

Community Forestry (CF) Credit Factsheet

Community Forestry (CF) Credit plays a crucial role in strengthening CF institutions, especially Community Forestry Management Committees (CFMCs) when such organizations implement their duties under the by-law and regulation of CFMCs, as well as the participation of CF members through the credit interest benefit-sharing. In 2014, The Center for People and Forests (RECOFTC) in collaboration with Kampong Thom Forestry Administration Cantonment prepared the concept note for a CF credit scheme. A year later, in 2015, 5 CFs in the province implemented the pilot project for CF credit. Based on the positive feedback from implementers, as well as other CFs that listened to the schemes practice during CF network and PCFPCC¹ meetings, the pilot project expand to two more provinces, Kratie and Stung Treng, with support from PAFF² and SRJS³. As of 2018, there are 21 CF credit schemes, 11 implemented and 10 are in the process of being established.

Fact of CF Credit



- The pilot of CF credit scheme started in 2015 with 5 CF in Kampong Thom
- Among 21 CFs, 11 CFs have implemented the CF credit scheme and ten are in the process of establishing schemes in Kampong Thom, Kratie and Stung Treng
- The 11 established CFs have funds between USD 1,000 and USD 5,000, which equals USD 10 to USD 40 per month for support of CF management activities. This helps CFs reduce support from outsiders and helps members who face urgent problem
- Aligned with the sustainable management of CF which increase the participation from members especially women in CF management
- Concept of CF credit scheme not yet widely share among stakeholders and government which need more extension to them to get their support to expand this concept to other CFs
- Receive a great interest from CFs, for instance 2 CFs after joining the CF network meeting and aware of this credit asked RECOFTC to facilitate to prepare regulation and by law of CF credit for their CFs

¹ Provincial Community Forestry Partnership Coordination Committees

² Partners For Forestry and Fisheries

³ Share Resource Join Solution

Why CFs need CF credit scheme?

CFMCs are key persons who play an important role in the management and development of CF institutions. Stakeholders including development partners, NGOs, local authorities and jurisdiction department officials can work with CFMCs in order to support the community and strengthen the CF institution. Besides the need for capacity building and legal support, CF institutions need a strong and secure source of financial revenue. Through the pilot project, CF credit schemes can act as a source of support for the development of CF institutions and it can be a model of success to mobilize the fund from stakeholders and expand this activity to more CFs; as a result, after implementing the pilot project in 2015, CF credit can offer the following:

- A core budget source for CFs to use for their basic CF management, including regular patrols, meetings with members.
- Reduce dependency on borrowed money from businessmen, which have a high interest rate.
- Increase the participation of members in CF management and development
- Increase women participation in CF management and leadership
- Respond to situations in the CF where degraded forests need to be restored or maintained.
- Effectively responded to the decrease of donor and technical support for CF management.



Prey Kbal Bey CFMCs showed visitors the map of CF and their management
Pictured by: Kao Vutha (PC of RECOFTC, Kampong Thom)

What are the differences between CF credit schemes and other credit scheme?

CF Credit schemes stand out because the scheme has a clear objective that supports and strengthens the CF institution through the sharing of interest, which supports the management and development of a CF. The budgeting of CF credit is under the control of CFMCs and a specific amount is shared to increase the budget of CF credit, which means that if the budget is increased, then the amount of money that the CF can receive for CF management and development activities also increases (**If the budget is USD 1,000, USD 10/month will be shared for CF management and development activities; as a result, if the budget increase to USD 10,000, USD 100/month will be shared**)

The concept CF credit scheme has been shared and discussed in CF network meetings and PCFPCC meetings in Kampong Thom, Kratie and Stung Treng. These CFs have attracted interest from other CFs, development partners and local authorities as the CF credit schemes increased from 5 in 2015 to 21 in 2018, with 2 CFs agreeing to modify their credit regulation to CF credit scheme regulation. The increase in support and participation of CFs in this credit scheme is based on the opportunity and strength of the CF institution which are recognized by local authorities and every level of government. The credit scheme attracts stakeholders including visitors and delegates who visit the target CF, commune and small grant project to support the scheme.



Borie Ou Svay CFMCs through benefits from CF credit scheme interest are able to conduct patrolling; confiscated chainsaw and gave to local authority

[Pictured by: Thach Metry (PC of RECOFTC, Stung Treng Province)]

However, the CF credit scheme also faces some challenges such as:

- The concept of CF credit scheme has not yet been formalized by local authorities and government
 - There is no specific budget from the government to increase the core budget of CF credit. As in the present moment, the CF credit scheme is under the support of projects which the amount of credit is still small which not response to the needs of borrowing from CF members.
 - CF Committees who are interested in implementing the scheme need capacity building.
- In response to the challenges and the need to expand CF credit, efforts should be made including:
- In commune development plan should have specific budget to establish and/or increase the core budget of CF credit scheme
 - Forestry Administration/ MAFF should have specific amount of budget to support CF credit

- MAFF should consider including the CF credit scheme in the policy of CF management
- NGOs working on CF development should consider the implementation of CF credits

Experience and Lessons from CF Credit Scheme

Increase the participation and ownership of CF in implementing the community forestry management plan through:

- Patrol
- Planting trees and forest fire road construction
- Conflict mitigation in CF management
- Encourage CFMCs to play a more effective role
- Increase the participation of women in CF management and leadership
- Borrow the money from CF credit schemes as to contribute to CF management and development:
 - Interest rate is similar or lower than other private institution
 - No transportation fee
 - 35% of interest rate will be used for CF management and development
- Receive more support from stakeholders when they witness the good CF management. For instance Prey Kbal Bey CF received USD 250 from FA and USD 1,000 from minister of MAFF to increase their CF credit budget
- Transparency and governance are key for trust and participation from CF members
- CFMCs work hard to get successful results
- CF credit helps members who are faced with financial urgency
- CF credit project helps CF stay active and increase member participation in sustainable management of the CF.



Prey Kbal Bey CF planting trees using budget from CF credit interest



Community borrow money from CF credit to support their business