Lessons learnt from CIFOR research for PFES in Vietnam

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Presentation Outline

• Assessing the 3Es of PFES
• Key global lessons in the 3Es
• CIFOR research in Vietnam
  • Lessons learnt for PFES:
    • M&E
    • Benefit sharing
• Final key messages
CIFOR evaluates PFES based on three criteria:

- **Effectiveness**: improvement in forest quantity and quality, and social well-being
- **Efficiency**: costs related to PFES transaction and implementation
- **Equity**: contextual, procedural and distributive (e.g. merit based, needs based, etc.).
Equity is interpreted as equality (but equal is not necessarily equitable)

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Global lessons learnt on PES/REDD+
Key effectiveness lessons at a global scale

- PES Mechanisms aligned with national priorities
- PES should have ‘clearly’ defined objectives – who should benefit?
- M&E as a necessary prerequisite for performance and further contractual provisions
- Negotiated phased payments based on stakeholder needs
- Mutually enforcing institutions at multiple levels, focus on existing governance structures
In addition to monitoring the provision of ecosystem services, PES schemes require monitoring of further contractual provisions, such as the timely provision of payments.

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The government can leverage the current scale of participation and experience across different institutional, geographic, and socioeconomic contexts to encourage those transactions that result in improved perceptions of watershed service delivery and that result in improved capabilities for service providers to enhance individual and community wellbeing. Such encouragement can come in the form of greater collective land-use security, transparent and available intermediaries to implement transactions, and ensuring the alignment of stakeholder needs and outcomes.

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such as the timely provision of payments.

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at multiple levels, focus on existing governance structures.

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Key Efficiency lessons at a global scale

- Targeted and flexible payments
- Bundling payments for multiple services
- Benefits should consider costs incurred at different levels i.e. transaction, opportunity and implementation.
- Focus PES on locations with moderate opportunity costs
The flexible payment schemes were shown to yield the most significant increase in environmental service delivery and efficiency. In order to implement flexible payments in a PES program, precise estimates of participation costs are required. This study examined these costs in personal one-to-one interviews, but this is costly, and could cause landowners to answer strategically, thus producing biased estimates. One possible, less costly approach is to use easily observable spatial data as proxies for participation costs.
Key Equity lessons at a global scale

- Enhancing participation and inclusiveness of all groups in processes (procedural equity)
- Include complaints procedures and dispute resolution
- Increase transparency through information exchange among actors
- Clarify rights and responsibilities to the resource to help define beneficiaries
the study also shows positive signs of decision making in which actors have the political space to propose alternative policy options, even in highly centralized policy events. Ensuring accountability and inclusive decision making in Vietnam, as elsewhere, will require a considerable shift from the current governance system of topdown and command approaches to a more participatory approach.

Lessons learnt from PFES in Vietnam
CIFOR work on PFES and REDD+ in Vietnam

THINKING beyond the canopy

Hue, Nha Trang, Bac Kan, Hoa Binh (2002 - 2006)
- Pilot and donor-driven PES program

Lam Dong, Son La, Nha Trang, Dak Nong, Yen Bai, Dien Bien, Nghe An (since 2008)
- National PFES scheme and REDD+

CIFOR work on PFES and REDD+ in Vietnam
YAL(24)

Started since 2004 and ongoing
Study coverage in Vietnam
Multi-level
Hue, Nha Trang, Bac Kan, Hoa Binh (2002-2006) - Pilot and donor driven PES program
Lam Dong, Son La, Nha Trang, Dak Nong, Yen Bai, Dien Dien, Nghe An (since 2008) - National PFES scheme and REDD+

Pham, T.T. et al. (2013) Payments for forest environmental services in Vietnam: From policy to practice, Occasional paper, CIFOR.

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**Effectiveness: Monitoring and evaluation (M&E) of PFES**

<table>
<thead>
<tr>
<th>Gaps/ limitations</th>
<th>Recommendations</th>
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<tbody>
<tr>
<td>• Absence of a clear monitoring and evaluation system</td>
<td>• Forest baseline condition needs to be established</td>
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<td>10% verification of compliance required:</td>
<td>• Provide protocols for environmental monitoring:</td>
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<tr>
<td>• Only if a dispute is raised - Not effectively</td>
<td>- forest quality; soil erosion; water regulation</td>
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<tr>
<td>implemented</td>
<td>• Improve capacity / skills in data collection and</td>
</tr>
<tr>
<td>• Self reporting the norm - disincentive to report</td>
<td>- analysis</td>
</tr>
<tr>
<td>deforestation / degradation</td>
<td>• Audits from independent third parties</td>
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**Quantity**

**Quality**
Efficiency: M&E for PFES contracts

Gaps/limitations
- Unclear tenure system
- Enforcement is low
  - buyers’ compliance
  - sellers’ provision of ES
  - FPDFs in financial reporting
- Numerous forest owners cause high transaction cost

Recommendations
- Defining rights and forest land allocation
- Marking boundary ownership on photo maps – disputes should be resolved before contracts are signed
- Quality data in disbursement of payments collected at regular and timely basis
- Ensure enforcement of contractual requirements
- Group contracts vs individual contracts

Pham, T.T. et al. (2013) Payments for forest environmental services in Vietnam: From policy to practice, Occasional paper, CIFOR.

# Equity M&E and Benefit Sharing Mechanism (BSM) for PFES

<table>
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<th>Gaps/limitations</th>
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<td>• Social impacts (e.g. income) assumed but undocumented, payments cannot compete with opportunity costs</td>
<td>• Identify Socio-economic baseline and assess impacts</td>
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<td>• Lack of understanding of PFES at a local level</td>
<td>• Enhance trust by furthering accountability and capacity in local leaders</td>
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<td>• Language barriers, low education levels and limited negotiating ability for benefit sharing.</td>
<td>• Introduce grievance handling system to enhance accountability and transparency</td>
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<tr>
<td>• Lack of grievance handling system</td>
<td>• Bundling payments to make more economical attractive</td>
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<tr>
<td>• Unclear spending</td>
<td>• Inclusion of villagers and all social groups in design of BSM and adapted based on context</td>
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</tbody>
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Pham, T.T. et al. (2013) *Payments for forest environmental services in Vietnam: From policy to practice*, Occasional paper, CIFOR.
Conceptual Framework for M&E PFES

“To understand baseline forest and socio-economic conditions and how implementation of PFES will/has affected those conditions over time.”

- Simple or sophisticated depends on local funds and capacity
- Short-term – monitor inputs
  - Highlight and reward good land management
  - Community based, engage woman and minorities
- Long-term – monitor outcomes
  - Well documented, payment conditional on outcomes.

Source: Pham, T.T. et al. (2013) Payments for forest environmental services in Vietnam: From policy to practice, Occasional paper, CIFOR.
Final Key messages

PFES Lesson on the 3Es:

**Effectiveness** – establish M&E for assessing implementation, performance, and procedural aspects.

**Efficiency** - should consider bundling PFES with other government programs, such as poverty reduction and conservation programs etc.

**Equity** – Ensure inclusivity in procedural processes for improved governance

PFES learning to REDD+

Criteria for REDD+ benefit sharing design need to consider local contexts

Institutional governance of REDD+ should compliment existing structures
Try to think about 1 key message for each of the 3Es!
And 1 message for PFES learning to REDD+

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Ongoing Research:
Understanding multi-level forest governance as the context for REDD+: benefit Sharing in Vietnam: Dien Bien and Nghe An

Assessing local equity perceptions of incentive based instruments, PFES in Dien Bien, Vietnam
Key CIFOR PES publications


Pham, T.T. et al. (2013) Payments for forest environmental services in Vietnam: From policy to practice, Occasional paper, CIFOR.


Pham, T.T. (2011) REDD+ Politics in the Media, CIFOR Working paper

Pham T.T. et al. (2010) Importance and impacts of intermediary boundary organizations in facilitating payment for environmental services in Vietnam, Environmental conservation, 37 (1), 64-72

Wunder, S. et al. (2005) Payment is good, control is better: why payments for forest environmental services in Vietnam have so far remained incipient. Bogor, CIFOR.