

## Village Forest Management Agreements (ViFoMA) as a performance-based payment scheme under REDD+ in Lao PDR

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### **Abstract**

The Climate Protection through Avoided Deforestation (CliPAD) program is a development project of the Lao Government supported by GIZ and KfW. CliPAD supports the province of Houaphan to establish a provincial REDD+ program and provides incentives to local communities to participate in forest management and conservation efforts in village forest areas by engaging sub-national jurisdictions to develop and support strategies for reducing deforestation. The Village Forest Management Agreement (ViFoMA) scheme aims to regulate and promote sustainable management, protection and conservation of village forests. It intends to achieve this by establishing a legal basis and framework to link all village forest categories with international funding for climate change mitigation and channelling it down to the village-level through performance-based payments. Certain conditions need to be created and specific processes completed before ViFoMA can be enacted. Participatory Land Use Planning (PLUP) delineates forest and agricultural land while the Free, Prior and Informed Consent (FPIC) process involves awareness raising and the furnishing of consent to participate in the program are the initial preconditions. The village forest management planning process collects, collates and analyses data on forest resources, conditions and dynamics to create a Village Forest Management Plan which stipulates the specific management activities. The ViFoMA scheme is a framework covering all generalized contractual issues related to village forest management. It is a binding agreement between the village and district authorities which sets out the terms and conditions and outlines both parties' rights, benefits and the agreed incentive obligations in relation to village forest management and conservation. Adhering to the ViFoMA will result in the sustainable use, protection and restoration of village forests and payments to incentivize participation and reward performance in these endeavours.

*Keywords: REDD+, performance-based payments, village forest management, community forestry, participation, Lao PDR*

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### **Introduction, scope and main objectives**

The CliPAD program is a development project of the Lao Government, supported by the Federal Government of Germany through technical and financial assistance implemented by GIZ and KfW. The CliPAD programme was launched in 2009 to support the Lao Government in its REDD+ readiness process at national and subnational levels. CliPAD is providing policy advice and capacity development measures to support the creation of a national and provincial REDD+ framework as well as REDD+ planning processes. It is testing local-level mitigation activities in two districts in Houaphan province and is also developing pro-poor REDD+ mechanisms and sustainable financing models. As part of this program, GIZ and KfW aim to provide incentives to local communities to participate in village forest management and conservation efforts in village forest areas. Village Forest Management (VFM) is a concept of participatory forest management firmly anchored in national policies, strategies and legal

documents of the Lao PDR (e.g. VFM regulation 0536). It corresponds to what is defined as “Community Forestry” or “Community Forest Management” in other countries. As by law the smallest administrative unit in Lao PDR is the village and villages are essential units for planning and implementation.

In general, forests in Lao PDR are classified into three main categories: a) Conservation Forest, b) Protection Forest, and c) Production Forest in accordance with the Forest Law (2007). Any of these three categories can be declared at national, provincial, district or village level. At village level the local production forest is referred to as “Village Use Forest”. Village use forests are production forest areas and NTFPs located within the village area which the government allocated to the village to manage and to preserve and to people to use in a sustainable manner in accordance with the law and the regulations. Village forest has to be used according to a Village Forest Management Plan (VFMP) (Draft Forest Law 2015).

In close cooperation with partner agencies from the Government of Lao PDR (GoL) and especially the Department of Forest Resource Management (DFRM) under the Ministry of Natural Resources and Environment (MoNRE) as well as the Department of Forestry (DoF) under the Ministry of Agriculture and Forestry (MAF) CliPAD elaborated the Village Forest Management Agreement (VilFoMA) approach. VilFoMA intend to provide, in the short-term, the regulatory basis for direct cash payments to villagers participating in forest management and conservation efforts for taking part in planning processes and activities such as boundary establishment and demarcation, fire break construction, participation in forest patrols, support of natural regrowth as well as other activities identified in the VFMP. In the medium and long-term, VilFoMA outlines the village specific conditions and eligibility for performance-based compensation payments through a REDD+ Benefit Sharing Mechanism.

The aim of this paper is to outline the VilFoMA approach which is currently implemented in several villages in Houaphan province as a possible performance-based payment scheme under REDD+. The next chapter provides a brief background on village forest management in Lao PDR. Then, all necessary steps of the VilFoMA approach from the Free, Prior and Informed Consent (FPIC) process through Participatory Land Use Planning (PLUP), establishment of a Village Development Fund as well as the development of a VFMP to the final agreement are outlined in detail.

## **Village Forest Management in Lao PDR**

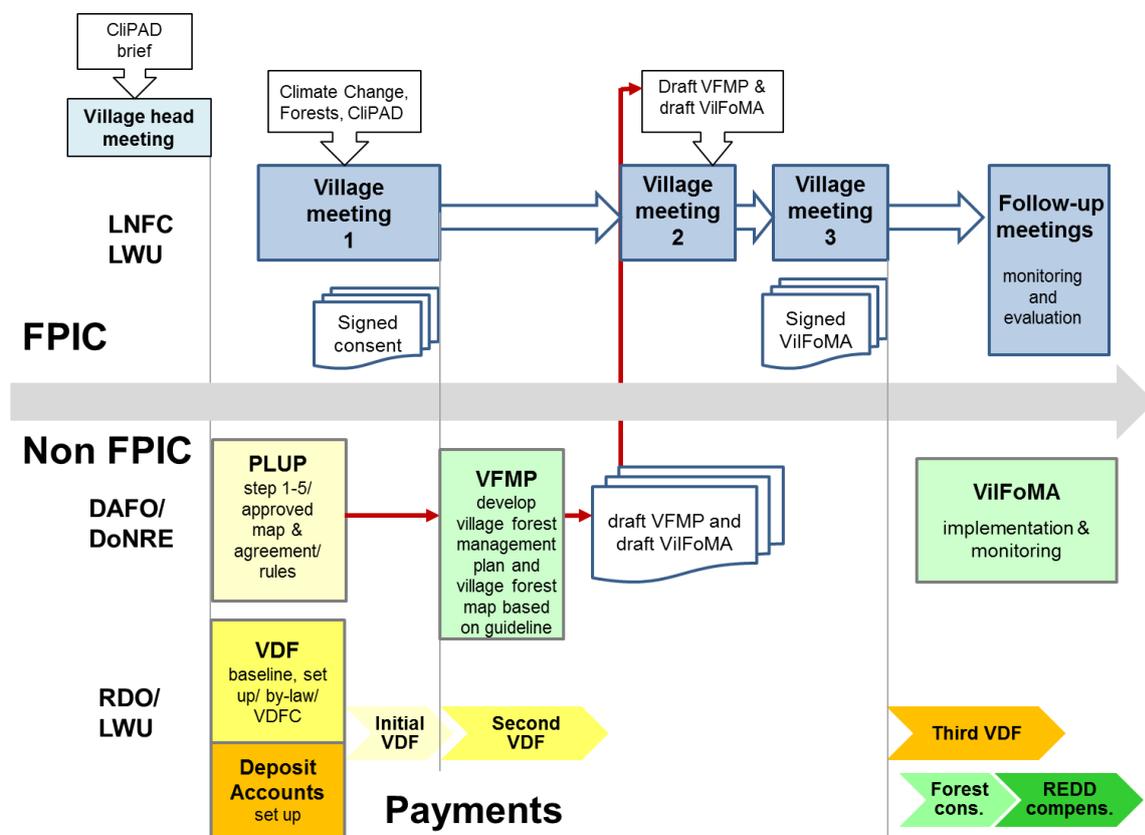
Since the early 1990s a wealth of experience in the promotion of village forest management responsibilities and joint forest management in the context of larger production forest areas has been acquired particularly in the central and southern part of Lao PDR. However, the situation in the large production forest areas in Central and Southern Lao PDR provide only limited similarities with the village forests in the upland areas of northern Laos. These upland areas are characterised by shifting cultivation practices in varying intensities, a higher fragmentation of the forest zones, the prevalence of steep slopes and consequently an orientation more towards preservation of forest zones e.g. for biodiversity conservation and watershed protection. The commercial use of forests for timber production plays a lesser role and village use forests are mainly designated for fulfilling the subsistence needs in wood products of the local population that are predominantly rural poor belonging to ethnic minorities.

Village forest management in the uplands has seen only limited donor or GoL support in the past. With the emergence of REDD+ and increased opportunities for performance-based payments for sustainable forest management, the situation is changing. In 2014, DoF estimated that operational forest management systems on the basis of management plans exist in less than ten upland villages

countrywide. This illustrates that despite its high level of relevance according to policy and strategy documents (e.g. the National Socio-Economic Development Plan), operational village forest management systems in upland areas are still the exception. The CliPAD programme is currently implementing FPIC, PLUP and VFM activities in 70 villages in Houaphan province.

### Main Steps of the ViFoMA Approach

Certain conditions need to be created and specific processes completed or being in place before a final ViFoMA can be enacted. This chapter elaborates the main steps of the ViFoMA approach starting from FPIC as accompanying process through PLUP, the establishment of the Village Development Fund (VDF), the development of the VFMP and the final agreement (see figure 1).



**Figure 1: Main Steps of the ViFoMA Approach**

#### Free, Prior and Informed Consent (FPIC)

Since ViFoMA can lead to access and use restrictions for forest areas within the territory of the local community that support village livelihoods, it is essential that villagers fully understand what these impacts will be. The FPIC process is designed to give communities the opportunity to give or withhold their consent, which is sought at different levels and stages of project planning and implementation by the villagers, based on an iterative process on participatory and open negotiation with the villagers. The FPIC process is not a one event task, it is a continuous process. However, in order to elaborate a final agreement to implement the VFMP, the FPIC process will seek two main consents. The first will be sought at an early stage where villagers are able to give or withdraw their consent to continue the discussions on the VFMP. During a village visit of the Lao Front for National Construction (LFNC) and

the Lao Women Union (LWU) as local FPIC facilitation team, villagers are provided with all relevant information including possible impacts of the VFMP and the final agreement. The second consent will be the signing of the final agreement to implement the VFMP. The VilFoMA process and the FPIC process intersect at these two key points because this is where important decisions and activities begin to have the potential for causing or seeking changes in behaviour that require the understanding, willingness to participate and consent of villagers.

### Participatory Land Use Planning (PLUP)

PLUP is the government-endorsed village-level land use planning and zoning process. The PLUP process is initiated by the district governor who establishes a village committee for the management and use of village agricultural and forest land. PLUP itself is then conducted by government staff from MAF and MoNRE line agencies at province and district level with the participation of the local community to delineate village boundaries and land and forest use zones as well as livestock areas or settlements within the village boundaries. Forest land is categorised into the three main forest types. However, the exact boundaries of each forest type might not always be confirmed on the ground. PLUP is conducted to strengthening the management of land and forest resources by the villagers themselves and to have clear and uncontested village boundaries. PLUP provides valuable data on the socio-economic situation, current land use and natural resources management systems. The results of the PLUP process is a prerequisite for more detailed village forest management planning and also provides the basis for land registration of individual, collective, communal and state land areas.

Finally, the village regulations are one of the most important results of the PLUP work. Well-prepared and comprehensive village regulations are an essential basis for village forest management activities as they describe the existing rules and regulations with regard to the various forest areas. Very often these rules already exist in a village, but have not yet necessarily been put in writing. They show the traditions of the village in terms of forest management, but they also refer to the new forest categories as prescribed by the law. Village regulations must be developed by the villagers. This will ensure that they are adapted to the village situation and are socially acceptable, can be monitored and are enforceable. They must be site-specific, contain local traditional rules and regulations already in place, consider the particular forest ecology of the area, and lead to clear, specific, practicable and easy-to-understand regulations.

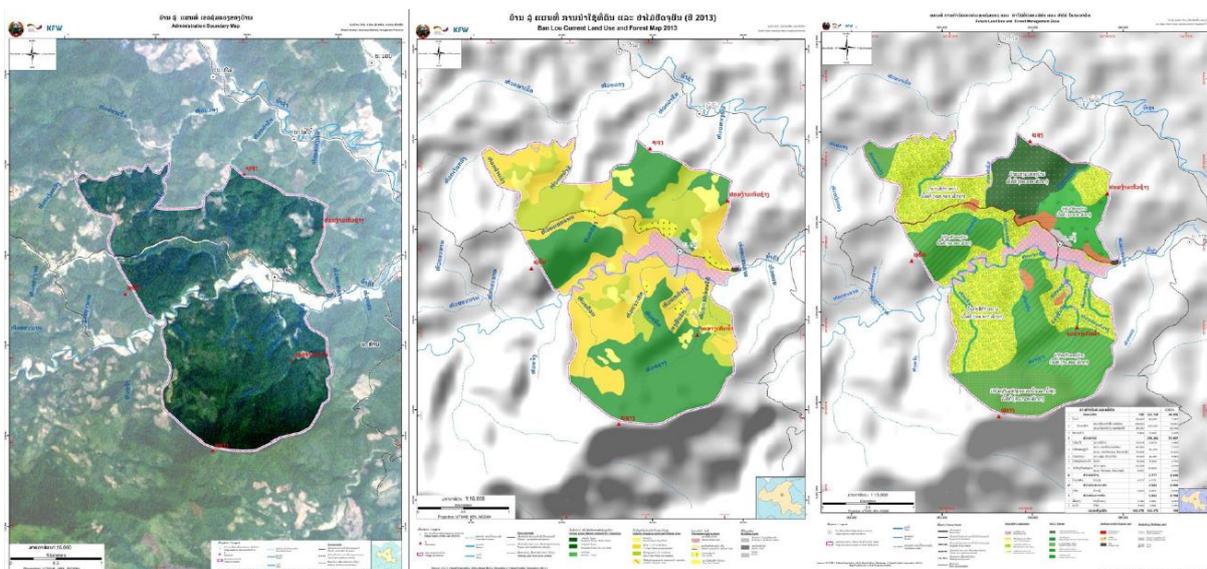


Figure 2: a) satellite image, b) current land use and c) PLUP map of Lou village

## Village Development Fund (VDF)

In any case of payments being made to the village in support of village forest management activities, the village must have an account. CliPAD through its financial cooperation module is currently revitalising or setting up Village Development Funds in all 70 target villages. Under the VDF system, an account is opened in the name of the village. This VDF account is managed by a Village Development Fund Committee. The VDF is mostly used for the allocation of loans to villagers for small-scale income generating activities. For direct payments in support of village forest management activities a separate special account is be created, however, still being managed by the VDF Committee according to existing regulations. The amounts being transferred in support of village forest management activities are in accordance with the detailed Annual VFM work plan. The Village Fund Committee then make payments either to forest protection groups, families or individuals for forest management measures carried out according to the work plan and after these payments have been authorised by the Village Land Use and Forest Management Committee (VLUFMC).

## Village Forest Management Plan (VFMP)

In order to develop a detailed VFMP the boundaries between the various forest categories and other land use types must be clearly defined. These boundaries are identified by walking along the entire boundary of each classified forest zone and on the ground demarcation. It is done by the villagers, mostly members of the VLUFMC, and at least one district technical staff based on the results of the PLUP exercise. All boundary data are recorded as GPS tracks in order to prepare the detailed village forest map.

Once clear boundaries for the various village forest areas have been identified and demarcated and a detailed village forest map has been created, the next step is to identify the condition of existing forest resources in the village area. The purpose of the survey and assessment of the forest areas is to describe the current situation of the forest, its composition, its integrity and its potentials. In doing so, a Participatory Forest Resources Assessment (PFRA) is conducted in all forest types within the village area. The trees in the forest are not measured or counted; there is no calculation and quantitative extrapolation. Instead, observation-points are selected and transect walks are conducted between these observation points. This provides a more general overview on the forest condition and can be directly linked with long-term monitoring activities by serving as a baseline. Only in case of commercial production a detailed forest inventory is necessary to calculate sustainable extraction rates.

Based on the results of the PFRA the 5-year Village Forest Management Plan (VFMP) is being elaborated and discussed between the villagers and district authorities. The VFMP covers all the activities to be undertaken by the villagers to improve the management of their forest areas. The VFMP serves as the basis for the final official agreement (VilFoMA) to be signed between the village and the district authorities in order to officially conclude the management responsibilities of the village for all their forest areas, in line with the Forest Law and other relevant legal documents and link these activities to payments being made to the VDF. Annual VFM Work Plans break the 5-year VFMP down to detailed activities being implemented on a yearly basis including a budget plan for each planned activity. The Annual VFM Work Plan contains information on the specific forest zone, activities being implemented by whom and when exactly, planned output (e.g. number of seedlings planted), who supervises and controls the actual implementation as well as associated costs.

In a general village meeting the villagers are requested to sign the minutes of meeting to either show their approval or disapproval of the Annual VFM Work Plan. After a general discussion and amendment of the Annual VFM Work Plan, the document is signed and approved by the head of the village, representatives of the VLUFMC as well as the district authorities. The approval is valid for one year and the budget is being transferred to the VDF account.

### Village Forest Management Agreement (VilFoMA)

Once the 5-year VFMP and the first Annual VFM Work Plan have been elaborated and agreed upon, the final VilFoMA is being discussed as part of the FPIC process and finally signed between the village and the district authorities. It also covers procedures for amending the agreement and the grievance or dispute settlement mechanism. The overall objective of signing the agreement is to promote and strengthen sustainable management and protection of village forest areas and to link management efforts to performance-based payments. The scope of the agreement covers all designated and classified forest areas within the village boundaries as specified in the PLUP maps and the detailed village forest map. The agreement is valid for 5 years and can be renewed after this period. The agreement is based on the contents of the PLUP results and in particular the village regulations, the signed and approved 5-year VFMP as well as the signed minutes of meeting documenting participation and the overall approval of the villagers. The village authorities agree to enforce the village regulations and implement the forest management and protection activities as planned in the VFMP and the Annual VFM Work Plan. They also have the responsibility to control and monitor the results of the implementation, the timely and correct payments from the VDF-managed accounts and to cooperate closely with the technical staff from the district level.

Monitoring of the performance will take place at different levels. First, the villagers themselves are involved in monitoring which will be part of the Annual VFM Work Plan discussions. The violation case report will provide information on illegal activities and enforcement of the village regulations. Monitoring of the forest condition and forest cover will be done at the selected observation points for PFRA and the transect walks. Then, the interpretation of satellite images will provide information for longer term monitoring of forest cover change within the village forest area. This forest cover monitoring and reporting against the overall indicators in the VFMP will take place every two years.

### **Discussion and Conclusions**

This paper provides a description of the VilFoMA approach that the CliPAD program is currently applying as part of their REDD+ mitigation activities to reduce deforestation and forest degradation in the Lao PDR. Although village forestry is not a new concept, it has not yet been implemented in the uplands of Lao PDR on a broader scale. In addition, the VilFoMA approach links the activities of each village's VFMP and corresponding annual work plan to funding. Hence, the approach provides an opportunity for long-term financing to manage village forests in a sustainable way. However, uncertainties still exist with regard to future funding sources once the program ends as Lao PDR has not yet established all necessary REDD+ framework conditions. In addition, from a REDD+ perspective, leakage and permanence have to be kept in mind to actually reduce emissions at jurisdictional level and not just displace them. Another factor to be dealt with is the limited staffing at province and especially district level in order to be able to implement all relevant steps of the VilFoMA approach properly.

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