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ENGAGING COMMUNITIES IN A PAYMENTS FOR ENVIRONMENTAL SERVICES SCHEME FOR THE PHOU CHOMVOY PROVINCIAL PROTECTED AREA

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1. Introduction

This research report documents the community engagement process that was conducted to identify and recruit prospective suppliers of a Payments for Environmental Services (PES) scheme¹, which focusses on biodiversity protection in the Phou Chomvoy Provincial Protected Area (PC-PPA). The community engagement process targeted eight villages located in close proximity to the PC-PPA. This report draws on Research Report 3: Development of a ‘virtual’ PES scheme for the Nam Ngum River Basin (Scheufele et al. 2014), Research Report 5: The environmental, economic and social conditions of the Nam Mouane – Nam Gnouang catchment (Tsechalicha et al. 2014), and Research Report 9: Providing incentives for biodiversity protection: anti-poaching patrolling in the Phou Chomvoy Provincial Protected Area (Scheufele et al. 2016). The report feeds into Research Report 16: Costing biodiversity protection for PES schemes in Lao PDR (Scheufele and Bennett 2017).

¹ The scheme development is under the ACIAR-funded project on “Effective Implementation of Payments for Environmental Services in Lao PDR”.

2. Overview

The design of a PES scheme, which focusses on biodiversity protection in the PC-PPA involved an extensive community engagement process to identify and recruit prospective suppliers. The communities were invited to participate in the PES scheme in two ways:

- The community as a whole supports the anti-poaching patrol scheme and refrains from performing wildlife damaging actions within the PC-PPA.
- Individual villagers organised in teams perform anti-poaching patrols within the PC-PPA.

The community engagement process consisted of five elements:

1. Village selection
2. Resource overview
3. Community consultations (first round: information and consultation)
4. Community consultations (second round: development of a community action plan and community conservation agreement)
5. Conducting conservation auctions

A detailed overview of the process is presented in Annex 1.

The community engagement process was designed² and implemented by the National University of Laos in close collaboration with the Department of Forest Resources Management (DFRM)³ and the Department of Forestry (DOF) within the Ministry of Agriculture and Forestry (MAF), the Bolikhamxay Province Agriculture and Forestry Department (PAFO), and the Khamkeut and Xaychamphone District Agriculture and Forestry Offices (DAFO).

² Project staff from the Australian National University assisted in the design of the consultation process.

³ Formerly under the Ministry of Natural Resources and Environment (MONRE). Similarly, at provincial and district level, the project was previously implemented under the Provincial Office for Natural Resources and Environment (PONRE) and District Office for Natural Resources and Environment (DONRE) respectively.

3. Village selection

The prospective suppliers are eight villages located in Bolikhamxay Province, of which seven are located in Khamkeut district and one in Xaychamphone district (Figure 1). The village populations consist of a mixture of ethnic groups: low-land Lao (Lao Loum), Hmong, Phu Thai, Theang. Exceptions are Hang Na (exclusively Phu Thai), Na Pe (exclusively Thaeng), and Nam Pan (exclusively Hmong). Village accessibility varied across their locations and seasons. Villages that are located in close proximity to the main road to Vietnam (Na Pe and Thong Pe) are accessible all-year around. Villages connected via unpaved roads (Na Hat, Xam Teuay and Nachalay, Hang Na, and Na Heuang) are difficult to access during the wet season, with vehicles likely to get stuck in muddy sections. Nam Pan located north of the PC-PPA is the most remote village. Vehicle access there is restricted to the dry season. All the seven villages in Khamkeut district have access to electricity. Availability and quality of telecommunication is mixed, depending on the strength of the phone providers. Nam Pan was only connected to the power grid at the end of 2015 and still lacked access to telecommunication as of the end of 2016. All households in the Khamkeut district villages own motorbikes; some have mini-vans or pick-up cars. Many households own hand-drive tractors, which are used for both ploughing fields and as a means of transport.

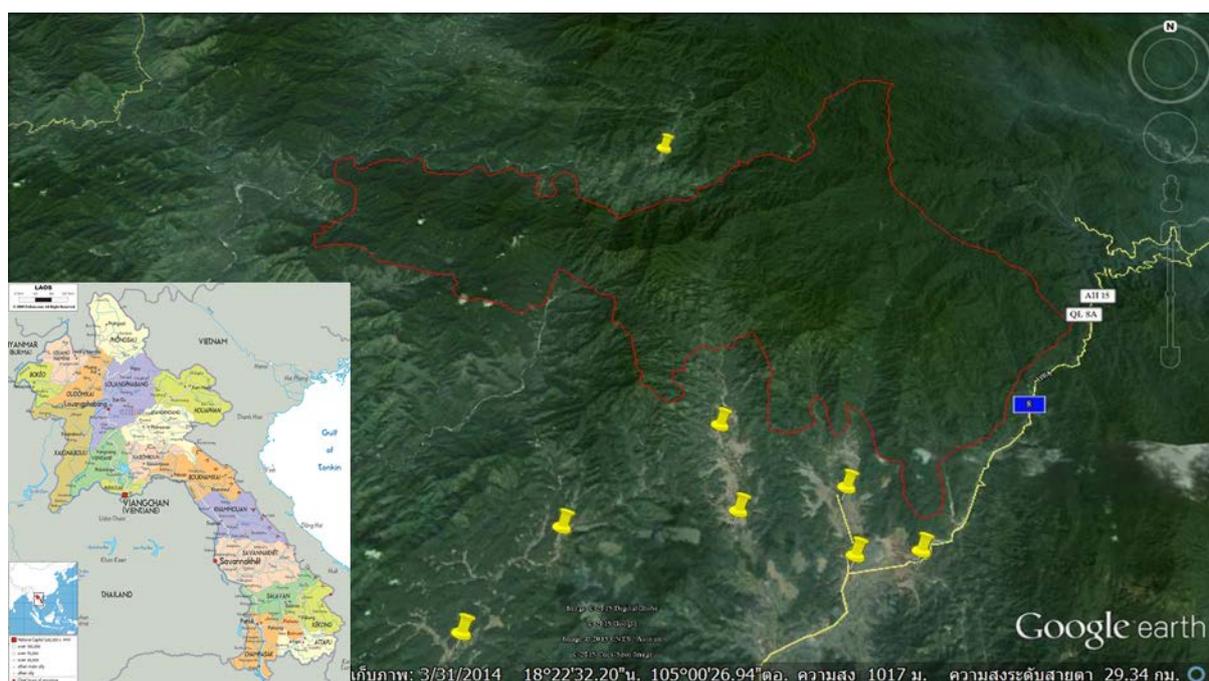


Figure 1: Location map of the pilot area villages (Google Earth map, 2014. Embedded map: <http://www.ezilon.com/maps/asia/laos-maps.html>)

The villages were selected based on the following criteria:

- Nomination by the Government of Lao PDR (GoL)
- Proximity to the PC-PPA
- General willingness to participate in the pilot PES scheme (assessed through initial village information and consultation sessions)
- Potential to become guardians of wildlife and forest resource within the PC-PPA
- Some village use of wildlife and forest resources within the PC-PPA

Orientation workshops were held at the provincial and district levels with relevant GoL authorities in attendance. These workshops served to orient and inform staff from relevant GoL authorities with the PES scheme objectives and the implementation process. MoUs (financial, technical and logistical cooperation) were signed between PONRE Bolikhamxay⁴ and the ACIAR funded project.

4. Resource overview

The ACIAR project team met with community leaders of target villages informing them about the PES scheme and its purpose as a first step in establishing broad community support (November 2014 – May 2015).

In the second step, the ACIAR project team conducted a community survey through household interviews regarding current demographics, social, and economic factors related to economic survival, living standards, and wildlife resources use within the protected areas in all target villages surrounding the Phou Chomvoy PPA (June 2015). The survey material consisted of interviewer instructions, a questionnaire, satellite images of the villages and the PC-PPA, images of wildlife species, and livelihood activity cards⁵.

The survey was conducted 15-19 June 2015. A random household sample was drawn from the registers of the eight target villages. A total of 332 households were surveyed. Participation in the survey was voluntary. The names of the respondents were not recorded to ensure anonymity and confidentiality. The survey effort was coordinated and managed by the Faculty of

⁴ With a subsequent transfer of the PES project implementation responsibility to the Provincial Agriculture and Forestry Office (PAFO).

⁵ The survey material is available on request.

Economics and Business Management at National University of Laos (FEBM-NUOL). About twenty FEBM-NUOL students were trained to conduct the survey following the developed protocols. The training additionally involved applying core research principles such as scientific rigour, transparency and research ethics.

The sample data were extrapolated to the household population of each village and used to develop village-level community resource profiles (CRP)^{6,7}. The results of the community survey presented in this report are averaged across the eight villages. The results show that cropping and livestock husbandry dominate the households' livelihood activities (96% and 92% of households engaged respectively). This is followed by growing fruit and vegetables (72%) and the collection of non-timber forest products (61%). Only few households are engaged in non-farming activities such as hired labour (38%) or government and private employment (21% and 8%, respectively). The extent to which the households rely on the PC-PPA for livestock grazing, agricultural production, and fruit tree and vegetable production is negligible (<3%). The extent to which households rely on the PC-PPA for timber collection is limited (8%).

Table 1. Household livelihood activities

Household livelihood activities	Engaged households
Cropping	96%
Livestock husbandry	92%
Fruit trees and vegetable production	72%
Handicraft production	32%
Hired labour	38%
Government employment	21%
Private employment	8%
Collection of non-timber forest products	61%
Hunting or catching wildlife	36%
Other livelihood activities	13%
Grazing livestock inside the PC-PPA	3%
Agricultural cultivation inside the PC-PPA	3%
Fruit trees and vegetable production inside the PC-PPA	2%
Timber collection inside the PC-PPA (construction and fuel)	8%

Source: PES project survey, 2015.

⁶ Population level data was not available to check sample representativeness.

⁷ The village-level community resource profiles were presented to the involved GoL officials and to each of the eight target villages. The village-level community resource profiles are available on request.

Cropping, livestock husbandry and growing fruit and vegetables are also the livelihoods activities to which households allocate most of their time. The least amount of time is spent on private employment (1%), followed by hunting and catching wildlife (3%) and handicraft production (3%) (Figure 2).

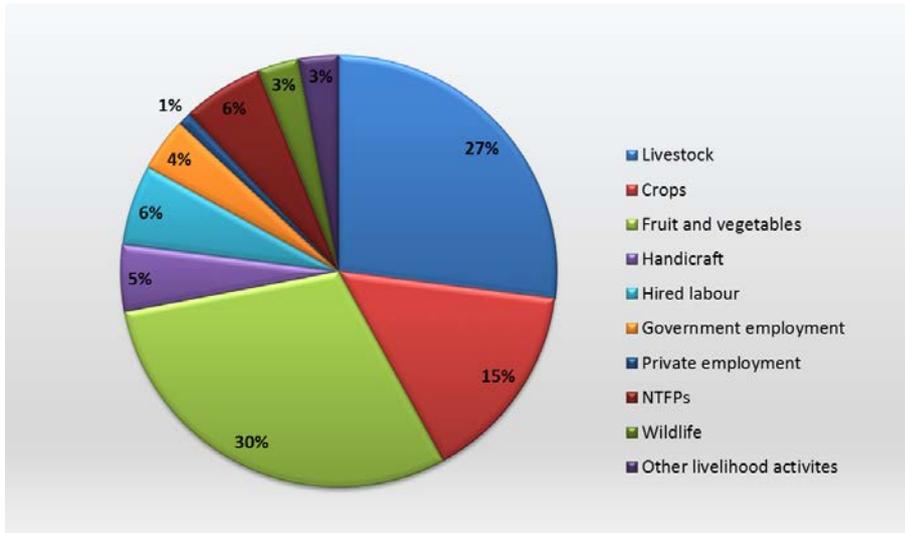


Figure 2. Average household time distributed across different livelihood activities

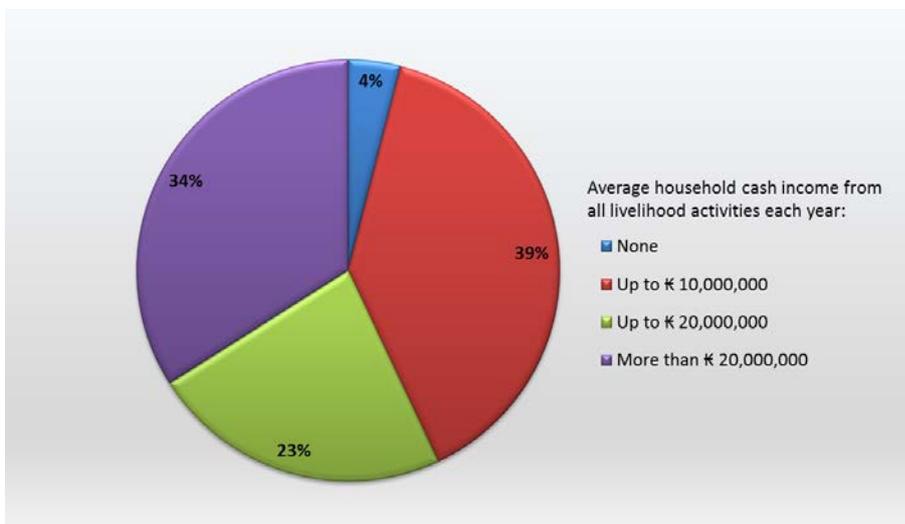


Figure 3. Distribution of annual cash income (K) across households

The data show that 96 percent of households earn a cash income (Figure 3). The sources of the cash income are presented in Figure 4a and 4b. The top three sources of cash income are crop sales (25%), livestock sale (23%) and government employment (19%). The least cash income is earned through handicraft (2%), wildlife sales (2%) and NTFPs sales (1%).

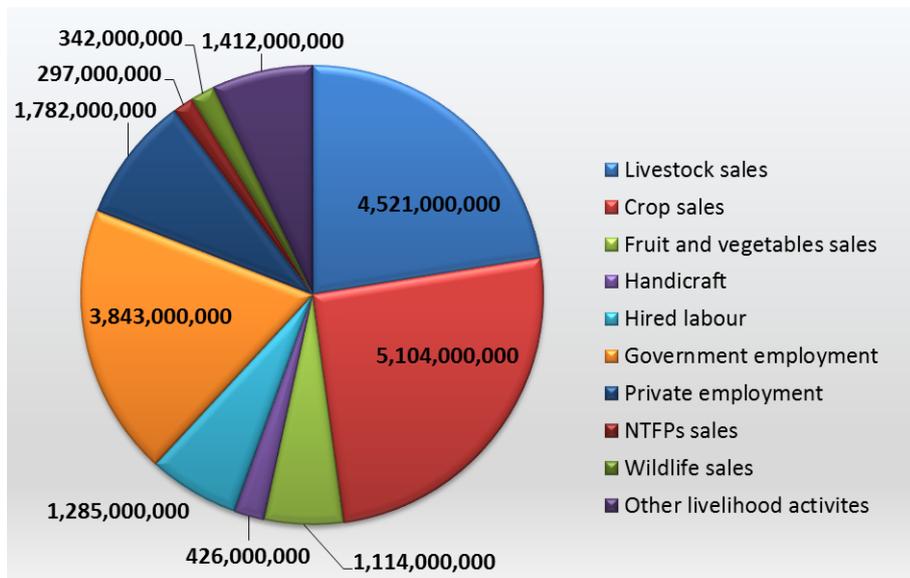


Figure 4a. Annual cash income (K) by livelihood activities

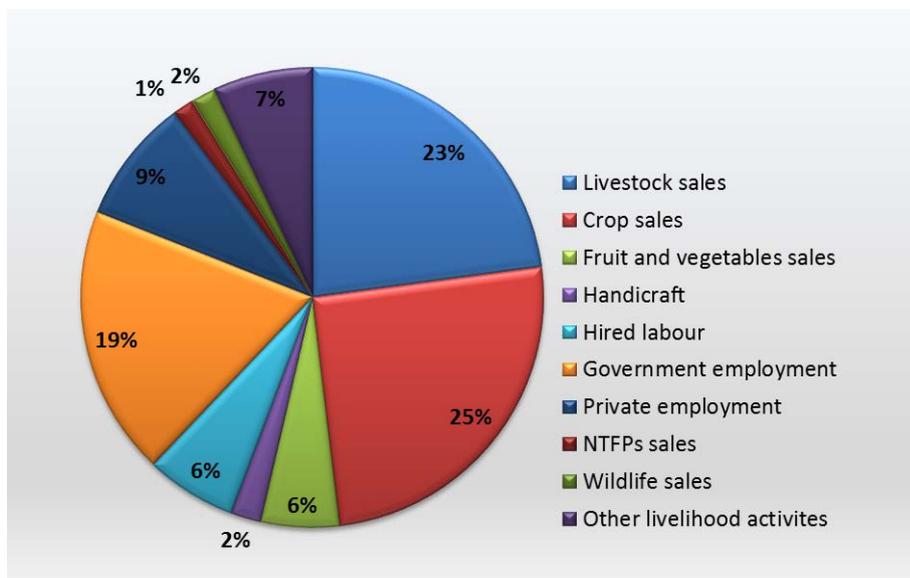


Figure 4b. Annual cash income (%) by livelihood activities

The survey results suggest that about a third of the households are engaged in wildlife hunting. Fourteen percent hunt exclusively for subsistence, one percent hunt exclusively for sale, and twenty percent hunt for both substance and sale (Figure 5). Correspondingly, eighty-two percent of households have no income from wildlife sales, while two percent earn an annual cash income of up to K10,000,000 (Figure 6). The hunting households hunt, on average, eighteen animals for subsistence and twenty-six animals for sale per year.

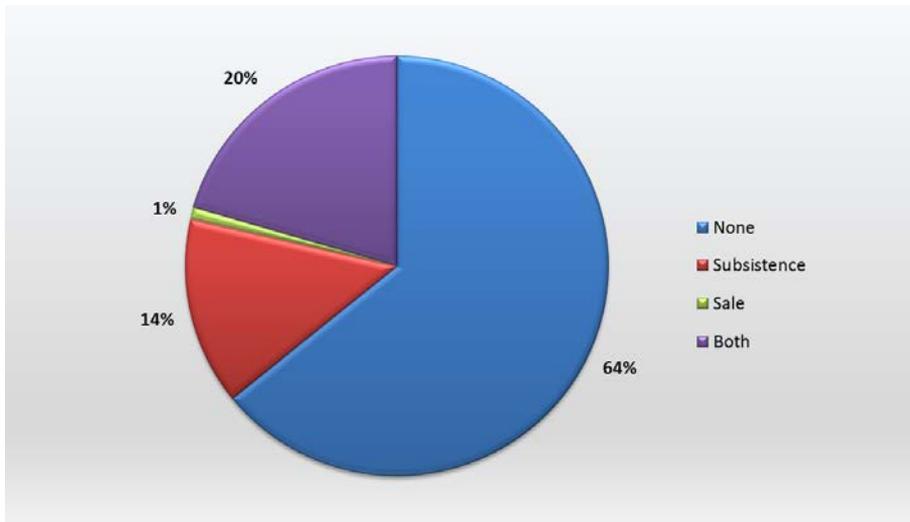


Figure 5. Households engaged in wildlife hunting

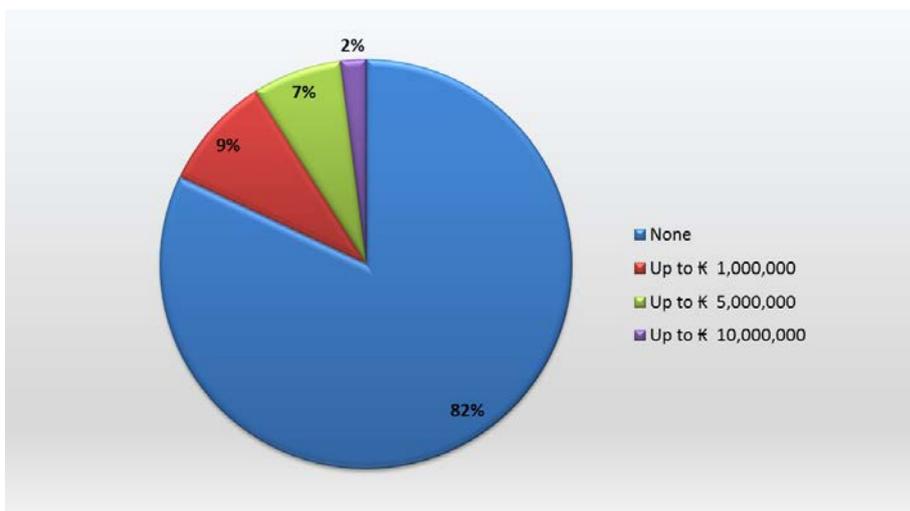


Figure 6. Annual cash income (K) earned from wildlife sales

Respondents were also asked about their intake of animal protein. Households most frequently consume fish (on average, four times per week), followed by domestic meat (three times per week) and wildlife (one time per week). The most preferred type of animal protein is, however, domestic meat (ranked most preferred by forty-two percent of households), followed by fish and wildlife (ranked most preferred by thirty-seven percent and twenty-one percent, respectively) (Figure 7).

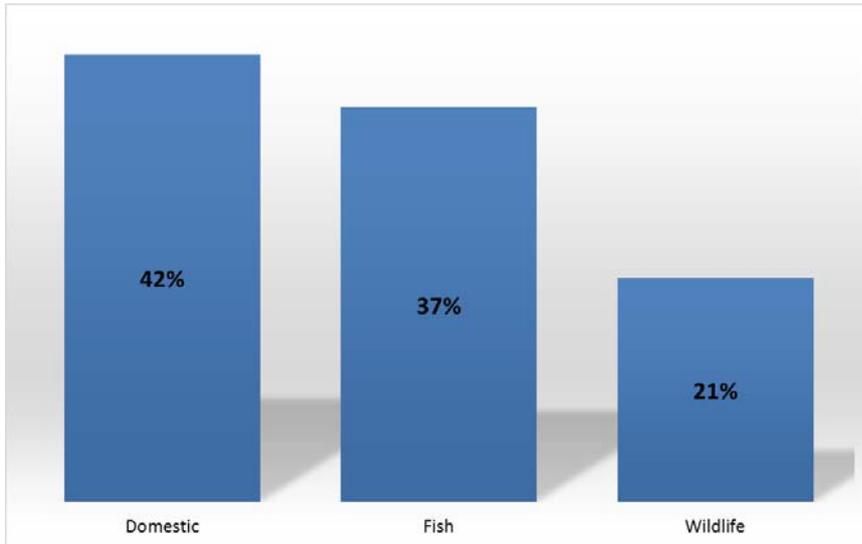


Figure 7. Animal protein preferences

Thirty-five percent of households stated that they have experienced problems with wildlife, while sixty-five percent stated they have not. Thirty-percent of the households that have experienced problems reported crop raids (30%), Attack on livestock (5%) and attack on people (2%). Eighty-five percent of households stated that they think wildlife protection is very important or important, whereas fifteen percent think it is only moderately important, of little importance or unimportant (Figure 8).

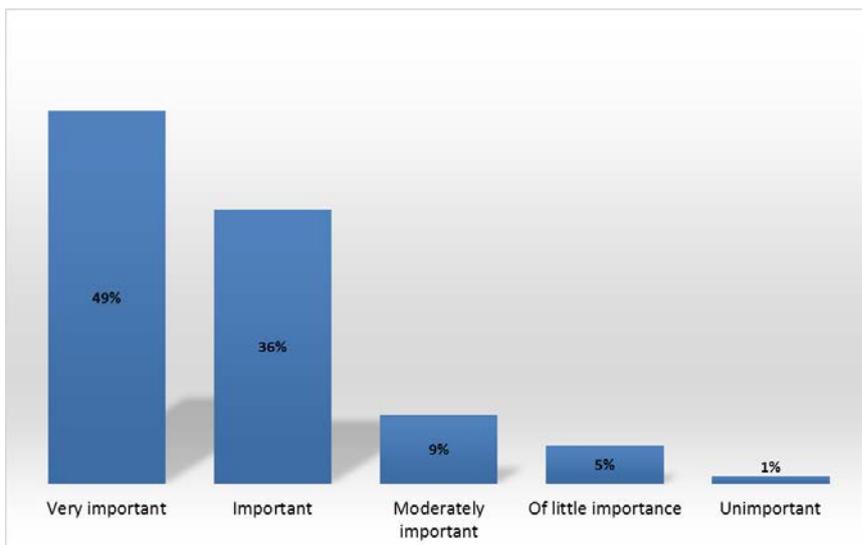


Figure 8: Importance of wildlife protection

The results suggest that hunting focusses on Category III Species including Wild Boar (*sus Scrofa*), Red Joungefowl (*gallus gallus*), Red-cheeked Squirrel (*dremomys rufigenis*), and Palla’s Squirrel (*callosciurus erythraeus*). Households also reported that they hunt some of Lao PDR’s Category II Species including Red Muntjac (*muntiacus muntjac*), Keeled Box Turtle (*pyxidea mouhotii*), Four- Eyed Turtle (*sacalia quadriocellata*), and Elongated Tortoise (*indotestudo elongata*), as well as some Category I species including Large-antlered Muntjac (*muntiacus vuguangensis*), Annamite Striped Rabbit (*nesolagus timmensi*), Chinese Pangolin (*manis pintadactyla*), Sunda Pangolin (*manis javanica*), Northern White-cheeked Gibbon (*nomascus leucogenis*), Douc Langur (*pygathrix nemaeus*), Silver Pheasant (*lophura nycthemera*), Chinese Three-striped Box Turtle (*cuora trifaciata*), Indochinese Box Turtle (*cuora galbinifrons*), and Big-Headed Turtle (*platysternon megacephalum*)⁸. The hunting gear includes snares, guns, bows, hunting dogs, and hand collection. The use of snares is very common: fifteen out of the eighteen species the survey asked about are hunted by snares or a combination of snares and other gear.

5. Community Consultations (first round)

The first round of the community consultations perused the following goals:

- Inform the communities about the concept of the pilot PES scheme and the associated opportunities of participation.
- Consult with the communities about the elements of the PES scheme design and the proposed process of implementation.

In preparation of the community consultations, selected staff of the GoL as well as selected villagers were trained as facilitators to assist the community consultation⁹. Two separate training sessions were conducted by project staff in August 2015 at the Khamkeut District Agriculture and Forestry Office (DAFO): one for partner facilitators of the Ministry of Agriculture and Forestry (MAF), the Provincial Agriculture and Forestry Office (PAFO) and

⁸ The Lao law stipulates restrictions on wildlife hunting. It classifies wildlife species into three categories. Hunting Category I Species is generally prohibited, whereas hunting Category II and III Species is restricted.

⁹ The training manual is available in English and Lao on request.

the DAFOs of Khamkeut and Xaychamphone district¹⁰; and one for the selected villagers. This was followed by a stakeholder meeting in Lak Xao chaired by the Vice-Governor of Bolikhamxay Province. The participants of the stakeholder meeting included the trained facilitators, staff of the GoL authorities of Khamkeut and Xaychamphone districts, and representatives from all eight target villages. The goal of the meeting was to present and discuss the outline of the PES scheme.

The comments and suggestions provided by the participants of the stakeholder meeting and the training sessions were used to revise the PES scheme outline and the associated community consultation material¹¹.

The first round of the community consultations was conducted in September/ October 2015. Each community was approached in the spirit of honest and constructive collaboration. They were engaged in an inclusive and culturally relevant manner on the basis of a free, prior and informed consent aimed at establishing broad-based and sustainable community support for the PES scheme. Villagers were approached regardless of their ethnic group or social status, and were given the opportunity to participate in the PES scheme as well as to take on the responsibility to protect biodiversity. Participation rates varied from village to village. In general, villages located closer to the main road had higher participation rates than those located further away. In all villages, with the exception of Nam Pan, both males and females participated in the community consultations. Nam Pan, the most remote and smallest of the target villages, is populated entirely by Hmong with limited exposure to outside influences. According to the headman (and the village elders consulted), less than half of the adults are literate. Nam Pan represents thus a special case among the target villages.

The community consultations were conducted over a one and a half to two-day period per village and structured along eleven topics:

- PES scheme concept (What are PES schemes and how do they work?)
- Opportunities of participation (Who can be part of the PES scheme?)
- Anti-poaching patrol scheme design (What will the patrol scheme look like?)
- Community benefits (What will your community get?)
- Conservation auctions (How will the price per patrol be determined?)

¹⁰ Formerly the project implementation was under the Provincial Office of Natural Resources and Environment (PONRE) and District Office of Natural Resources and Environment (DONRE).

¹¹ The Community Consultation material is available on request.

- Payment transfer (How will the money get to your community?)
- Penalty system (What happens if your community does not honour the commitments?)
- Mechanism for grievance, conflict resolution and redress (How can your community file a complaint?)
- Contracting (How will we formalize the commitments?)
- Invitation to register an expression of interest (How can your community register an expression of interest?)
- Process of community engagement (What are the next steps?)

Each topic was first introduced by the project team to the full audience using a power point presentation. The presentation included photographs, illustrations, maps, satellite images and examples to help explaining the more complex topics. The amount of text was reduced to a minimum to reach both literate and illiterate villagers. Exercises were included to help explain complex topics and to keep the audience interested and engaged. Copies of an information booklet containing the core information and most of the materials was distributed among the villagers at the beginning of the consultations. These booklets supported the discussions of the proposed PES scheme among the villagers during and after the completion of the community consultations. After the introduction of each topic the facilitators encouraged questions, comments, suggestions and concerns. Depending on the topic the discussions were either facilitated in the plenum or in small sub-groups. The facilitators explained to the villagers that the discussions were confidential and that no names would be recorded. The discussions of each sub-group were summarized and presented to the plenum.¹²

At the end of the consultations the villagers were given the opportunity to ask questions and voice comments, suggestions and concerns to any of the material presented during the consultations. The villagers were also invited to submit anonymous feedback as well as an expression of interest to engage in the PES scheme¹³. Both the village as a whole and individual villagers had the opportunity to express their interest. Village interest to engage in the scheme was expressed by the village administration. The interest of individual villager to participate in the conservation auctions for anti-poaching patrols was expressed by village teams.

¹² The material used in the community consultations is available on request.

¹³ Expression of interest and feedback form together with envelopes were provided. The villagers were instructed to not provide their names and seal the envelopes before submission. The envelopes were collected through labelled, closed boxes, which were collected by the project team after a set number of days.

Expressions of interest were submitted and accepted after completion of the consultations to allow communities to discuss internally.

Overall, the PES scheme concept and design were well received by the communities. Villagers and village authorities thought that the proposed PES scheme was as a good way to protect biodiversity for current and future generations. The majority of questions, comments, suggestions and concerns raised by the villagers were concerned with the following:

- Payment amounts;
- Payment transfer mechanism;
- Payment schedule;
- Insurance cover;
- Restrictions on the use of wildlife;
- Penalties for non-compliance; and
- Seasonal differences with respect to opportunity costs of time.

The project received an expression of interest from all eight villages represented by the respective village heads or deputy heads. A total of 65 interested patrol teams submitted their expressions of interest, ranging from one team in a village to as many as 14 teams in others. However, only over sixty-one percent of groups satisfied the requirements with respect to group size and composition as well as the provision of signatures. In a follow-up, the project team provided assistance in organising groups resulting in fifty-five valid group submissions. Providing the opportunity to provide feedback through anonymous feedback forms was effective. The project received forty-seven feedback forms, some of which containing questions, comments, suggestions, and concerns that were not voiced during the two-day community consultations. The feedback was assessed and used to adjust the PES scheme design. A summary of the feedback, the project response and any adjustments made were presented during the second round of the community consultations and the implementation of the conservation auctions.

6. Community Consultations (second round)

The second round of community consultations perused the following goals:

- Present the community resource profile.

- Respond to the feedback received during the community consultations and discuss corresponding adjustments made to the PES scheme design and the proposed process of implementation.
- Engage the communities in the development of a community action plan and community conservation agreement.

As in the preparation of the first round of the community consultations, selected staff of the GoL as well as selected villagers were trained by project staff as facilitators in separate training sessions to assist the second round¹⁴. The training sessions additionally aimed to seek feedback on a draft community action plan and community conservation agreement that was developed based on inputs from the project and the feedback received during the first round of community consultations. The training was conducted in May/June 2016 at the Khamkeut DAFO for partner agencies' facilitators. The comments and suggestions provided by the participants of the training were used to revise the community consultation material (including the draft community action plan and community conservation agreement) that was prepared for the second round¹⁵.

The second round of community consultations was conducted in June/ July 2016. Community participation were similar as during the first round of consultations.

The community consultations were conducted within one day per village and structured along seven topics:

- Recap of suggested PES scheme
- Response to feedback received during the first round of community consultations
- Discussion of the community resource profile
- Legal restrictions on wildlife use
- Development of a community action plan
- Development of a community conservation agreement
- Next steps

As in the first round of community consultations, each topic was first introduced by the project team to the full audience using power point presentations. Copies of the village-specific community resource profiles and the community resource profile averaged across the eight

¹⁴ The training manual is available on request.

¹⁵ The material used in the negotiations of the Community Conservation Agreements is available on request.

villages were distributed among the villagers. After the introduction of each topic the facilitators initiated discussions to encourage questions, comments, suggestions and concerns. Depending on the topic, these discussions were conducted either in a plenary format or in smaller sub-groups. The participants were encouraged to forward any other feedback within a few days after the completion of the second round of consultations to the project team. This allowed the communities to discuss internally in the absence of the project staff and facilitators. The community consultations were successful in involving the village administration and the villagers in a productive discussion of the draft community action plan and community conservation agreement. After the second round of village consultations, the draft community action plan and community conservation agreement were revised based in the community feedback. Few substantive feedback was concerned with the document content but with their format, use of terminology, and clarifications of some legal terms. The revised community action plan and community conservation agreement were reviewed in July 2017 to take account of any final comments. The community action plan and community conservation agreements are scheduled to be signed by all eight villages in early August 2017.

7. Conducting Conservation Auctions

Conducting the conservation auctions perused the following goals:

- Select prospective suppliers of anti-poaching patrols.
- Estimate the marginal costs of anti-poaching patrolling.

In May/June 2016 at the Khamkeut DAFO the facilitators of the second round of community consultations were additionally trained to assist the training of village teams who registered interest in participating in the conservation auctions¹⁶.

The participants of the conservation auctions received training before the actual conservation auctions were carried out. Both the training and the auctions were conducted as one day events per village in June/ July 2016. The events were structured along six topics:

¹⁶ The training manual is available in on request.

- Recap of suggested anti-poaching patrol scheme (including a response to the community feedback)
- Environmental code of conduct
- Physical and cultural resources chance-find procedures
- Patrol contracts
- Bidding training
- Real bidding for patrol contracts

The aim of the training was to explain in detail the content of the patrol contract (Scheufele et al. 2016)¹⁷ and the bidding process including procedures and forms (Scheufele and Bennett 2017)¹⁸. The teams were trained to state the number of patrol they would each be willing to do per year given a sequence of prices per patrol. The training included mock auctions through which the teams gained bidding experience through ‘learning-by-doing’. The mock auctions were customised to the context of the eight villages and used examples villagers were familiar with. Exercises included, for example, bidding for purchase orders and for construction contracts. A fundamental aspect of the training was to explain the concept of opportunity costs as a basis for formulating their bids. In the local context, a relatively easy way of explaining the concept of opportunity cost is a comparison between a daily wage one can earn in doing casual work and the payment offered per patrol¹⁹. In order to account for differences in opportunity costs across seasons, teams were trained to submit a separate bid for each season.

In the actual auctions all teams had to fulfil the following requirements:

- All bidding teams submitted a valid ‘register of interest’ form and thus consist of 5 members, of whom 2 or 3 members are village militia.
- A team was allowed to participate in the bidding even though not all team members were present. However, the members who were present needed to have the authority to represent the whole team.
- Only team members who completed the bidding training were allowed to participate in the bidding.

¹⁷ The patrol contract was presented by the project team with inputs from facilitators.

¹⁸ The conservation auction material is available on request.

¹⁹ It must be stressed that benefits include not only payments for patrolling but also bonus payments for dismantling snare lines and poacher camps, insurance, training, personal equipment, and formal recognitions for good performance.

- All team members (or their representatives) understood the tasks, responsibilities, obligations and benefits of participating in the patrol scheme as stated in the patrol contract, which was explained in detail during the training.
- Bids were only valid if all team members signed the bidding forms.

The actual auctions were conducted immediately after the training to minimise potential collusion among teams. Additionally, the following rules were applied:

- Teams were placed apart from each other.
- Discussions across teams were prohibited.
- To complete the bidding, the bidding forms had to be put into an envelope and handed over to a facilitator.

Even though it was not feasible to conduct the auctions simultaneously in all villages physical communication among villages was deemed difficult in the short run, especially since the auctions were conducted during the wet season impeding transport. However, with the exception of Nam Pan village, limited telecommunication was possible between the villages. The project team tried to minimise any potential collusion by stressing the competitive nature of the auctions.

The conservation auctions were conducted successfully despite the fact that the concept of bidding was a novelty to almost all villagers. Explaining concepts by means of familiar examples and mock auctions proved to be of value in teaching novel and complex topics (such as the concept of opportunity costs). However, the time and effort required to explain these concepts differed across villages. While teams from villages located close to the main road grasped the concept of bidding quite easily, teams from villages located further away had some difficulties. This may be explained by differences in education levels and exposure to markets. Even though every effort was made to encourage all team members to be present at the training and the actual auctions, this was not achieved. Some teams submitted bids that were not signed by all team members. In these cases, the bidding forms were left with teams to get all the required signatures. To prevent possible alteration of the bids and associated conflicts, the project team took photographs of the original forms. Teams that lost team members after the auctions were allowed to replace them with individuals from the same village. In total, fifty-

five teams from all eight target villages submitted valid bids, of which thirty-two were offered a patrol contract at the determined 'market' price²⁰.

Patrol contracts are scheduled to be signed by seventeen teams from five villages in early August 2017. The withdrawal of teams might be explained by a change in the suppliers' opportunity costs caused by rumours of a new mining operation in close proximity to the communities. Some potential suppliers expected the wages earned through a mining employment to outweigh the returns from patrolling. The reduced number of teams was partially off-set by new teams or teams that did not offer any patrols at the determined price. These teams accepted bids put forward by those who withdrew.

Special arrangements had to be made for Nam Pan village:

- Only one team from Nam Pan originally submitted an expression of interest. This was explained by a lack of reassurance through local authorities.
- Given its strategic location in relation to the PCV PPA, it was considered essential for the village to have more than one patrol team.
- An extra consultation event coordinated with PAFO was held on 26 August 2016. A senior provincial representative discussed the PES project with the villagers with the aim to encourage villagers to volunteer for more patrol teams. As a result, two more teams were formed, totalling three teams who subsequently participated in the conservation auctions.
- Given the extra consultation event and the subsequent forming of teams, the project team was only able to train the village facilitators but not the teams.
- The training of teams and conducting the conservation auctions was performed by the village facilitators. The conservation auction was conducted at the end of August 2016.

In relation to the patrol team's interest in Nam Pan²¹, at least three conclusions can be drawn:

- Trust and confidence building is very important. Villagers needed to be assured by provincial government authorities that the pilot PES scheme has a full support from the GoL.

²⁰ For details on the results of the conservation auctions see (Scheufele and Bennett 2017; Scheufele et al. 2017).

²¹ Based on some village participants' informal discussions during the consultations and personal observations, villagers were concerned about limited household labour availability.

- Awareness raising about wildlife conservation was necessary, especially the fact that wildlife patrolling in the PCV PPA is not merely to protect the resources for the benefits of the general public, but also to protect their own resources.
- Agricultural production seemed to be the villagers' top priority. Their interest in any work that would detract them from farming was limited, irrespective of the level of income that could be earned through patrolling.

8. Conclusions

PES schemes offer the potential of achieving environmental improvement goals alongside providing livelihoods for poor people. This scheme provides benefits to both the engaging communities as a whole and individual villagers who are engaged in the patrol teams through a set of incentives both monetary and non-monetary. GoL has indicated an interest in applying such schemes. The project has received substantive support and cooperation from all eight target communities and all levels of the GoL²². This indicates a strong interest in the development and implementation of PES schemes in Lao PDR. Implementation practicalities however presented a challenge, in particular the design of a PES scheme requires an extensive community engagement process to identify and recruit prospective suppliers. A challenging aspect of the conservation auctions was getting rural communities to understand how to determine their opportunity costs of patrolling during the bidding process. Underestimating these costs could make suppliers engaging in the PES scheme worse-off. Nevertheless, PES schemes such as this one can create a new opportunity for rural communities in ES supply based on its voluntary nature. The villagers' enthusiasm for the PES scheme might have been supported by the importance they attach to wildlife protection as suggested by the household survey with almost half the households, on average, considering wildlife protection as very important. Nevertheless, the extent to which other specific non-monetary factors might have influenced community interest in the PES scheme remains to be further explored and tested, which is beyond the scope of the current scheme design consideration.

²² Examples of this include the expressions of interest in the scheme by all target village authorities, and more importantly the district and provincial authorities have expressed strong interest in the scheme, evidenced from their speeches during the consultations.

The community consultation process was effective but time consuming. This was particularly the case in dealing with a subsistence-based community like Nam Pan, where an extra effort was required to reassure community participation. Nam Pan was a special case given the remoteness of the village with limited outside influence and generally low literacy among the adult population. Additionally, trust and confidence building was essential in this subsistence-based and highly traditional Hmong community.

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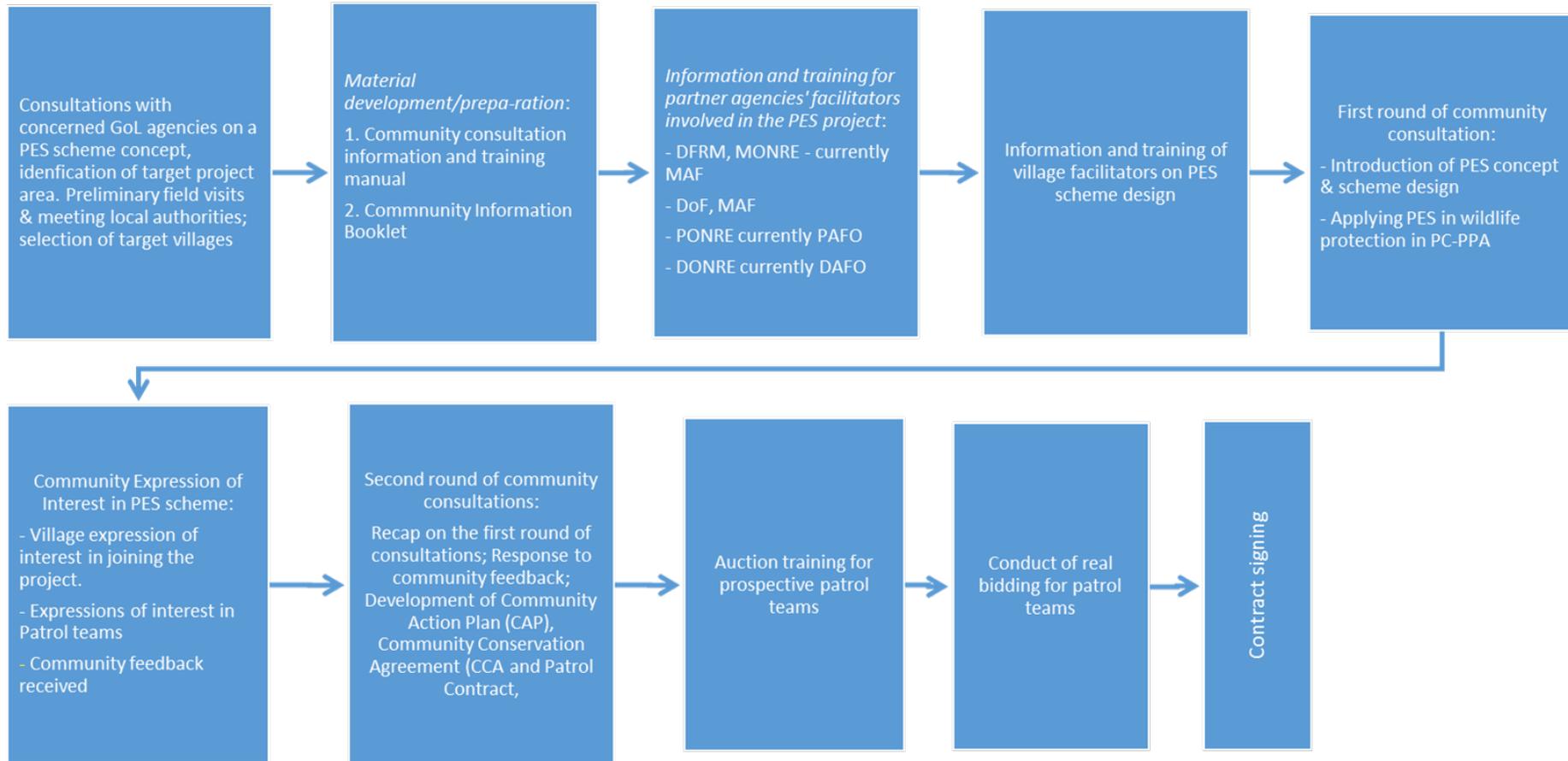
Special thanks go to Saysamone Phouydouangsy and Yiakhang Pangxang for their assistance in the conduct of the community consultation process.

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Annex 1

Community engagement process



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