



A Feasibility Study on Payment for Forest Environmental Services (PFES) in Cambodia

Key Findings:

- The case study in Chambok Commune in Cambodia exemplified a community-based management suitable for PFES implementation.
- The factors contributing to successes include local organization, low administrative costs, transparency of benefit-sharing to service providers, and active participation of villagers in complying with the program regulations.
- The failures of some PFES programs are a result of inequity in benefit-sharing, lack of capacity to monitor participants and carry out measures for non-compliance, poor quality of services and lack of communication skills.

Motivation of PFES in Cambodia

Payment for Forest Environmental Services (PFES) is a new mechanism to promote forest conservation that is increasingly being used in Cambodia. Although the law on Payment for Ecosystem Services (PES) is not formally regulated, the Royal Government of Cambodia has set a number of policies in place to ensure increase in forest coverage and has supported PES through the Reduced Emissions from Deforestation and Forest Degradation (REDD) mechanism.

For instance, the Oddar Meanchey project was successfully completed using the REDD mechanism as part of the collaboration between the Forestry Administration and PACT, a nongovernmental group in Cambodia. This project used PES as a mechanism for the distribution of benefits from the sale of carbon credits on the market. The project is expected to sequester 7.1 million metric tons of carbon dioxide over thirty years, while reducing poverty among approximately 10,000 participating households.

The RGC has also set policies to reform land administration and natural forest resource management in order to achieve the target of expanding forest cover to at least 60% of the total land area by 2015.

Factors for success and failure of PFES programs

The case study in Chambok exemplified a community-based forest suitable for PFES implementation. Nine villages in Chambok Commune paid US\$0.25 per month per household for clean drinking water that was generated from the hydrological flows of waterfall in the upstream.

The project found that the key factors required for the success of the PES program include clearly defined ecosystem services; flexible contracts and payments; transaction costs that do not exceed potential benefits; a reliance on multiple sources of revenue delivering sufficient and sustainable money; a close monitoring of compliance, land use change and the provision of ecosystem services; the flexibility to improve effectiveness and efficiency; and adaptation to changing conditions.

Many of the successful programs had simple, local arrangements with fewer administrative costs and they were able to disburse higher payments to individual villagers who provide the services. The active participation and involvement from villagers who comply with the rules and regulation of the program can ensure the success and sustainable operation of the program.

The projects were better-off when the payments were shared directly among all beneficiaries in a transparent way. In other less transparent projects, jealousy and conflict were prevalent in the operational management, and affected the program.

The lack of capacity of management committees to implement, monitor and enforce the rules can also contribute to the failure of projects. The poor quality of provided services and communication skills in particular with English language communication can also be factors that influence failure of projects.

Policy recommendation

- The Government of Cambodia and NGOs should enhance the capacity of management committees to effectively develop and implement the PES/PFES rules and regulations.
- Management committees should conduct continuous monitoring and evaluation to check the current status of projects and note any changes in existing resources.
- Existing stakeholders should enhance the awareness of downstream and upstream villages about PFES mechanisms in order to ensure more sustainable provision of services.

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