



Payments for environmental services and contested neoliberalisation in developing countries: A case study from Vietnam



Pamela McElwee ^{a,*}, Tuyen Nghiem ^b, Hue Le ^b, Huong Vu ^b, Nghi Tran ^c

^a Department of Human Ecology, Rutgers University, USA

^b Center for Natural Resources and Environmental Studies, Vietnam National University, Hanoi, Viet Nam

^c Tropenbos International Vietnam, Hue, Viet Nam

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ABSTRACT

Forest and water protection once relied primarily on regulatory means to achieve conservation ends, but an explosion of market-based and neoliberal approaches to environmental policy now depend instead on the creation and harnessing of financial instruments to value environmental goods and provide the funding needed for their preservation. Payments for environmental services (PES), which provides incentives for soil, water and forest conservation from users of services to those who provide them, is one of the most well-known of these approaches. However, many challenges remain for PES as a policy approach, and this paper explores how PES schemes have been implemented in practice in developing countries, how well they fit with descriptions of neoliberal environmental governance, and how these policies are being shaped by rural actors to make them more favourable to social, cultural or economic priorities in local areas. The paper shows that seemingly neoliberal policies like PES are actually a mix of both market economic incentives and regulatory approaches, and thus should not be labelled solely “neoliberal” per se. Further, much of this variegation in PES policy has resulted from active engagement of rural actors in shaping the parameters of what parts of neoliberal policy are acceptable, and what are not, and data from a Vietnam case study emphasize this point. Finally, the paper shows how key goals of neoliberal approaches, namely efficiency and conditionality, are often actually the weakest components of PES schemes, in Vietnam and elsewhere, particularly when they clash with local concerns over equity, which should pose a rethinking of how to understand PES success. The article concludes that PES plans should not be considered exclusively neoliberal per se, as they may in fact strengthen both state regulation and local participation and involvement in rural environmental management at the same time.

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1. Introduction

Environmental protection measures once relied primarily on state-led regulatory means to achieve conservation ends, but an explosion of new policies now depend instead on decentralized, often privatized, approaches to valuing environmental goods and providing the capital needed for their preservation. Often labelled as “neoliberal” or “market-based” forms of environmental governance, these policies range widely in focus and scope, but share in common a goal of using economic incentives (either for positive environmental services like habitat preservation or for negative environmental externalities like pollution) in the hopes that the market provides a more efficient, less expensive policy outcome.

Payments for environmental services (PES), which provides funding from users of ecosystem services to those who provide them, is one of the more prominent and widespread of these market-based policies.

While PES as a conservation tool has a long history in rural areas in developed countries (such as the Conservation Reserve program in the US, the Common Agricultural Policy in the EU, or similar environmental stewardship plans in Australia and New Zealand), PES approaches have only more recently expanded into poorer developing countries of the global South. On the one hand, this expansion has prompted some amount of concern that these rural poor could be unduly harmed by neoliberal market-based policies, which might exclude access to resources or induce unwanted commoditization in communities that are not prepared for such approaches (Kosoy and Corbera, 2010; McAfee, 2012a; Redford and Adams, 2009). On the other hand, rural farmers and other actors in developing countries often have active ability to protest against,

* Corresponding author.

E-mail address: pamela.mcelwee@rutgers.edu (P. McElwee).

influence and otherwise modify policy implementation to better improve local outcomes, and have actively done so for many years, including market-based and neoliberal policies like PES (McAfee and Shapiro-Garza, 2010; Ostrom and Basurto, 2010). Thus, there is an important need to understand how PES schemes have been implemented in practice in developing countries and how well they fit with descriptions of neoliberal environmental governance, and how these policies are being shaped by rural actors to make them more favourable to social, cultural or economic priorities in local areas. This paper is aimed at both of these goals, and contributes to the growing literature on PES by: 1) reviewing overall PES policies in the global South, and concluding that most cannot be described as true markets or clearly neoliberal policies; and 2) asserting that one major reason why PES projects have been unable to function as strict market instruments is due to the strong influence of participants, who often place high priority on non-market values like equity and justice in their involvement with PES, and who have been successful in many instances in changing PES projects to better reflect these values.

In this paper, data and research from Vietnam, as well as a survey of the literature from other developing countries, is used to identify several key themes in how PES has been implemented and how outcomes have been shaped, paying particular attention to what we have identified as the “contested” nature of neoliberalism. First, the paper briefly reviews the existing research on PES in the global South through examination of how PES instruments have developed, who is involved, how payments are transferred and used, and what the known impacts have been. This review shows that seemingly neoliberal policies like PES are actually a mix of both market economic incentives and regulatory approaches, and thus should not be labelled solely “neoliberal” per se. Secondly, much of this variegation in PES policy has resulted from active engagement of rural actors in shaping the parameters of what parts of neoliberal policy are acceptable, and what are not. Data from both reviews of the existing literature and the Vietnam case study emphasize this point. Thirdly, the paper shows how a key goal of neoliberal approaches, namely market-led efficiency in the allocation of resources, is often actually the weakest components of PES schemes, in Vietnam and elsewhere, particularly when efficiency clashes with local concerns over equity, which should pose a rethinking of how to understand PES success. The article concludes that PES plans should not be considered exclusively neoliberal per se, as they may in fact strengthen both state regulation and local participation and involvement in rural environmental management at the same time. That is, not only are PES schemes not clearly neoliberal, but active community and government involvement has strongly influenced this outcome. Given this, more attention should be paid to moving PES studies towards acknowledging the contingent, contested, and often complicated structures and outcomes of so-called neoliberal approaches.

2. Background: neoliberalism and PES in rural areas of the developing world

Studies of the impact of neoliberal processes on environmental management have rapidly expanded in fields such as geography, anthropology and rural sociology in recent years. Originating in concerns over global structural adjustment programs and debt repayment policies that began to be implemented during the 1980s and 1990s, scholars have documented negative impacts on land use, labour, food security, and health from these policies (Cupples, 2004; Gueorguieva and Bolt, 2003; Mazur, 2004). Neoliberal processes have since been theorized to encompass far more than simple market expansionism, and David Harvey's identification of

neoliberalism as “accumulation by dispossession” is one of the most well-known (Harvey, 2010). In Harvey's view, neoliberalism involves a series of steps, all of which are fundamental for the accumulation of capital in a global system. These include privatization of public goods, whether these are social safety nets or environmental commons; financialization of everything, particularly inasmuch as speculative trading can be facilitated; and a hollowing out of state institutions such that the state becomes a handmaiden for capitalism and the facilitator of increasing income transfers to the very wealthy (Harvey, 2007; Ortnier, 2011).

Despite this broad definition, some commonalities in the neoliberalism literature specifically related to nature and environmental governance have emerged (Anthias and Radcliffe, 2013; Bakker, 2010; Castree, 2010). So-called “neoliberal natures” have been characterized as “as the increasing management of natural resources and environmental issues through market-oriented arrangements, by off-loading rights and responsibilities to private firms, civil society groups and individual citizens, with state power, in its national and transnational incarnations, providing the rules under which markets operate” (Pellizzoni, 2011, p. 796). This expansion of voluntary, market, private or decentralized approaches to governance has resulted in a series of new environmental policies that have emerged and which have been labelled as broadly ‘neoliberal’ (Lemos and Agrawal, 2006; Liverman and Vilas, 2006). These include emissions trading programs for pollution (Stavins, 2003); incentive payments to farmers for refraining from use of sensitive lands (NCEE, 2001); wetland mitigation banking (Robertson, 2004); certification schemes for commodities, like sustainable timber or seafood (Cashore et al., 2003; Humphreys, 2009; Konefal, 2013); and tradable permits and quotas for commodities such as fish (Mansfield, 2006; McCay, 2004).

At least three main areas of concern can be identified in the neoliberal natures literature. First, there is concern over commodification, namely the expansion of capital into new commodities that were previously unmarketed (like carbon or biodiversity) or into areas that were once considered public goods (such as water) (Brockington and Duffy, 2010; Igoe and Brockington, 2007). Scholars have argued that this commodification has in turn has extended territorialization of control over resources resulting in loss of access, particularly for poorer peoples (Adams et al., 2013; Büscher et al., 2012; Corson, 2011; Kosoy and Corbera, 2010). Thus privatization of resources often follows commodification, through alienation and new forms of control of resources, for example through private land tenure rather than commons (Mansfield, 2007a; McAfee, 2012a, 2012b). Finally, capitalization and the ascendance of the private sector has been facilitated by deregulation and retreat of the state as barriers to capital movement (Heynen et al., 2007; Heynen and Robbins, 2005), and a subsequent loss of attention to Keynesian concerns over inequality and redistribution (Fletcher, 2012). Much of this critique of neoliberal environmental policy has been grounded in concerns over the disproportionate impact of neoliberal policies on the poor, namely increased inequality in pursuit of efficiency (Haglund, 2011; Prudham, 2004).

With these concerns as backdrop, in the following sections, this paper looks specifically at PES policies as a form of market-driven environmental governance and surveys the ways in which these may or may not fit the above definitions of neoliberalism; assesses if the outcomes of existing PES schemes appear to be resulting in inequality and accumulation as other neoliberal approaches have been accused of; and looks at the ways in which PES may facilitate spaces for local participation and pushback against neoliberalizing tendencies. The paper then later uses specific data from a case study of implementation of PES in Vietnam to further these arguments.

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