



Analysis

Whose Equity Matters? National to Local Equity Perceptions in Vietnam's Payments for Forest Ecosystem Services Scheme



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ARTICLE INFO

Article history:

Received 8 April 2016

Received in revised form 24 January 2017

Accepted 25 January 2017

Available online 3 February 2017

Keywords:

PES

Equity

Local perceptions

Effectiveness

Vietnam

PFES

ABSTRACT

This paper focuses on the assessment of legislative considerations and local perceptions of equity in Vietnam's Payments for Forest Ecosystem Services scheme (PFES). Equity perceptions are powerful determinants of human behaviour and, consequently, many environmental conflicts arise from contested visions of what constitutes as 'equitable' environmental management. Therefore, equity can play an instrumental role in shaping outcomes of PFES schemes. This paper analyzes how contextual, procedural and distributive equity considerations are reflected in national PFES legislation and implementation, how equity outcomes are perceived locally, and whether local perceptions match legislative considerations. We reviewed national legislation and government reports, conducted expert interviews on the national and provincial level, as well as surveys, focus group discussions, and in-depth interviews on the local level. Our findings reveal that equity outcomes are very much affected by contextual factors, such as how the Forest Land Allocation regulation determines the distribution of use rights. In the implementation of PFES national aspirations and rationales of equity as outlined in legislation were not met due to technical constraints, financial costs, and social and institutional conflicts. The implementation on the ground contrasts with local interests. Our results show that on the local level the preference for a distributive equity principle is very much influenced by the degree of transparency of the payment distribution process. The prevailing perceptions of equitable benefit distribution by local PFES participants correspond to a merit-based principle of compensation for the effort of forest protection.

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1. Introduction

As a form of ecosystem services (ES) governance, incentive based policy instruments that establish conditional payments for the provision of ES have gained traction in natural resource management over the past decade. At its core are payments for ecosystem services schemes (PES) (Wunder, 2015, 2005, Vatn, 2015, Schomers and Matzdorf, 2013, Muradian et al., 2010). ES governance, and PES in particular, influences rights and responsibilities of resource use and conservation; it affects the distribution of common goods of current and future generations and frames human-nature relations. It is thus a highly normative undertaking (Kosoy and Corbera, 2010; Jax et al., 2013; Sikor et al., 2014; Loft et al., 2015a). Furthermore, from a social perspective, a PES program could have broad unintended consequences and should therefore be designed and implemented not only for effective and efficient ES governance or management, but also in pursuit of equity

objectives. There are few empirical studies on the environmental and social effectiveness of PES, and particularly those that include equity considerations (Van Hecken et al., 2015; Pascual et al., 2014; Adhikari and Agrawal, 2013; Van Noordwijk et al., 2012; Miteva et al., 2012; Pattanayak et al., 2010). In addition, evidence on how people respond to incentives provided through PES beyond assumptions of economic rationality is rather sparse and sometimes contradictory (Arriagada et al., 2015; Norden et al., 2013). Some studies find that perceptions of unfairness can undermine the effectiveness of economic instruments (Törnblom and Vermunt, 2007; Kanfer et al., 1987; Thibaut and Walkers, 1978; Folger, 1977). Notably, Pascual et al. (2014) highlight that recognizing social equity considerations can have an instrumental value in shaping outcomes of PES schemes. Similarly, Sommerville et al. (2010: 1263) claim "the perception of fairness and net benefit at the individual scale can have a substantial impact on the participation of the wider community and thus the efficacy of an intervention." For this purpose, Pascual et al. (2014) (see also Martin et al., 2014; Vatn, 2010; Fehr and Falk, 2002) emphasize that there is a need to further explore the relationship between equity and the effectiveness and

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efficiency of PES schemes (the latter here being understood as cost effectiveness, see e.g. Wätzold et al., 2010, Pascual et al., 2010). A precondition for such an exploration is an understanding of equity perceptions of (potential) PES participants (Bruner and Reid, 2015). However, to date, only few case studies exploring actors' equity perceptions in PES exist (e.g. Martin et al., 2014; Sommerville et al., 2010).

To assess the moral implications of ES governance and the instrumental value of equity in PES, local perceptions of justice and their influence on the implementation of ES policy must be identified, contextualised, and evaluated (Sikor et al., 2014). An analysis of equity can start from a theoretical, normative position based on philosophical frameworks to elaborate on just rules (normative justice research). The analysis can also start with actual claims or perceptions (empirical analyses of justice) (Liebig, 2001; Howard et al., 2016; Stumpf et al., 2016). In the latter, what is perceived as equitable however is not universal but rather depends on the specific context in which decisions about the distribution of resources are made (Luttrell et al., 2013; Sikor et al., 2014). Equity criteria applied by decision makers and equity perceptions of stakeholders may also vary depending on the level of implementation of the policy intervention (Skutsch, 2013).

This paper aims to fill the gap in empirical analysis on how equity is being considered in the design and implementation of the national Payments for Forest Ecosystem Services scheme (PFES) in Vietnam. We provide initial conclusions on what impact this might have for participation of local communities and longer-term environmental and social outcomes. In our empirical analysis of PFES, we assess how decision makers' considerations of equity match local equity perceptions. Our research questions are: (i) whether and how equity has been considered by national decision makers in the PFES legislation, (ii) how this is being implemented and (iii) whether this is perceived as equitable by stakeholders at the local level. The paper is structured as follows: The framework for our equity analysis and methods for data collection are presented in Section 1. We then provide a background on PFES and equity determinants in the national PFES legislation in Section 3. In Section 4, we assess local equity perceptions and analyse how these match legislators' intent. In Section 5, we present our main conclusions.

2. Framework and Method

2.1. Equity Framework

For our assessment, we make use of recent developments in defining and framing equity in PES (e.g. Pascual et al., 2014, 2010; Martin et al., 2014; McDermott et al., 2013; Corbera et al., 2007; Brown and Corbera, 2003). We differentiate between, and apply three dimensions

of equity in our analysis: (i) *Procedural equity* refers to participation in decision-making and inclusion processes, and the negotiation of competing views. The levels of participation may vary based on local capacity and governance factors (Brown and Corbera, 2003); (ii) *Contextual equity* concerns initial social conditions of (in)equity, such as distributions of access, capabilities, and power. These initial social conditions may affect the ability of stakeholders to participate in and benefit from a policy intervention, for example when a high illiteracy rate excludes actors from written information needed to participate in a policy process or when formal rights to land are a precondition for the participation in a policy program and thereby excluding actors without these rights. An analysis of contextual equity allows for a more holistic assessment of the effects of a policy intervention by including constraints and potential transformations of existing social institutions (McDermott et al., 2013); (iii) *Distributive equity* refers to the allocation of resources, rights, and obligations, and their impacts on different stakeholders in terms of costs, risks, and benefits (McDermott et al., 2013; Pascual et al., 2010; Proctor et al., 2008; Corbera et al., 2007). What is regarded as a 'fair share' varies according to different situations and cultures. Different stakeholders may apply different 'economic fairness criteria' or principles depending on socio-cultural and economic factors. The four distribution rationales summarized below reflect whether benefits should be provided based on merit, on need, whether they should be shared equally or based on authority status (Table 1). Martin et al. (2014) added 'recognition' as a dimension of equity and define it as the respect for cultural differences of stakeholders, their norms, knowledge, and values (see also Pascual et al., 2014; Sikor et al., 2014). However, the latter is not part of this analysis.

2.2. Study Province and Site Selection Criteria

We selected Dien Bien province in north-western Vietnam as our study site because a considerable amount of PFES revenues had been collected there from buyers since 2011 (around 12 million USD, 5th highest among all provinces) at the time of our data collection. Out of these 12 million USD, 5 million USD had been distributed to ES providers, while the remaining 7 million USD were held back due to difficulties in the Forest Land Allocation Process (FLA) (Dien Bien, 2014; VNFF, 2015). Furthermore, in Dien Bien, large parts of the total forest areas of 384,691 ha are managed by individuals, households, and communities (Dien Bien, 2014). Out of the ES providers, individuals, households, and communities received the majority of the 5 million USD in PFES payments distributed (around 88%), while the remaining 12% were distributed to the Muong Nhe Protected Area Forest Management Board (Dien Bien, 2014). After consultation with provincial officers, we

Table 1
Distributive equity principles.

Theory	Distribution principles ^a	Implication for PES schemes
Merit-based	Distribution should be proportional or relative to the contribution of the stakeholders. The distribution can compensate the input, such as work effort ("compensation"). It can also reward the output, such as monitored change in the provision of ES ("actual provision") (Pascual et al., 2010, Konow, 1996, Miller, 1999).	Those who put most effort ("compensation") or those who produce the best results in the provision of ES ("actual provision") should benefit the most.
Needs-based	Distribution should correspond with needs. Those with the greatest needs should receive the highest reward (Konow, 2001, Dobson, 1998, Rawls, 1979) in order to ensure that the position of the least advantaged individuals is as high as possible (Pascual et al., 2010).	The poorest ES providers should benefit the most.
Egalitarian	Distribution should be equal among all providers of a service independent of the cost and level of service provision (Pascual et al., 2010).	Each ES provider should receive the same (e.g. per unit of land area), independent of the level and cost of ES provision.
Achievement/status/power	Those with more authority, status, or control over the group should receive more than those in lower level positions. The basis for the claim is prior attained status or power, or a traditionally inherited position (Forsyth, 2006)	Leaders/representatives of ES providers should get more due to the inherited leadership position.

^a The selected principles of distributive equity are based on Luttrell et al. (2013), McDermott et al. (2013), Pascual et al. (2010), Forsyth (2006), Konow (2003, 2001). There are variations in the definition of these principles and subdefinitions exist. Hence, the list is not exhaustive, but covers main principles. For example, Pascual et al. (2010) include "compensation" as a subset of input-based. Accordingly, PES should compensate forgone benefits, i.e. include opportunity costs.

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