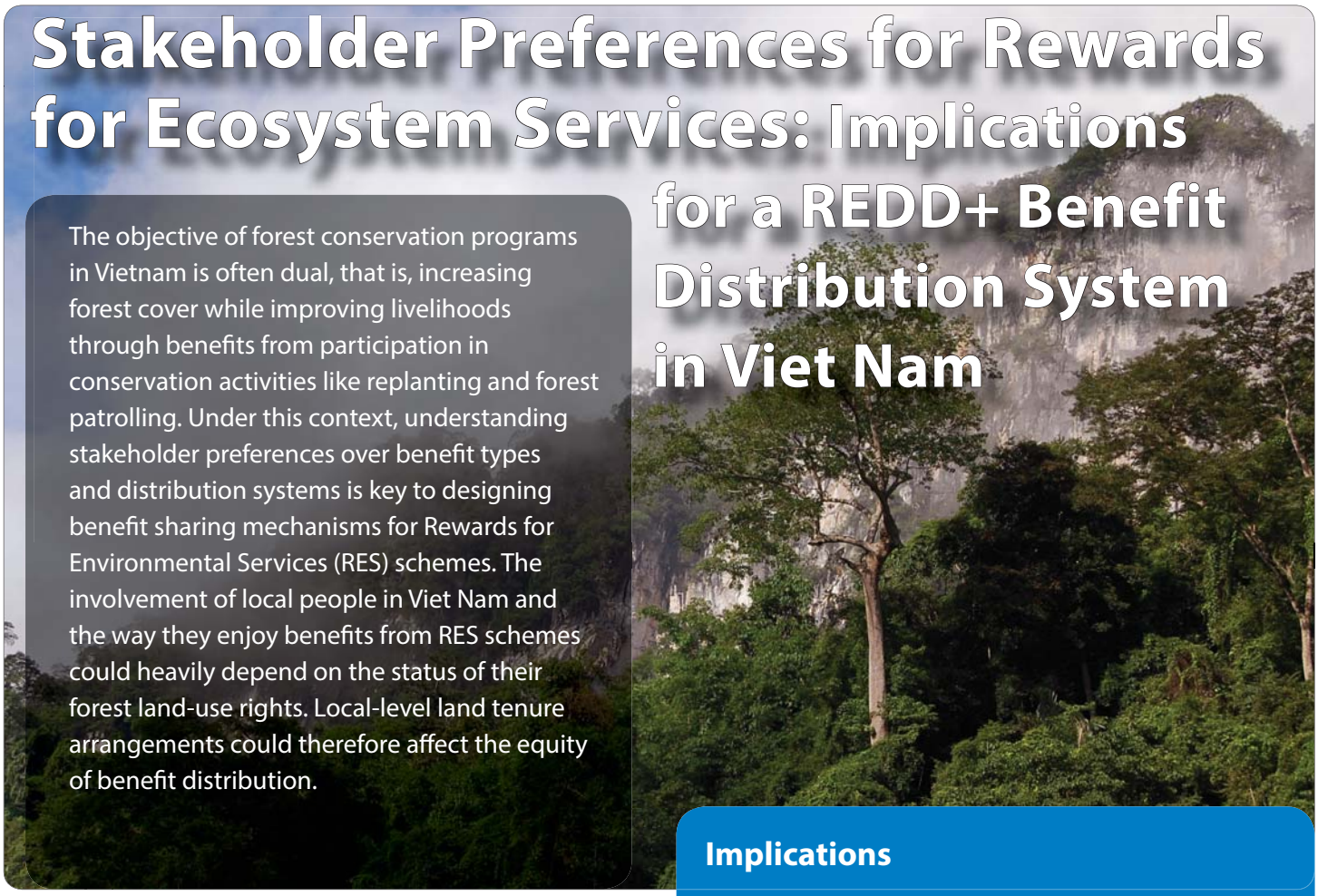
ASB Partnership for the Tropical Forest Margins

Policybriefs 28

# Stakeholder Preferences for Rewards for Ecosystem Services: Implications for a REDD+ Benefit Distribution System in Viet Nam



The objective of forest conservation programs in Vietnam is often dual, that is, increasing forest cover while improving livelihoods through benefits from participation in conservation activities like replanting and forest patrolling. Under this context, understanding stakeholder preferences over benefit types and distribution systems is key to designing benefit sharing mechanisms for Rewards for Environmental Services (RES) schemes. The involvement of local people in Viet Nam and the way they enjoy benefits from RES schemes could heavily depend on the status of their forest land-use rights. Local-level land tenure arrangements could therefore affect the equity of benefit distribution.

## Key messages

**1** **Purpose-oriented cash and allocation of land use rights certificates (LURCs) are the most preferred RES or conservation program benefits amongst local stakeholders.**

**2** **Preferences differ by an individual's land tenure status, gender, and forest type and location:**

- **LURCs for production forests are more preferred than cash by those who have no LURCs, indicating the significant value of production forest.**
- **Women preferred cash for agricultural inputs more often than did men, and proposed benefits that are more useful to households**

**3** **Stakeholders disagree that the current allocation of forest LURCs is fair and inclusive.**

**4** **Stakeholder preferences in Bac Kan differ from those stated by stakeholders in Lam Dong province in previous research.**

## Implications

While a national framework and guideline is useful, a REDD+ benefit distribution system (BDS) should not seek a "one-size-fits-all" design. Planners should assess land tenure arrangements of a target area, the desirability of *ex-ante* payments, and female and male preferences over the benefits of a REDD+ scheme.

- From a local stakeholders' perspective, cash and forest LURCs should be the main types of benefits distributed.
- Fairness and inclusiveness are two important indicators for BDS design.

Focus group discussions were conducted in six villages in Ba Be and Na Ri districts in Bac Kan province, which were selected for their tenure arrangements for production, protection and special-use forest land. Group discussions elicited stakeholder preferences on BDS through an individual questionnaire and an adaptation of the "REDD+ Game" created by Sikor, et al. (2012). The REDD+ Game elicits stakeholder preferences for forest conservation program benefits and distribution methods when payments or rewards for members of a hypothetical village are conditional on forest quality outcomes. Groups choose benefit types and timing by allocating funds they expect to earn from forest conservation. The modified Game included two scenarios. Under Scenario 1, the hypothetical village received a full benefit pay-off with certainty, while Scenario 2 involved a lottery so that groups could not foresee the forest's outcome or associated pay-offs when choosing benefits.

## Study context

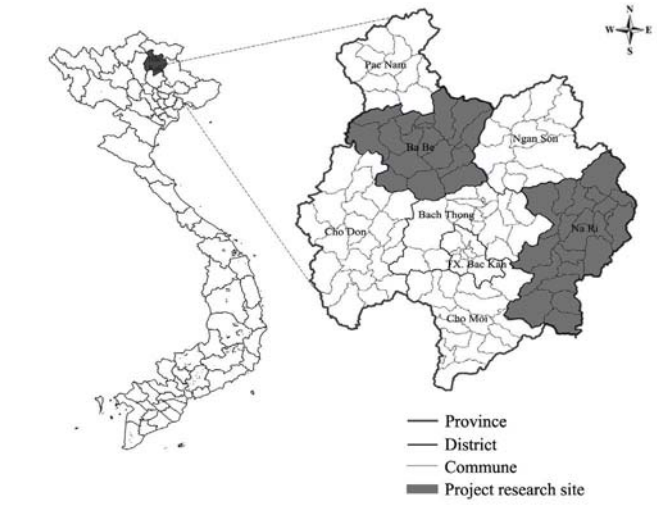



**Figure 1.** Research sites of Ba Be and Na Ri districts in Bac Kan province

Ba Be district has an estimated population of 49,750 (Anh, 2011) and Na Ri district has 29,100 people. Poor households are common in Ba Be and Na Ri districts (56% and 36% of district households, respectively). Livelihoods are constrained for households living in or near special-use forests of Ba Be National Park or Kim Hy National Reserve in Na Ri district because stakeholders are not allowed to extract resources.

The majority of production, protection and special-use forest land in both districts is allocated to individuals or households. Significant portions remain unallocated and are managed by Commune People's Committees (CPCs) without state support, making them "open access" areas (Table 1).

## Stakeholder preferences on BDS

### (1) Preference over cash for infrastructure and LURCs

Groups chose types of benefits by allocating Game funds. Under Scenario 2 of the REDD+ Game, in which benefits were conditional on a hypothetical forest's outcome after a contract period of five years, groups allocated 42% of Game funds for purpose-oriented cash for material inputs for infrastructure projects, and 37% to receive LURCs. Groups allocated only 7% of Game funds for cash without any purpose (Figure 2). Choices over benefit type were almost the same under Scenarios 1 and 2.

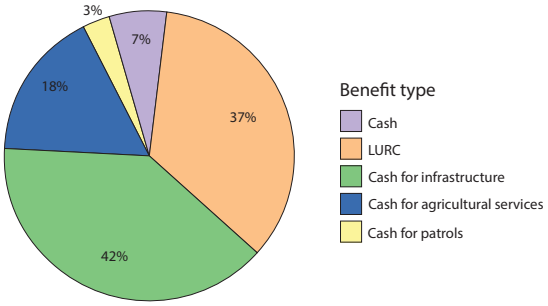



**Figure 2:** Preferences over benefit type

Groups preferred purpose-oriented cash or LURCs over simple cash payments because, as one participant from Ban Ken village explained, "Everyone likes money for investments, but if we have no land in which to invest, we will use the money ineffectively for a short time."

Group preferences over distribution systems reflected community-oriented traditions for sharing resources. Participants preferred to distribute benefits equally among households. Groups said they would manage the infrastructure construction efficiently because they would spend funds only for material inputs and organize volunteer labor from every village household.

### (2) Preferences over the LURC benefit varied with land tenure status

A majority of stakeholders holding LURCs for protection forest (83%) preferred to receive LURCs for production forest, while almost all stakeholders holding LURCs for production forest (90%) wanted cash (Table 2).

Individuals without LURCs from villages located in special-use forests doubted that LURCs could ever be allocated to them; however, when they were reminded that benefit choices in the REDD+ Game were for a hypothetical village, they said they would prefer production forest LURCs.

| District | Total area | Household, individual | Commune People's Committee | Community | State Organization | Economic Organization | Other |
|---|---|---|---|---|---|---|---|
| Ba Be | 57,693 | 25,670 (44%) | 19,757 (34%) | - | 9,142 (16%) | 3,122 (5%) | 1 (1%) |
| Na Ri | 66,992 | 38,399 (57%) | 14,913 (22%) | 549 (1%) | - | 2,006 (3%) | 11,123 (17%) |

**Table 1:** : Ba Be and Na Ri forest area, by manager type (hectares and percent of total area)
Source: Bac Kan Department of Natural Resources and Environment, 2010

| First-ranked benefit | LURC, protection forest | LURC, production forest | No LURC |
|---|---|---|---|
| LURC | 83% | 0% | 32% |
| Cash | 0% | 90% | 62% |
| Infrastructure | 0% | 10% | 6% |
| Agriculture services | 17% | 0% | 0% |

**Table 2:** First-ranked benefit type, by individual land tenure status

### (3) Preferences over the LURC benefit varied by gender

Groups with a majority of female participants preferred cash for agricultural inputs, such as fertilizers or seedlings, as much as they preferred LURCs and cash for infrastructure. In contrast, male-dominated groups preferred cash for infrastructure (50%), LURCs (33%) and cash alone (17%) (Figure 3). The top choice for the use of cash for infrastructure was road construction.

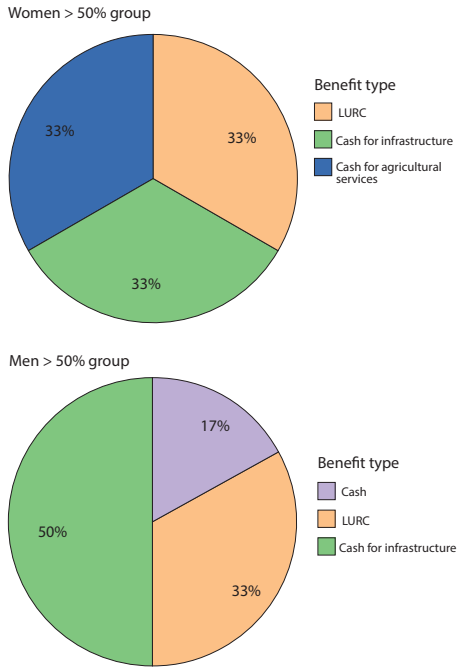



**Figure 3:** Preferences over benefit type, by gender

### (4) Benefit timing changes with results-based reward schemes

In the REDD+ Game, groups preferred a different timing of benefits based on whether pay offs were certain or conditional onforest outcomes (Figure 4). In Scenario 1, in which pay offs were certain, groups allocated 74% of Game funds to the first two years of the five-year contract period. Participants explained that they preferred to utilize benefits immediately, especially when receiving LURCs. In Scenario 2, in which pay offs were conditional on forest outcomes, groups shifted 17% of funds to the last year of the contract period. Notably, women and participants holding LURCs shifted more Game funds to the last year than did groups on average (27% and 28% respectively, compared to 17% by groups).

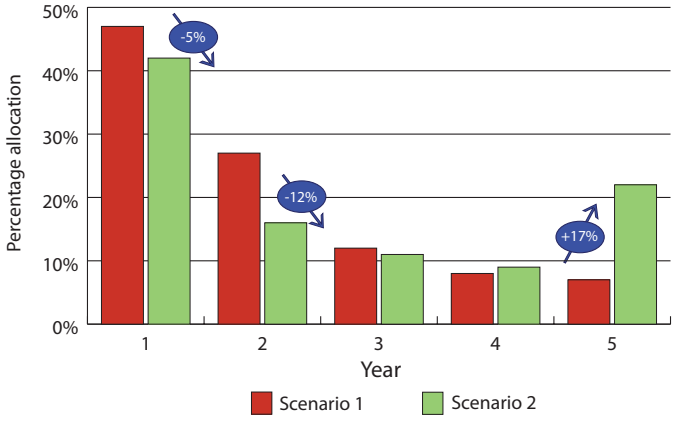



**Figure 4:** Preferences over benefit timing, REDD+ Game scenarios 1 and 2

### (5) Difference in stakeholder preferences between Lam Dong and Bac Kan provinces

Preferences among participants in Ba Be and Na Ri districts in Bac Kan province were different from preferences of stakeholders from Lam Ha and Di Linh districts in Lam Dong province who had participated in a REDD+ Game Lam Dong stakeholders preferred funding for forest protection, cash payments, and support for agricultural production, and researchers found no association between the tenure status of stakeholders (i.e., if they held forest protection contracts or not) and their stated preferences (Figure 5).

Different rates of progress between the provinces in Vietnam's land tenure reform process might be a factor underlying the different preferences. LURC allocation is occurring at a slower pace in Lam Dong province than in Bac Kan province. By 2011, approximately 1% of land was devolved to individuals or households in Lam Dong (Nguyen, 2011), compared to 60% of land in Bac Kan. Demand for LURCs could be lower if stakeholders did not consider LURC allocation feasible.

### (6) Perceptions of equity of land tenure

A majority of individual participants strongly disagreed or disagreed with statements that current land tenure allocation were fair or inclusive (71% and 71%, respectively, Table 3), terms UN-REDD uses to define the "equity" of BDS (UN-REDD Programme-Viet Nam and Gesellschaft für Technische Zusammenarbeit, 2010). Groups also said that it was neither fair nor inclusive that households lacking LURCs were not able to participate in forest conservation programs.

| "Do you agree/disagree with the following statments?" | | |
|---|---|---|
| **Perception** | **"Current land tenure allocations in my district are fair"** | **"Current land tenure allocations in my district are inclusive"** |
| Strongly agree | 6% | 17% |
| Agree | 23% | 12% |
| Disagree | 15% | 23% |
| Strongly disagree | **56%** | **48%** |

**Table 3:** Individual perceptions on fairness and inclusiveness of land tenure

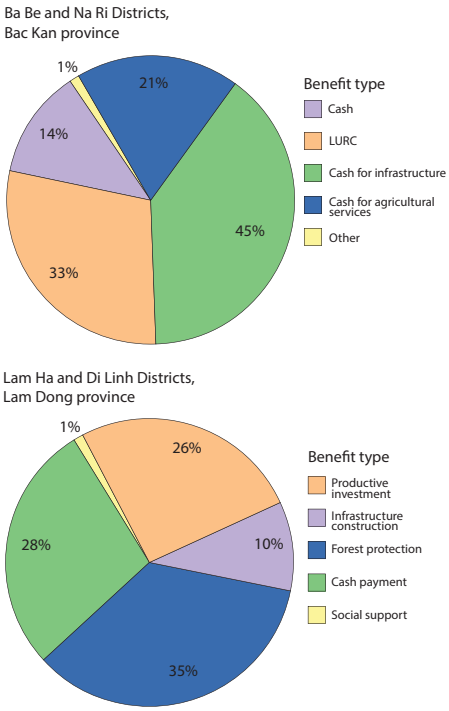



**Figure 5:** Preferences over benefit type, Bac Kan and Lam Dong provinces

## Ways forward

For future RES programs in Vietnam, researchers, program designers and policy makers should assess whether tenure status should be a pre-condition for stakeholder participation in forest conservation programs like REDD+, and if tenure or purpose-oriented cash could be offered as conditional benefits.

Benefits should be tailored to stakeholders' land tenure arrangements and local conditions to maximize the equity and effectiveness of RES programs.

Program designers should assess the operational feasibility of LURC allocations and whether quality forests are available for allocation.

Designers of the operational aspects of BDS, especially the transfer of funds from the central to the local level, could incorporate stakeholders' willingness to receive and distribute benefits as village units.

The ASB Partnership for the Tropical Forest Margins is working to raise productivity and income of rural households in the humid and sub-humid tropics without increasing deforestation or undermining essential environmental services.

ASB is a consortium of over 90 international and national-level partners with an ecoregional focus on the forest-agriculture margins in the humid and sub-humid tropics. The partners have established 12 benchmark sites in the tropical forest biome of Brazil, Cameroon, Indonesia, Peru, Philippines and Vietnam.

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## Contributors

Dave Eastman, Delia Catacutan, Dam Viet Bac, Do Trong Hoan and Serena Guarnaschelli

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## Correct citation

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World Agroforestry Centre (ICRAF) Viet Nam
No.8, Lot 13A Trung Hoa Street
Yen Hoa Ward, Cau Giay District
Hanoi, Viet Nam
Tel and Fax: +84 4 3783 4644/45
Email: icraf-vientnam@cgiar.org
www.worldagroforestrycentre.com/sea/vn

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