

Payments for Forest Environmental Services in Viet Nam

Strengthening effectiveness through monitoring and evaluation

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Key messages

- Through participatory research, engagement and capacity-building activities, CIFOR has supported the development of a monitoring and evaluation (M&E) mechanism for Viet Nam's nationwide Payments for Forest Environmental Services (PFES) scheme.
- At national level, CIFOR research informed a benefit-sharing mechanism, the financial management of PFES, a new Forestry Law adopted in 2017, and other decrees and decisions related to PFES implementation. In Son La Province, CIFOR research informed a decision on its benefit-sharing mechanism. CIFOR has also supported government agencies in their applications for additional funding.
- In collaboration with the Vietnam Forest Protection and Development Fund, CIFOR helped to normalize the concept of M&E, meaning central and provincial government stakeholders are now more aware of the need to carry out rigorous PFES impact assessments, have the methods to do, and have access to information on the effectiveness of their PFES program.
- Civil society organisations are now monitoring PFES activities in Dak Lak and Thua Thien Hue provinces, based on CIFOR research and training.
- In 2016, CIFOR received a government award for its outstanding contribution to the forestry sector, notably for its work on PFES.

Introduction

Viet Nam launched Asia's first Payments for Forest Environmental Services (PFES) policy in 2008, implementing it nationwide in 2010. More than 90% of PFES revenue is generated through fees added to electricity and water bills; these funds are then paid to environmental service providers that protect forests, with the aim of ensuring a more stable water supply for electricity production and clean water for the public.

In 2019, PFES payments accounted for 28% of total investment in the forestry sector and contributed to the funding of forest protection contracts for over 45% of Viet Nam's entire forest area. Through the Global Comparative Study on REDD+ (GCS REDD+), CIFOR has conducted research in Viet Nam since 2009, over three phases. In 2013, the Ministry of Agriculture

and Rural Development (MARD) requested support from CIFOR to assess how well PFES was implemented during 2008–2012 and proposed recommendations to enhance its ability to produce effective, efficient and equitable outcomes.

A 2013 report, 'Payments for forest environmental services in Vietnam: From policy to practice' (Pham et al. 2013) was the first independent scientific impact assessment of PFES, laying the grounds for political discussion on the impact and additionality of PFES. The research highlighted a lack of M&E concerning the PFES scheme. Although there is transparent accounting around the revenue being generated through users of ecosystem services, researchers found that key governmental stakeholders had a limited understanding of M&E; they also found limited capacity to assess the quantity and quality of ecosystem services being

enhanced by the program (i.e., forests, water), the fulfilment of contractual obligations, the appropriateness of financial flows, and socioeconomic impacts.

This infobrief describes efforts made to verify the achievement of high-level outcomes from CIFOR's research and engagement activities supporting the Government of Viet Nam to enhance its PFES system. This 'story of change', which was coordinated by CIFOR's Research to Impact evaluation team, is based on a theory of change¹ and synthesizes evidence collected by an independent consultant through interviews with 10 key stakeholders as well as a review of secondary data, including government policies and reports. A sense-making workshop was held to analyse findings from the interviews.

Laying the foundation for impact assessment: Early research

A senior policymaker at MARD highlighted the value of the research, calling CIFOR's 2013 report a very good reference which has been used in many provinces. A representative² from the Vietnam Forest Protection and Development Fund (VNFF), MARD and Cat Tien National Park commented on CIFOR's findings: "The report emphasized that PFES payments were low and could not fully cover the labour costs of forest owners, and that the payment rate varied too much among different watersheds. In 2015, thanks to the comprehensive report conducted by CIFOR that analysed problems in various provinces, we were able to amend the PFES scheme to increase payment levels and to allow for adjustment of payments in different contexts."

Based on the findings of the GCS REDD+ research program, MARD requested CIFOR's support in the development of an M&E system and a national guideline for the financial management of PFES. At the provincial level, CIFOR received requests from Son La Province, Thua Thien Hue Province, Dak Lak Province and Cat Tien National Park to provide evidence-based analysis of the impact of PFES, in order to enhance the potential of the program to reduce poverty and enhance forest ecosystem services. Working with the Son La provincial government, CIFOR published a paper focused on how PFES payments were distributed in the province (Pham et al. 2014a). CIFOR also supported the Son La Forest Protection and Development Fund (FPDF) in issuing provincial guidelines for PFES benefit sharing. A senior representative in Son La described the effect of this study: "Based on this research, we advised the provincial government to issue a guideline

document on how to spend PFES revenue, especially for communities."

In 2015, VNFF and MARD requested CIFOR's support to produce a formal report of findings from three years of PFES implementation (VNFF 2014), in which VNFF cited two earlier CIFOR publications that reinforced the need to establish a proper M&E system. In 2015, GCS REDD+ published a journal article on the M&E of PFES (Pham et al. 2015), which has been cited widely in the literature and associated presentations (Pham et al. 2014b). The article was published on MARD's website (MARD 2019) as well as on the website of the Vietnamese Academy of Forest Sciences, a government forestry think tank (Vietnamese Academy of Forest Sciences 2013).

CIFOR's continuous work in this area has had a long-lasting effect, influencing and supporting strategic changes to improve policy at the provincial level, and helping to normalize the idea of monitoring and evaluating PFES.

Awareness raising, capacity development and engagement in M&E for PFES

Building upon its foundational work, CIFOR continued to provide evidence-based knowledge and capacity development to support VNFF in the establishment of a participatory national M&E system during 2016–2020. It also engaged with national stakeholders in order to ensure greater inclusion of PFES and M&E in Viet Nam's 2017 Forestry Law, with the ultimate goal of enhancing the effectiveness of the national PFES program and increasing Viet Nam's forest cover, area and quality.

At the request of MARD, CIFOR provided policy forum, data and analysis to support the process, as described by one MARD representative: "CIFOR provided scientific reports on forest valuation and proposed approaches to evaluate the full value of forests in the 2017 Forest Law." Chapter IX of Forestry Law 2017, Article 90, Point 2 refers to key messages from CIFOR's report on the need to take into account both the direct and indirect value of forests.

CIFOR also provided technical support (Pham et al. 2016) for the development of national and provincial guidelines on distributing PFES revenues to local communities. In partnership with VNFF, Winrock International and the Son La FPDF, CIFOR co-developed a pilot M&E system and PFES learning tool to support the development of both national and provincial M&E systems for PFES.

Researchers conducted intensive on-the-job training on data collection methods for provincial PFES monitoring, targeting staff in Son La Province, the Tay Nguyen Rural Development

1 The narrative in this infobrief describes the theory of change impact pathway. A graphical depiction is provided in Figure 1 at the end of this report.

2 Interviewees consented to the anonymized publication of their quotes in this brief.

Center, Cat Tien National Park and the Center for Rural Development. They collaborated further with these provinces to apply the M&E system piloted in Son La, disseminating research findings at national and provincial workshops. A partnership with Viet Nam National Television led to the production of documentaries that were broadcast on public television (VTV2 2018; VTV2 2021a; VTV 2021b).

With the support of evidence-based knowledge and capacity development provided by CIFOR, the VNFF adopted: (i) a participatory national M&E system and M&E learning tools for the analysis of PFES impact in Viet Nam; (ii) a learning tool highlighting the additionality of PFES through before-after-control-intervention research; and (iii) a tool to regularly monitor and analyse the impact of PFES. A list of key references posted on the VNFF/MARD website cites several documents written by CIFOR that are recommended as key resources for provincial governments (VNFF n.d).

In 2018, a manual on PFES financial management (Viet Nam Forestry Administration 2018), jointly developed by the Viet Nam Administration of Forestry (VNFOREST) and CIFOR, was officially endorsed and is now being used by 45 provincial government agencies. More recently, a new web-based M&E platform (USAID 2019), built using CIFOR research findings, was rolled out in Lam Dong, Thanh Hoa, and Son La provinces and has been implemented nationwide since 2020.

As a result of CIFOR's interventions, Son La FPDF, Cat Tien National Park, Tay Nguyen Rural Development Center and the Center for Rural Development/Thua Thien Hue Forest Protection and Development Fund developed the necessary knowledge to monitor PFES in their provinces. These capacity enhancements are evidenced in multiple ways; some examples are specified below.

In 2015, based on CIFOR research findings, the People's Committee of Son La Province issued a provincial guideline on PFES payment distribution (People's Committee of Son La Province 2015), and implemented the above-mentioned web-based M&E platform. On-the-job training facilitated implementation and establishment of the M&E system at the Son La FPDF, Cat Tien National Park, Tay Nguyen Rural Development Center and the Center Rural Development/ Thua Thien Hue Forest Protection and Development Fund, as testified by relevant stakeholders of these institutions.

A representative of the Hue Forest Protection and Development Fund commented on the value of the before-after-control-intervention research, in which sites without PFES activities are used as controls to better assess potential impacts: "The project was very good. First, it was conducted by a third party ... so it was objective. Second, it brought a new approach by comparing communities with PFES and without PFES. Previously, we had only evaluated impacts in PFES communities. Thus, the project helped to improve our PFES scheme."

CIFOR's efforts also extended to non-governmental organizations. VNFF, Son La FPDF and the non-profit organization Winrock International developed the necessary information, tools and analysis to implement their PFES-focused M&E projects. A senior manager of Winrock International confirmed the importance of this collaboration with CIFOR: "We [Winrock and CIFOR] developed the M&E indicators, and CIFOR developed methods to analyse the indicators while Winrock, based on these indicators, developed the tool to manage and consolidate data. We also joined organized trainings on methods to collect data for indicators. We carried out many trainings in Son La province on questionnaire preparation and group work." This person also cited the PFES learning tool (Pham 2019), which was co-developed with CIFOR, as an example of successful collaboration.

Results and key outcomes

There are strong indications, as described in this section, that CIFOR's body of research and active engagement with government and non-state actors have contributed to more effective, efficient and equitable implementation of PFES in Viet Nam, through knowledge creation, capacity building (both around implementation and research), coalition-building, and by encouraging and facilitating additional research in the sector.

As described above, Viet Nam's 2017 Forestry Law was informed by CIFOR research and states that PFES needs to be carried out in a transparent and accountable manner. CIFOR provided information, analysis and inputs to Chapters 6 and 9 of this law. The Quang Nam People's Committee website highlighted CIFOR's role in supporting the central government with useful and strategic information on financing for the forestry sector, and on how much this knowledge has been used by the national editorial board to revise the law. CIFOR's contribution to the law was also mentioned on the Vietnamese Parliament's website, which cited the 2017 report on forest valuation as a key reference for government policymakers to read when discussing the Forestry Law revision.

One interviewee from MARD highlighted CIFOR's contribution: "We integrated CIFOR's '3E' (effectiveness, efficiency and equity) principles into the new Forestry Law (Articles 61–65)." This person went on to say that, based on CIFOR recommendations from the research, VNFF amended Decision 147 on PFES regulation, to allow for an increase in PFES payments to cover the labour costs of forest owners, as well as added articles to Decision 157 on penalties for administrative violations against regulations on forest management, development, protection and forest product management, as well as to address delayed PFES payments. In 2016, CIFOR received a government award for its outstanding contribution to the forestry sector, notably for its work on PFES.

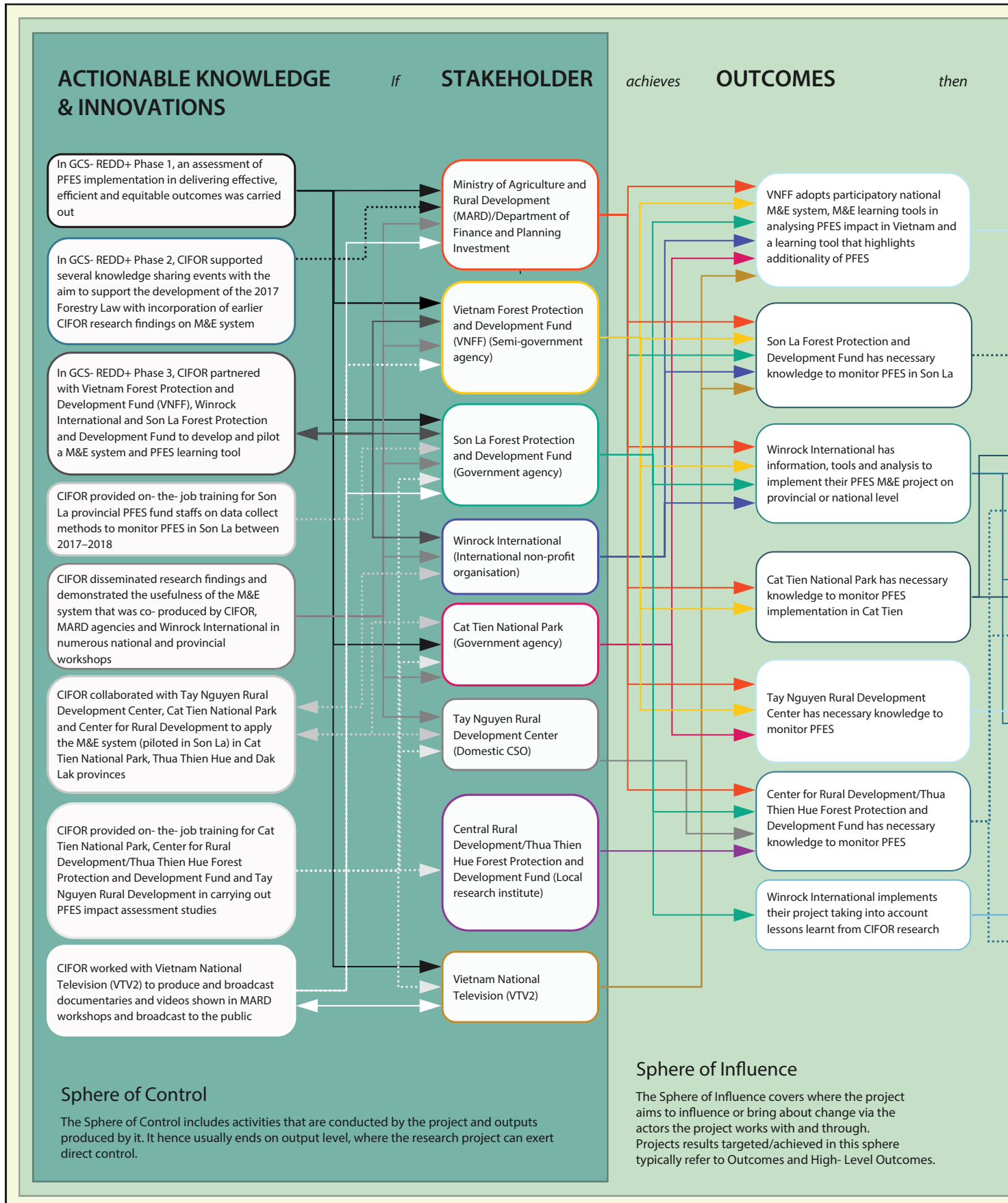
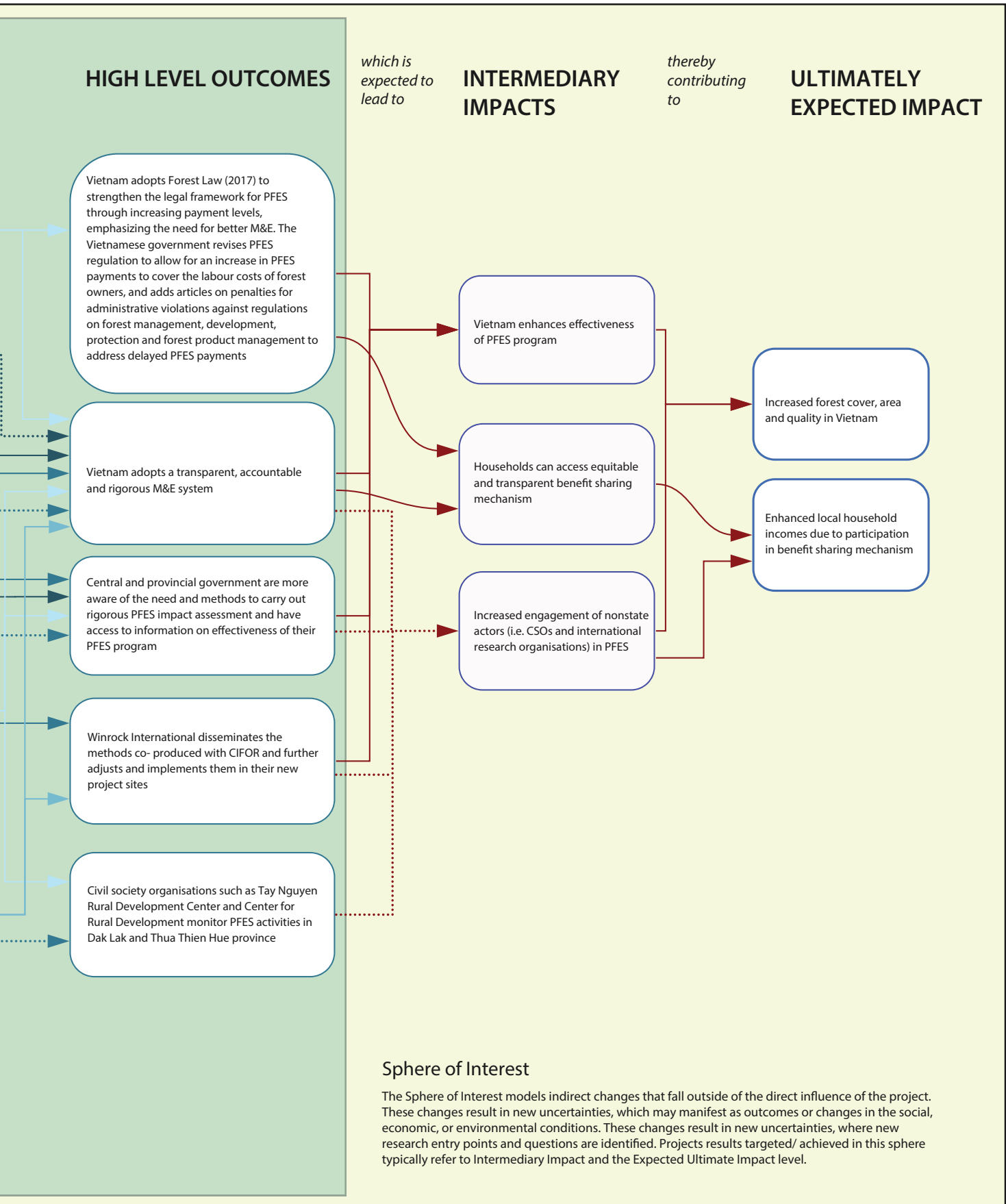


Figure 1. Theory of change graph

Source: Authors' illustration



There is evidence that Viet Nam has adopted a transparent, accountable and rigorous M&E system informed by CIFOR research, and that this has been further developed by the government using skills and information imparted through CIFOR's capacity-building activities. This is evidenced in the above-mentioned list of references posted to the VNFF/MARD website and the web-based M&E platform, as well as in an internal report submitted by VNFOREST to the Minister of MARD and Parliament, citing CIFOR's contribution to government strategies to develop PFES and its M&E system. In addition, CIFOR's M&E indicators for PFES were included in MARD's M&E guideline and were used by MARD in August 2020 to collect data for their 10-year PFES impact assessment study.

A senior policymaker at MARD commented on this outcome: "The M&E framework CIFOR co-developed with Winrock is essential and is reflected in the current M&E of PFES [the guiding handbook]. ... Among other organizations, indicators in the current M&E system provided by CIFOR are the most suitable to reality." Representatives of VNFF and Winrock International conveyed similar messages on the accuracy of the new M&E framework.

As a result of CIFOR interventions, central and provincial governments have become more aware of the need for, and the methods to carry out, rigorous PFES impact assessments, and have access to information on the effectiveness of their PFES programs. Both national and provincial stakeholders affirmed CIFOR's role in developing capacity at their levels.

A representative of the Center for Rural Development in Thua Thien Hue said: "Thua Thien Hue did not have sufficient capacity for PFES impact assessment ... and needed an objective voice to promote improvement of the policy. ... From CIFOR's research findings, we recommended a hotline to allow direct communication between forest service providers and the Thua Thien Hue FPDF, instead of through local government, and they deployed it."

One interviewee from the Thua Thien Hue FPDF said: "The CIFOR project's results showed that many PFES recipients (mainly local people) thought that their money came from government – they did not know that it was from PFES revenue. So we recognized that our awareness-raising efforts on the PFES policy, which focused on community leaders, were not enough. ... If local people are not aware of the PFES program, they cannot implement it effectively."

Beyond CIFOR's direct engagement with certain stakeholders, there is evidence of a spillover effect for these activities. CIFOR aimed to build M&E capacity at both the central and provincial level, working directly in Son La, Thanh Hoa and Lam Dong provinces. This led to uptake by Winrock International, which applied the methodology and lessons learned in Son La to Thanh Hoa and Lam Dong provinces. In addition, the Viet

Nam Forest Delta program, funded by USAID, built on earlier work on PFES M&E with CIFOR to further advance the M&E system in Viet Nam, as described on USAID's website (USAID 2019) and climatelinks (Keller 2020). Winrock International and VNFF further developed the M&E frameworks and methods that were produced jointly with CIFOR, and applied these in a co-produced handbook. A Winrock International representative spoke about this process: "We applied the M&E system in Thanh Hoa and Lam Dong provinces, adapting the indicators based on each province's goals. ... Then, together with VNFF, we produced the M&E handbook, which will be applied at the national level."

Thanks to CIFOR research, Son La Forest Protection and Development Fund also successfully applied for funding from Oxfam Hong Kong to implement policy recommendations on setting up an effective grievance-handling system.

Community-level organizations also benefited from collaboration with CIFOR in terms of implementation of the M&E system. The Tay Nguyen Rural Development Center and the Center for Rural Development developed knowledge to monitor PFES in Dak Lak and Thua Thien Hue provinces, respectively. A representative of the Tay Nguyen Rural Development Center attested to the influence of CIFOR's interventions on the increased engagement of non-state actors in PFES.

In terms of Viet Nam's ability to enhance the effectiveness of its PFES program, VNFF and MARD representatives described the usefulness of the new M&E indicators co-developed with CIFOR. They also identified the need for changes where necessary, hence further enhancing the effectiveness of the PFES scheme. However, CIFOR research also concluded that funding generated through PFES varies widely across provincial forest protection and development funds, national parks and protected areas, with some receiving too little income to create real change (Pham et al. 2018). This suggests a need to pay particular attention to those areas receiving less PFES payments.

GCS REDD+ research also aimed to enhance the access of households to equitable and transparent benefit-sharing mechanisms, eventually increasing household incomes. A 2020 research paper confirms this research was successful in that aim, with evidence that PFES revenues helped 11.2% of poor people to escape poverty, and that PFES revenue payments now contribute up to 75% of total household earnings (Pham et al. 2020).

As of 2019, 6.5 million hectares of forest area fall under the PFES scheme, representing 45% of Viet Nam's total forest area. With regard to the ultimate aim of increasing forest cover, area and quality in Viet Nam, CIFOR concluded in its initial assessment report that while, overall, PFES had had a positive impact on forest cover, public awareness and commitment,

the quality and biodiversity of forests continued to decrease, and more research was needed to understand how the PFES scheme affected water quality and quantity (Pham et al. 2013).

Whether the M&E system will contribute to improved PFES and eventually increase the cover, area and quality of Viet Nam's forests will require more time and the fulfilment of essential preconditions, particularly with respect to continuous funding, political commitment and further enhancements in the M&E capacity of stakeholders. Several stakeholders, including from VNFF and Cat Tien National Park and Winrock International, affirmed this, citing the challenges of measuring the impact of PFES on forest cover, area and quality, and the need for consistent rigorous M&E.

A representative of VNFF and Cat Tien National Park discussed the challenges of achieving this goal: "Even when we have an M&E system, implementation is an issue. For example, are manual approaches to measuring the area of PFES forest sufficient? Do we also want to require the forest service providers, for example those generating water from PFES forests, to prove the quality of their service? How do we measure this, and how much does this cost? If the cost is higher than the PFES revenues they receive, then it does not make sense to do so."

Conclusions

Overall, this research and collaboration contributed to several achievements, not least the establishment of the concept of M&E as an essential tool for the evaluation of PFES. Representatives of diverse key stakeholders confirmed the relevance and effectiveness of CIFOR's research and the knowledge products co-produced with CIFOR. Yet, there is still work to be done. While the PFES system has had a positive impact on forest cover, its effects on forest quality and biodiversity, and on water quantity and quality, need to be further assessed, as well as how such objectives can be better reflected in the PFES system and its monitoring.

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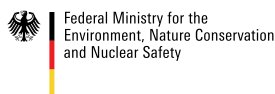
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