number of direct payment dates and the average monthly salary

** Business prescribed fee when traveling in the area

G. CASH PAYMENT PES ORIENTATION THROUGH TO DEPOSIT ACCOUNTS households / GROUPS households contracted BVR

1. He / she should make payment to households PES / BVR Group contracted households

through deposit accounts at the bank?

a) should be piloted

b) It should not be done

If you choose the answer is a) please continue answering questions 2, 3 and 4. If you choose the answer b), please indicate reasons:

.....
.....
.....
.....

2. He / she, pay PES through deposit accounts have certain advantages (please list):

.....
.....
.....
.....
.....

3. According to him / her, any suitable bank to make payments to forest owners through deposit accounts (please list the banks in order of priority).

.....
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.....

4. If only one bank is selected he / she stated above, he / she select the bank and the bank selected reason is that?

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Honor to thank him / her for the feedback and cooperation!

Appendix 2. Expenditure of the fund management fee period 2011-2016

TT	Provincial Treasury	PES spending cash accumulated in 2011-2016 (thousand)					Total Income accumulated from years 2011-2016 (thousand)	Money Management fee rate
		Expenditure management	Expenditure reserve	Expenses for forest owners and forest owners are not organized	Other expenses	Total expenses accumulated		
I	northwest	74,042,497	0	1,409,983,351	32,323,415	1,516,349,263	1,784,933,000	4.1%
first	Son La	23,824,596	0	381,637,041	0	405,461,637	476,842,300	5.0%
2	Laizhou	36,371,727	0	647,141,369	0	683,513,096	783,949,948	4.6%
3	Dien Bien	8,600,948	0	340,669,027	32,323,415	381,593,390	468,076,169	1.8%
4	Peace	5,245,226	0	40,535,914	0	45,781,140	56,064,583	9.4%
II	northeast	39,252,795	3,273,893	329,836,455	2,516,774	374,879,917	553,333,033	7.1%
5	Yen Bai	8,342,763	0	113,673,549	2,516,774	124,533,086	158,398,620	5.3%
6	Lao Cai	16,225,398	1,749,929	87,907,504	0	105,882,831	142,306,412	11.4%
7	Tuyen Quang	2,338,968	0	20,655,837	0	22,994,805	27,633,895	8.5%
8	Ha Giang	9,096,776	1,430,000	63,235,387	0	73,762,163	159,388,982	5.7%
9	As tall as	2,131,531	0	28,765,489	0	30,897,020	35,668,429	6.0%
ten	bak Kan	865.019	0	13,612,867	0	14,477,886	26,600,000	3.3%
11	Thai Nguyen	38.646	11.594	278.400	0	328.640	435.317	8.9%
twelfth	Phu-Tho	45.953	0	323.047	0	369,000	369,000	12.5%
13	Bac Giang	0	0	0	0	0	897.151	0.0%
14	Quang Ninh	167.741	82.370	1,384,375	0	1,634,486	1,635,227	10.3%
III	North Central	25,305,059	0	198,159,027	3,620,489	227,084,575	356,019,856	7.1%
15	Hallowmas	2,786,920	0	24,234,842	0	27,021,762	27,288,417	10.2%
16	Nghe An	16,901,908	0	137,165,417	0	154,067,325	207,514,367	8.1%
17	Ha Tinh	397.636	0	4,572,691	0	4,970,327	10,750,385	3.7%

TT	Provincial Treasury	PES spending cash accumulated in 2011-2016 (thousand)					Total Income accumulated from years 2011-2016 (thousand)	Money Management fee rate
		Expenditure management	Expenditure reserve	Expenses for forest owners and forest owners are not organized	Other expenses	Total expenses accumulated		
18	Quang Binh	0	0	0	0	0	0	
19	Quang Tri	1,465,003	0	6,170,363	0	7,635,366	30,312,557	4.8%
20	Hue	3,753,592	0	26,015,714	3,620,489	33,389,795	80,154,130	4.7%
IV	South Central	28,983,299	1,258,713	207,914,621	11,098,390	249,255,023	353,353,072	8.2%
21	Quang Nam	21,286,445	0	136,549,893	11,098,390	168,934,728	208,840,137	10.2%
22	Danang	0	0	0	0	0	604.194	0.0%
23	Quang Ngai	851.185	237.629	3,511,206	0	4,600,020	13,493,191	6.3%
24	Khanh Hoa	759.576	379.788	3,715,068	0	4,854,432	6,941,805	10.9%
25	Pacify	1,565,240	0	7,755,951	0	9,321,191	12,107,146	12.9%
26	Phu Yen	1,992,600	285.527	11,825,320	0	14,103,447	23,662,396	8.4%
27	Binh Thuan	1,834,492	0	38,508,234	0	40,342,726	79,999,893	2.3%
28	Ninh Thuan	693.761	355.769	6,048,949	0	7,098,479	7,704,310	9.0%
V	Highlands	149,482,076	6,526,433	1,724,934,955	18,016,172	1,898,959,636	2,263,622,523	6.6%
29	Kon Tum	38,882,457	0	491,384,947	18,016,172	548,283,576	697,899,414	5.6%
30	Dak Lak	15,802,531	0	124,790,604	0	140,593,135	185,153,128	8.5%
thirty first	Dak Nong	26,469,568	2,500,000	223,965,286	0	252,934,854	272,075,058	9.7%
32	Gia Lai	15,747,005	4,026,433	268,218,503	0	287,991,941	333,351,834	4.7%
33	Lam Dong	52,580,515	0	616,575,615	0	669,156,130	775,143,089	6.8%
VI	South East	8,707,460	690,000	74,143,278	0	83,540,738	144,219,113	6.0%
34	Binh Phuoc	4,700,426	0	39,221,483	0	43,921,909	85,907,005	5.5%
35	Dong Nai	4,007,034	690,000	34,921,795	0	39,618,829	50,086,323	8.0%

TT	Provincial Treasury	PES spending cash accumulated in 2011-2016 (thousand)					Total Income accumulated from years 2011-2016 (thousand)	Money Management fee rate
		Expenditure management	Expenditure reserve	Expenses for forest owners and forest owners are not organized	Other expenses	Total expenses accumulated		
36	HCMC	0	0	0	0	0	325.785	0.0%
37	Xining	0	0	0	0	0	7,900,000	0.0%
38	Tra Vinh	0	0	0	0	0	0	
39	Binh Duong	0	0	0	0	0	0	
40	Kien Giang	0	0	0	0	0	0	
	total	325,773,186	11,749,039	3,944,971,687	67,575,240	4,350,069,152	5,455,480,597	6.0%

Appendix 3. Detailed implementation costs paid directly by the Fund Survey

TT	The provincial	Management fees (1,000 VND)	Travel expenses paid directly (1,000 VND)	% Pay costs than management fees	Costs under items (1,000 VND)						
					Salary staff involved go pay	Diem (1,000 VND)	Travel expenses (car renting Cars, Gasoline)	Sub district officials, commune participation payments	Security spending	Sub supervisors	Other
1	Hue	2,273,045	6.604	0.3%	3,000	1,760	1,244	0	0	0	600
2	Quang Tri	517.615	14,400	2.8%	7,500	300	6,600	0	0	0	0
3	Dak Lak	4,017,420	49.310	1.2%	11,300	9,360	10,800	9,750	0	2,250	5.850
4	Quang Ngai	582.900	51,000	8.7%	0	20,000	10,000	21,000	0	0	0
5	Bac Kan	507.019	75,000	14.8%	21,000	36,000	18,000	0	0	0	0
6	As tall as	1,216,000	87.077	7.2%	38.977	29,300	12,500	6,300	0	0	0

7	Dak Nong	6,683,050	93.361	1.4%	59.521	2,520	27,000	0	0	4.320	0
8	Ha Giang	3,778,930	808.320	21.4%	114.220	345.600	129.600	176.400	0	42.500	0
9	Son La	11,655,000	1,291,872	11.1%	95.302	450,000	405.800	340.600	0	170	0
ten	Nghe An	4,761,000	1,503,000	31.6%	337.000	430,000	194,000	436.000	0	64,000	42,000
11	Yen Bai	2,953,342	360,000	12.2%	300,000	30,000	30,000	0	0	0	0
Total / Average		38,945,320	4,339,944	10.2%	687.820	1,324,840	815.544	990.050	0	113.240	48.450

Appendix 4. Stock protected forest areas and protect the owners being held

TT	The provincial	Forest owners name	Total forest area covered (ha)	The total area of forest protection contracts (ha)	The total area of protected forests (ha)
first	Dak Nong	BCHQS Dak Nong Province	2.895	0	2.895
2	Dak Nong	Bu community NOR A, B	310	0	310
3	Dak Nong	MB RDD landscape Dray Sap	1,213	1,009	204
4	Dak Nong	Protection Forest MB Dak Mang	4.104	0	4.104
5	Bac Kan	MB NR species and habitat South Xuan Lac	2,280	1,737	543
6	Bac Kan	LT Ba	590	0	590
7	Bac Kan	LT Ngan Son	503	0	503
8	Bac Kan	Ba Be National Park	7.820	6,427	1,393
9	Pacify	Forestry Co. Ltd SongKon	8.698	4.279	4.419
ten	Pacify	MB RDD Safety	42.676	12.281	30.395
11	Pacify	Protection Forest MB Vinh Thanh	19.872	13.377	6.495
twelfth	Hue	A Luoi Protection Forest Management Board	20.540	17.940	2,600
13	Hue	Nam Hoa Company Limited LN	14.071	0	14.071
14	Hue	Phong Dien NR	14.086	7,106	6.981
15	Hue	Hue Saola NR MB	13.371	6.890	6.482
16	Nghe An	MB of Pu	31.435	21.961	9.474

TT	The provincial	Forest owners name	Total forest area covered (ha)	The total area of forest protection contracts (ha)	The total area of protected forests (ha)
17	Nghe An	Protection Forest MB Xiangyang	43.803	27.236	16.568
18	Nghe An	Protection Forest MB Qishan	52.963	41.075	11.888
19	Nghe An	MB of Pu Hoat	38.199	38.199	0
20	Phu-Tho	Xuan Son National Park	496	496	0
21	Phu-Tho	Bua River Protection Forest Management Board	141	141	0
22	Tuyen Quang	Na Hang county RDD KL	21.284	0	21.284
23	Tuyen Quang	Na Hang Protection Forest Management Board	7.193	1,323	5.869
24	Tuyen Quang	Protection Forest MB Lam Binh	32.230	12.380	19.851
25	Tuyen Quang	LN Chiem Hoa Company Limited	390	0	390
26	Son La	Na Dwarf community	1,716	0	1,716
27	Son La	Forest Protection and Development Project Management Yen Chau district	1,011	1,011	0
28	Son La	Protection Forest MB Thuan Chau	5.170	3.669	1,501
29	Quang Tri	Protection Forest Management Board Huong Hoa - Dakrong	1,266	1,266	0
30	Quang Tri	NR Bac Huong Hoa	3,352	3,352	0
thirty first	Quang Tri	CPC Help Son	2,051	2,051	0
32	Dien Bien	NR Muong Nhe	30.303	25.963	4.340

TT	The provincial	Forest owners name	Total forest area covered (ha)	The total area of forest protection contracts (ha)	The total area of protected forests (ha)
33	Ninh Thuan	Protection Forest MB phase Krong	5,445	4,587	858
34	Ninh Thuan	LN Ninh Son Company Limited	26.507	0	26.507
35	Ninh Thuan	Nui Chua	4.469	3.198	1.271
36	Ninh Thuan	Phuoc Binh National Park	15.854	4,000	11.854
37	As tall as	MB RDD Phia Oac - Phia Den Nguyen Binh district	2,866	2,866	0
38	As tall as	LN Company Limited Cao Bang	1,233	0	1,233
39	As tall as	Ca Thanh commune	709	709	0
40	As tall as	CPC Shilin	1,337	1,337	0
41	Gia Lai	Protection Forest MB North Ia Grai District	14.583	7.601	6.982
42	Gia Lai	Recommended village population communities Tar	2,128	2,128	0
43	Gia Lai	Tram Lap Forestry Company Limited	10.201	2,012	8.189
44	Gia Lai	Kon Ka Kinh National Park	39.356	11,200	28.156
45	Ha Giang	MB RDD Bat Dai Son	4,107	4,107	0
forty six	Ha Giang	MB RDD Yogacara	16.349	16.349	0
47	Ha Giang	Species and Habitat NR MB Tonkin snub Khau Ca	1,848	0	1,848
48	Ha Giang	MB RDD Tay Con Linh	12.683	12.683	0

TT	The provincial	Forest owners name	Total forest area covered (ha)	The total area of forest protection contracts (ha)	The total area of protected forests (ha)
49	Lam Dong	Protection Forest MB D'Ran	12.041	12.041	0
50	Lam Dong	LN Don Duong Company Limited	6.134	6.134	0
51	Lam Dong	Community of ethnic minority village of Phu An, Phu Hoi	63	63	0
52	Lam Dong	Bidoup - Nui Ba	57.884	51.203	6.681
53	Quang Ninh	National monuments and forests MB Yen Tu	2,528	0	2,528
54	Quang Ninh	Company Limited LN Hoanh Bo	3.924	3,085	839
55	Quang Ngai	Protection Forest MB Son Tay	2.093	2.093	0
56	Quang Ngai	Protection Forest Management Board of Tra Bong District	3.078	3.078	0
57	Quang Ngai	Protection Forest Management Board of Tay Tra District	7,375	7,375	0
58	Quang Ngai	Three Jiangsu Company Limited LN	1,330	0	1,330
59	Thai Nguyen	NR Than Sa - Phuong Hoang	600	600	0
60	Thai Nguyen	Dinh Hoa safety zone forest management board	500	500	0
sixty one	Thai Nguyen	Phu Luong BCHQS	200	0	200
62	Thai Nguyen	Nui Coc Lake Protection Forest MB Environmental Protection	690	690	0

Appendix 5. Detailed implementation costs paid directly by forest owners are organized

TT	The provincial	Organization Name	Management fees (million)	Travel expenses paid directly (million)	% Pay costs than management fees	Detailed costs (million)						
						Salaries paid to participate go (million)	Diem (million)	Travel expenses (carrenting Cars, Gasoline)	Sub district officials, commune participation payments	Security spending (eg police)	Sub supervisors	Other
first	Bac Kan	MB NR species and habitat South Xuan Lac	twelfth	5	40.1%	3	0	2	0	0	0	0
2	Bac Kan	Ba Be National Park	45	4	9.5%	3	first	0	0	0	0	0
3	Pacific	Co. LN SongKon	630	6	0.9%	2	first	first				2
4	Gia Lai	Kon Ka Kinh National Park	681	38	5.6%	0	38	0	0	0	0	0
5	Gia Lai	Protection Forest MB North Ia Grai District	641	6	0.9%	0	0	0	0	0	0	6
6	Ha Giang	MB RDD Yogacara	98	26	26.4%	20	4	2	0	0	0	0
7	Ha Giang	MB RDD Bat Dai Son	107	8	7.8%	5	0	0	2	0	first	0
8	Ha Giang	MB RDD Tay Con Linh	76	7	9.6%	6	0	first	0	0	0	0

9	Ha Giang	Species and Habitat NR MB Tonkin snub Khau Ca	11	6	53.9%	6	0	0	0	0	0	0
ten	Lam Dong	Protection Forest MB D'Ra	602	166	27.6%	36	50	40	0	ten	0	30
11	Lam Dong	Bidoup - Nui Ba	2,281	50	2.2%	14	twelfth	twelfth	0	0	twelfth	0
twelfth	Nghe An	Protection Forest MB Qishan	1,201	194	16.2%	60	54	80	0	0	0	0
13	Nghe An	MB of Pu	231	52	22.4%	36	11	5	0	0	0	0
14	Nghe An	Protection Forest MB Xiangyang	1,071	45	4.2%	21	twelfth	6	4	0	2	0
15	Nghe An	MB of Pu Hoat	1,274	30	2.4%	0	30	0	0	0	0	0
16	Phu-Tho	Xuan Son National Park	7	4	61.4%	4	0	0	0	0	0	0
17	Quang Ngai	Protection Forest Management Board of Tra Bong District	130	4	3.0%	4	0	0	0	0	0	0
18	Quang Ninh	Bo H. LN Company Limited	40	15	38.2%	3	first	4	3	3	2	0
19	Quang Tri	NR Bac Huong Hoa	sixty seven	5	7.2%	3	0	2	0	0	0	0
20	Son La	Protection Forest MB Thuan Chau	63	2	3.7%	2	0	0	0	0	0	0
21	T.Thien Hue	Hue Saola NR MB	188	57	30.2%	20	15	twelfth	0	0	ten	0
Total / Average			9.455	729	7.7%	247	229	167	9	13	27	38

Appendix 7. Area and location of pilot pay through account PES Intra in Dak Nong

TT	Managers	Forest area (ha)
Total forest area		50,896.64
I - Forest owners are the state institutions, including public non-business units, armed forces units and state enterprises.		46,563.73
	Dak Lap district	12,551.94
1.1	The military command of Dak Lap district	32.79
1.5	Protection forest management boards Nam Cat Tien	12,519.15
	Tuy Duc	34,011.79
1.4	Military Steering Committee Tuy Duc district	757.11
1.5	The Border Guard Command Dak Nong Province	62.68
1.6	Protection Forest Management Board Thac Mo	6,477.23
1.7	Protection forest management board border belt	4,051.75
1.8	Forestry Limited Company Southern Highlands	19,888.34
1.9	Activities dissolution Company Limited - Company Limited Quang Tin LN	1,847.11
1:10	Regiment 726 - Corps 16	927.57
II - Forest owners are held by the state to lease land or forest		2,844.16
	Tuy Duc	2,844.16
2.1	Branch Real Estate Joint Stock Company Ngoc Sea	1,428.24
2.2	Corporation Construction Investment New Architecture	105.97
2.3	Co. plant varieties Cong Long	112.30
2.4	Company Limited Hoang Ba	571.94
2.5	Commercial Production Company Limited Hoang Thien	44.24
2.6	Co. Mingfu	55.57
2.7	Company Limited Trading Services Thien Hung	423.81
2.8	Private Enterprise Huy Du	102.09
III - Forest owners are rural communities (carbon)		866.21
	Dak Lap district	70.22
3.2	Bon Bu Koh	70.22
	Tuy Duc	795.99
3.1	Bu NOR A, B	344.69
3.2	Bu Nung	85.35
3.3	Bon Buza Rah	125.93
3.4	Bon Bu Mera Downlink	240.02
IV - Forest owners being households, individuals and groups		51.38
	Tuy Duc	51.38
4.2	Do Trong Pictures	51.38
V - The organization is not assigned by the State forest owners responsible forest management		571.16
	Dak Lap district	55.43
5.1	TT's Committee of Kien Duc	13.62
5.2	Kien Thanh commune	41.81
	Tuy Duc	515.73
5.4	Dak Buk So CPC	40.61
5.5	Dak CPC R'Tih	68.47
5.6	Quang Truc commune	406.65

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