

# **From Red Peasants to REDD Presence: Forest Politics in Vietnam in an Age of Global Carbon Markets**

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*Note: this is a drafty chapter for a book I am writing on successive waves of approaches to biodiversity conservation and forest politics in Vietnam, which combines material from an article that will be coming out in Geoforum later this year on payments for environmental services (PES) in Vietnam with additional work I have been doing over the last year on REDD, including spending the fall semester 2011 based in Vietnam interviewing households and policy makers involved in both PES and REDD schemes.*

## **1. Introduction**

Global forest politics seem to be characterized by waves of trends that last approximately a decade. The 80s saw much attention to so-called ‘Integrated Conservation and Development Projects’ that were supposed to link conservation to poverty reduction. The 90s saw enthusiasm for decentralization, with communities and households taking over the management of forests and other conservation areas from previous state or private landowners. The 00s saw a rise in market-based incentives, like payments for environmental services (PES), which were supposed to arrest degrading processes by providing economic valuation of important ecosystem services. Currently, if initial indications continue, the next decade is likely to be characterized by dominant interest in global policies on carbon emissions known as Reduced Emissions from Deforestation and Degradation (REDD), which are essentially a continuation of market-based incentives with the addition of a global carbon focus. Considerable attention is being given these new REDD plans, with a plethora of meetings, publications and activities that has picked up steam in recent years.

Geographers and anthropologists have focused on the rise of these market incentives for conservation with critical eyes. Ever since McCarthy and Prudham (2004)'s call for additional work on the linkages between neoliberalism and changing social relationships with nature, numerous works have explored this "nature of neoliberalism" (e.g. Bakker 2005; Heynen et al, 2008; Mansfield 2008; Castree 2008; Igoe and Brockington 2007; Bakker 2010; Brockington et al 2010). Such neoliberalization has taken root through disparate mechanisms, such as biodiversity prospecting (McAfee 1999), deregulation of rural economies (Altieri and Rojas, 1999; Klepeis and Vance 2003), expansion of voluntary, private and decentralized approaches to governance (Lemos and Agrawal 2006; Liverman and Vilas 2006; Humphreys 2009), and use of market incentives for environmental regulation (Robertson 2004; MacAfee and Shapiro 2010).

Critics of these "green neoliberal" approaches have argued that such schemes, often enforced in the name of avoiding "tragedy of the commons" situations and inefficiencies in use, have in fact often end up creating situations of "tragedy of the commons" in which poor resource users are further impoverished (Goldman 1993). David Harvey has called this process "accumulation by dispossession" (Harvey 2003). Negative outcomes from the "neoliberal nature" literature have included decreased access and quality of water after privatization of provision (McDonald and Ruiters 2005; Prudham 2004), uneven land reform that has favored the wealthy and led to increased deforestation and degradation (Borras 2003; Fudemma and Brondizio 2003), collapse of markets that could not regulate uncooperative commodities of nature (Robertson, 2006;

Pokorny et al., 2010), and poor households' reduced access to formerly public services (Estache et al., 2001; Haglund 2010).

Such outcomes might be predicted for newer market-based policies like PES and REDD. However, based on work I have been doing on forest politics in Vietnam for the past 15 years, this paper argues that PES/REDD implementation *does not necessarily represent* a retreat from the state in the management and marketization of carbon commodities. On the contrary, the state's hand in forest management is being *strengthened* in Vietnam through so-called market-based conservation; the state has managed to mobilize well over \$1 billion US in capital investment in forestry (both private and public domestic investment and ODA/international investment) in just the last 10 years alone, while simultaneously avoiding hard processes of decentralizing forest management and decommissioning moribund relics of the socialist era like state-owned logging enterprises.<sup>1</sup> One could say that the state has managed a neat treat of using capitalism to pay for continued state socialism. At the same time, local forest users, many of whom have been excluded from formal land title and recognition of their forest use for the past century, continue to use familiar tropes of resistance to REDD policies, just as their ancestors resisted French forest reserve demarcation or socialist policies nationalizing all forests under the Democratic Republic of Vietnam (North Vietnam) in the 60s.

This paper explores recent developments in the use of payments for environmental services (PES) in Vietnam, particularly for forest conservation, since

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<sup>1</sup> While foreign donors and investors have pushed hard to have state owned business enterprises (like state owned banks, the state electricity monopoly, and state ownership of major industries like shipbuilding) 'equalized', or privatized and opened up to foreign and joint ownership, state owned forest enterprises have managed to escape such scrutiny.

2007, and pilot REDD projects to reduce deforestation through the development of global carbon markets that have expanded since 2009. Vietnam was actually the first country in Southeast Asia to pass a national law promoting PES, despite a pessimistic report by the Center for International Forestry Research (CIFOR) in 2005 that declared PES to be a “non-starter” due to the country’s long history of top-down environmental management and poor system of private property rights (Wunder *et al.*, 2005). PES is currently one of the most popular tools by which disparate goals from poverty eradication to biodiversity conservation are being pursued within Vietnam, with at least 19 different PES projects and 17 REDD pilot projects currently being implemented or in planning stages. These projects’ sponsors include large donors like the World Bank and United Nations Development Program (UNDP) who are working on forest carbon; conservation organizations like IUCN, Birdlife International, and the World Wildlife Fund who are funding biodiversity valuation and marine and mangrove protection through user fees; and development NGOs like Care International and SNV who are supporting payments for watershed protection to upland ethnic minority households. Many of these disparate projects have emphasized a win-win perspective that both poverty reduction and environmental conservation can be conjoined through PES; for example, a USAID-supported project document stated that PES “would help stimulate local economic growth, public-private partnerships for biodiversity friendly economic activities, and increase financial support for environmental protection.... Such a policy could reduce the costs of water and power production for urban areas, provide additional income for thousands of poor families living in forest areas, and provide funds for meeting

Vietnam's National Forest Management and Biodiversity Conservation Action policies" (USAID, 2009).

I look in this paper at how such optimistic scenarios belie fundamental intransigence in the forest politics sector, which is resistant to change that might involve state retreat from forest planning, management and profits. I argue that PES/REDD plans do not in fact reflect a "neoliberalization of nature" that might be predicted by a reading of the critical geography literature in this area; PES/REDD has not been accompanied by patterns of privatization, retreat of the state and decentralization of management, and commodification of nature. Rather than seeing PES/REDD as merely an extension of neoliberalism in forest politics, I argue in this paper that the case of Vietnam shows us that forest politics remains a game *of the state for the state*. In the case of REDD, these policies simply extend the political questions about the size, definition and management of forests to an additional supra-national level, all the while still retaining a strong state role in on-the-ground implementation. Not surprisingly then, resistance to this takes often the same forms as it has for many other permutations of forest politics.

Finally, the paper analyzes PES/REDD's potential for success in tackling the underlying causes for forest degradation in Vietnam, particularly how PES/REDD projects will deal with two major issues that have long plagued the forest sector: uneven land tenure and the lack of a strong role for local people, especially ethnic minorities, in forest management. In fact, due to limited forest areas in which these PES schemes could be tried and inadequate attention to the dynamics involved in incorporating poor and ethnic minority communities into forest management, I conclude that PES/REDD may

simply replicate already existing patterns of institutionalized management of land and commodities that are spatially uneven and socially unequal.

## **2. PES, REDD, and the Neoliberal Critique**

The most-cited definition of PES in the literature is that a transaction should be voluntary between a buyer and a seller of a well-defined environmental service, whereby the sellers promise service provision (forest protection to ensure downstream water flow, for example) in exchange for some type of conditional payment (Wunder, 2005). The primary functions of PES are to “translate external, non-market values of the environment into real financial incentives for local actors to provide such services” (Engel et al., 2008 p. 664). Among the many examples of PES now being implemented are wetland banking in Europe and the US (Robertson, 2004), upstream communities being paid to protect forests by downstream urban water users (Porrás et al., 2008), and transfers between electricity companies generating power from hydroelectricity and nearby landowners adopting soil conservation measures (Rojas and Aylward, 2002). Paying developing countries to sequester carbon through REDD is the newest iteration of these PES approaches.

Although PES schemes have been expanding globally, many questions remain about how effective and efficient they can be in achieving dual goals of conservation and development, given that they were originally not proposed for poverty alleviation alone (Wunder *et al.*, 2008). Some have questioned if PES payments will actually be more lucrative than money that could be acquired from more destructive uses like logging, and how PES payments should be designed to encourage conservation-minded land uses (Sierra and Russman 2006; Ibarra Gené 2007). Many PES plans are quite general, for

instance, and have not yet been able to tackle the detailed evaluations that would be necessary to translate specific conservation actions into related monetary values (Wunder, 2007). In Costa Rica's PES policy, for example, payment is simply made on a per hectare basis for forest protection, and there is no specific evaluation of actual environmental services provided (Wünscher et al., 2006). A further problem has arisen in trying to serve many poor small-holders, which can increase the transaction costs for PES schemes dramatically, and make promises of pro-poor development difficult to keep (Jack *et al.* 2008); in other cases, conservation restrictions have resulted in clear trade-offs that fall hardest on the poor and women (Kerr 2002). These and other issues have raised questions about whether PES is being promoted too heavily as solution to what are very disparate conservation problems (Wertz-Kanounnikoff and Rankine 2008).

Many academics in particular have critiqued PES for being a new form of “commodity fetishism” that oversimplifies complex ecosystem relationships, values and processes of production to a simple market price (Kosoy and Corbera, 2010). Because most PES schemes often rely on external assessments of the value of these environmental services to birth the commodities that can be traded and sold, such constructions are similar to what Polanyi deemed “fictitious commodities” in that they do not exist in-toto, but must be created, resulting in commodification that is always incomplete and contested (Polanyi, 1957, p. 76). However, because conservation-oriented PES projects are relatively new, there is a particular lack of information regarding the outcomes of these new types of commodities in areas where market penetration has traditionally been uneven. For example, little work has addressed the problems of marketization of new environmental commodities, like water or forests, among communities who have had

challenges adapting to the negative effects of market demand for even more traditional goods like cash crops.<sup>2</sup> Such challenges are particularly clear for minority communities in Southeast Asia, who often dominate in ecologically important upland areas and have long been small-scale producers for local markets, but who lack power farther up the commodity chain (Hefner, 1990; Li 1999; Li 2002; Turner and Michaud 2008).

Despite the mixed reviews of PES so far, this has not stopped the expansion of more global PES approaches in the form of REDD. REDD is one of the most discussed options on the table for the next phase of the Kyoto Protocol, which sets targets for global emissions levels for signatory countries, to tackle land-use generated greenhouse gas (GHG) emissions. Because forests store around 45% of total terrestrial carbon and serve as a sink for the absorption of around one-third of anthropogenic carbon emissions, including them in global climate planning makes good sense to many (Gullison et al. 2007; Bonan 2008). The IPCC has estimated that forest carbon prices would be inexpensive compared to implementing industrial regulations on CO<sub>2</sub> emissions, with forest emissions reductions likely to only cost around \$20/ton/C (Nabuurs et al. 2007). Global estimates have argued that \$20 billion invested in REDD could reduce around 0.5 GtC in emissions (Kindermann et al. 2008). Particularly for conservationists, REDD has the potential for additional secondary add-on effects (known as co-benefits), such as conservation of biological diversity in forests being conserved for carbon, leading many to suggest REDD is a win-win option (Grainger et al. 2009; Harvey et al. 2010).

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<sup>2</sup> While Dove (2010) notes the communities in Borneo with which he has worked have actively managed their relationships with cash crops like rubber so as to keep the negative predations of the state and market at bay, other communities, particularly those in Vietnam, have not been as effective, and coffee and hybrid corn promotion have had negative impacts, such as indebtedness and loss of land rights, on many minority communities (McElwee 2002), in a way that is very similar to what Tania Li has noted for Sulawesi (Li 2010).



Support for REDD has been called one of the few “bright spots” of the post 2009 Copenhagen climate change conferences, although no firm decision has been made on the architecture of a REDD agreement (for a comprehensive review, see Corbera et al. 2010).<sup>3</sup> Concerns about baseline carbon monitoring (Bottcher et al. 2009; Griscom et al. 2009), leakage and displacement of forest activities like logging (Mollicone et al. 2007), the additionality and permanence of land-use changes (Angelsen 2008a), not to mention the mechanisms for payment (Skutsch et al. 2007; Angelsen 2008b) all remain to be worked out. Currently, the largest discussions taking place globally on the shape of REDD can be grouped into four main areas: 1) what REDD governance at the global level will look like; (2) how REDD carbon accounting will be measured and verified; (3) how REDD financing and benefit sharing will be structured; and (4) how local implementation of REDD will take place (Agrawal et al, 2011). For these latter two actions, subnational levels will be the likely scale at which activities to stop deforestation will take place. Countries will be paid in some manner and these payments will need to be translated into policy actions to reduce deforestation at local levels and thereby meet requirements to reduce land-use GHG emissions. Costs and implementation mechanisms are likely to be very diverse as individual countries seek ways to tackle land-use emissions in different ways, depending on local conditions (Pagiola and Bosquet 2009).

In the meantime, a number of regional and national projects, primarily implemented by bilateral development donors and NGOs, have begun pilot projects to prepare countries for REDD implementation in the future. These “REDD readiness” programs

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<sup>3</sup> Particularly since the COP of 2007 in Poznan, Poland, REDD has often been referred to as REDD+, as it has been developed to include additional factors: “Reducing emissions from deforestation and forest degradation in developing countries; . . . and the role of conservation, sustainable management of forests, and enhancement of forest carbon stocks in developing countries”.

include the Forest Carbon Partnership Facility (FCPF) of the World Bank and the United Nations' UN-REDD project. NORAD, the Norwegian Development Agency, has also been a large supporter of bilateral REDD readiness actions. However, challenges remain in determining how much money will be needed to implement forest conserving activities, and what types of forest destructive activities will be targeted by REDD payments. A review of preparatory documents submitted to the Forest Carbon Partnership Facility indicates that many national authorities have pinned blame for deforestation on scapegoat culprits, like swidden agriculture, rather on the complicated processes that are often at work, including tenure issues, competing land uses, and corruption (Dooley et al. 2008).

Many REDD proponents have rather simplistically assumed that, all other things being equal, a land use that provides the most money will be the one that the landowner/user chooses; these studies thus rely on quite basic models of forest area and carbon prices (i.e. Bellssen and Gitz 2008; Nelson et al. 2008; Strassburg et al. 2009; Sandker et al. 2010). Many years of work in agrarian transitions, peasant livelihoods and other fields have shown that there are many reasons why households choose to practice different land uses, ranging from preference for subsistence goods for consumption, to risk-aversion strategies that minimize the possibility of disaster, to labor saving and household composition shifts over time, to “banking” strategies to yield stable longer term income, rather than short term cash (e.g. Agarwal 1990; Belsky 1993; Dove 1996; Mayer and Glave 1999). Such diverse incentives have not yet been recognized in development of REDD+ approaches.

Another issue needing attention is the potential negative impact of REDD policies on local tenure, particularly in shifting resource access regimes away from local autonomy to outside auditors or state officials, as might be the case in REDD payment contracts which will be most likely organized by centralized national reporting systems (Phelps et al. 2010a; Sikor et al. 2010). For example, many studies have shown the increased vulnerability that results from displacement of people from protected areas and conservation projects (Chatty and Colchester 2002; Brockington and Igoe 2006; Brockington et al. 2006; West et al. 2006), which holds lessons for REDD, should people be displaced from their local forest access rights in order for others to secure carbon credits (Lewis 2009). Some REDD restrictions may be directed at less damaging activities (like swidden agriculture) and away from the true drivers of deforestation (like export agriculture or logging) due to powerful stakeholders (Hansen et al. 2009). Loss of unmarketed goods and services, and declines in social welfare, are entirely possible with even minor land-use restrictions through top-down planning and mapping. Unscrupulous “carbon cowboys,” who persuade poor communities to hand over rights to carbon emission credits, without receiving any substantial benefit, have already begun operating in tropical countries with poor governance and high corruption such as Papua New Guinea (Cubby and Wilkinson 2009). As a result, some indigenous communities in Peru, for example, have declared that they will not participate in any REDD type project as they consider it a threat to their traditional forest rights. So far, these questions of governance are not being well-addressed in most country readiness plans for REDD piloting (IIED 2011).

### **3. Challenges for Forest Conservation and Management in Vietnam: Balancing State and Market**

The state has long been the dominant actor in Vietnam's forest sector, a development first established under French colonialism, in line with trends in other Southeast Asian states highlighted by Peluso and Vandergeest's work on "political forests" in the region (Peluso and Vandergeest 2001; Vandergeest and Peluso 2006a and 2006b). A Forest Service in the colony of Cochinchina was founded in 1866, and a *Service Forestier de l'Indochine* in 1900. 1891 saw the first law on 'protection of forests' passed, which defined and classified forests, and set up forest guard stations to regulate the harvest of wood and other products, such as tannins and oils. The new law on forest protection also laid out rules for reforestation after harvesting of wood products, along the lines of European coupe forestry practiced back in the metropole. The guiding principles of the forest protection law were to prevent soil erosion on highland slopes; maintain water courses; protect coastlines from sand; contribute to public defense of frontiers; and to contribute to overall public health (Thomas 1999, p. 27)

Villages were to take on the responsibility for regulating access into any 'reserved forests' by its members; to prevent unauthorized use of local forests; to collect taxes on certain forest products harvested, such as non-wood products; and to prevent swidden agriculture (Thomas 1998). Swidden agriculture was a particular enemy of the nascent forest service. It was reported that 'natives' were burning forests near their lands for easier movement, to ward off wild fauna, for renewing the pastures for their livestock, for hunting large game, and "sometimes for the simple pleasure of watching the fire" (Fangeaux 1931, 235). In response, in 1931 forests of Indochina were more strictly

classified into two main categories: the 1<sup>st</sup> Reserved Forest Domain (*domaine forestier réservé*), which were areas reserved by the edicts of the Governor General of Indochina and which were to have specific management plans for their harvesting; and the 2<sup>nd</sup> Protected Forest Domain (*domaine forestier protégé*), where forest exploitation and forest produce was taxed but where specific management plans were not always in place (Fangeaux 1931, p. 231). By 1939, there were 2,250,000 ha of reserved and protected forest in all of Indochina: 765,000 ha in Annam, 533,000 ha in Cochinchina, and 284,000 ha in Tonkin (Gourou 1940, p. 507). This amounted to 10% of Tonkin's forest estate, 14% of Annam's forests, and 19% of Cochinchina's (*Service scientifique de l'Agence économique de l'Indochine* 1931).

Overall, however, actual enforcement on the ground, keeping people out of reserved forest or out of hunting areas, was extremely weak; there was a lot of concern that villages were violating these rules regularly, a phenomenon very clearly seen in many letters in the French archives.<sup>4</sup> Feigned ignorance of French laws and complaints about forest restrictions was widespread, and forest agents were despised and considered corrupt.<sup>5</sup> Widespread revolts against French authorities, particularly in the central part of the country where some of the forest restrictions were most onerous, began to spread, culminating in the 1930 uprising in the north central area which has come to be known as

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<sup>4</sup> For example, after a new forest reserve was declared, the *résident* of Vinh Yen Province wrote to the *Résident Supérieur* of Tonkin: "I am pleased to announce the result of the survey conducted among the natives of the villages of Xom, Be Tinh, Yen My regarding their rights that have been reserved by order on last July 8. The natives questioned on this subject are silent, but through their municipal authorities they issued the following statement, "We have no knowledge of the order of last July 8 last". [The natives wrote] "Our circumstances have been this way for a long time, and we plant our crops on the plains and in the mountains in areas already cleared. As for cutting wood, bamboo or making thatch huts that we need, whenever we ask the Forest Service they make it very difficult to give us permission." NAV 1, RST 75. 386, "No 1467 Regulations on designing a project for reserved forests in Cu Son, Tonkin"

<sup>5</sup> CAOM, RST NF #05987, "Aggression contre des agents du poste forestier de Da Chang à Son Tay"; CAOM RST NF#04408, "Plainte adresse à M. le Gouverneur General par M. Vong Sen Wa, Ancien Chef de Congregation Chinois à Pho Ba The (Mon Cay) contre M. Vidal, Garde General du Service Forestier"

the Nghe Tinh Soviets, and which was a fundamental moment in the birth of the Indochinese Communist Party and the rise of Ho Chi Minh as a national leader (Scott 1976). Archival records, particularly the voluminous files collected by the colonial “*Commission d’enquête sur les évènements du Nord-Annam*” through interrogations of participants from 1931 onward, indicate that few people interviewed later about the uprising considered themselves 'communists'. By far the largest number of people incarcerated for being 'red peasants' claimed that they were most concerned about high taxes, and particularly in Ha Tinh province, the site of the most vociferous protests, most people questioned singled out forest restrictions, high forest taxes and corruption of forest guards as the number one reason they joined the protests.<sup>6</sup>

*Socialist Forest Management:* These forest controls, and the idea that the state alone had a monopoly on defining, measuring, gazetting and managing forests, were to be replicated and expanded in new ways in the postcolonial era, and would meet similar local resistance as before. Shortly after the Democratic Republic of Vietnam (DRV) was founded in 1954, forest policy aimed at the complete nationalization of the forest estate and the establishment of State Forest Enterprises (SFEs) to log these lands. The nationalization of forests was extended to the South after 1975 and the reunification of Vietnam at the conclusion of the Vietnam War. There were more than 400 SFEs at the height of state control of forests in the early 1980s (Ngo Dinh Tho et al., 2006). Some SFEs were directly operated by the central government through the Ministry of Forestry,

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<sup>6</sup> As one report on the incident notes, “The Annamese complain about too severe measures being taken against them for cutting timber and forests. Previously, the poor would cut wood and charcoal which were sold. They had thus a source of income which was cut by the forest department. Currently those who cut down trees - if they are caught - are arrested and convicted. Similarly, they can no longer take delight in obtaining wood to build their houses or do carpentry. That is the complaint.” CAOM GGI #65518 Commission d’enquete sur les evenements du Nord-Annam, folder 7F38 (6), Rapport du Chef de Bataillon Garnier sur les causes du mouvement insurrectionnel dans la province de Ha Tinh et sur les remèdes qui pourraient y être apportés, 12 July 1931, p. 35.

while others reported to provincial or district government offices. All operated as parastatal companies that did not pay the state for logging concessions, but did remit income to the state through taxes on the produce harvested; the wood products exploited by SFEs were sold to the state, to other state-owned enterprises, or to cooperatives and other organizations (Ogle et al., 1998).

Evidence suggests that poor management by SFEs are primarily to blame for very high rates of deforestation in the post-war period. SFEs were supposed to ensure that forests were replanted and nurtured, but SFEs that exceeded planning targets were often rewarded for over-cutting, rather than punished, as the revenues from this sector were so great. Production of industrial roundwood peaked in 1987 at 5.4 million m<sup>3</sup>, an unsustainable figure given low rates of replanting (Brown, Durst et al. 2001). It is estimated that during the period of massive state logging from 1976-1995, the central highlands of Vietnam lost 630,000ha of forest (out of 2.3 million ha); the southeast lost 301,000 ha (out of 467,000 ha), the north central coastal area lost 189,000 ha (out of 1.4 million ha) and the northern central mountains lost 134,500 ha (out of 583,000 ha) (Hoang Hoe n.d.).

However, much of the blame for deforestation often was directed at swidden agriculturalists, not the unsustainable logging of SFEs, as had been the case in the French colonial era. Swiddeners became targets of government sedentarization programs to substitute wet rice and cash crops for swidden fields (McElwee 2002). Most projects were, not surprisingly, abject failures. However, the local villages who had previously used and managed forest lands before nationalization into SFEs received no financial remuneration for their land losses. Ethnic minorities in particular, who traditionally

resided in much of the uplands where the richest forests were, often did not receive employment in the SFEs, due to perceptions that they were unreliable workers, and thus were a much smaller percentage of the state workforce (Liljestrom et al. 1998; Shanks and O'Reilly 2005; Fortunel 2009). Given the double whammy of hunger, due to low collectivized agricultural production, and loss of forests to logging enterprises, there often seemed no choice but to overexploit forest resources before the SFE did, leading to free-for-alls in many areas (Sowerwine 2004; To Xuan Phuc 2009; Hoang Cam 2007).

*Impact of Doi Moi on Forests:* In 1986, the ruling Communist Party began to liberalize the economy and move to more market-oriented planning, opening up what came to be known as the *Doi Moi* (renovation) era. Neoliberal reforms to the market were combined with revisions to the national land law beginning in 1988, which allowed households to take primary responsibility for agricultural production and which set into motion a large-scale process of decollectivization (Kerkvliet, 1995). The success of allocating land holdings in agriculture was then extended to forest land holdings when the country's major land law was revised in 1993, and at that time it was believed that issuing long-term lease rights (up to 50 years) for households to use forest land would result in similar gains in productivity as had been seen in agriculture. The driving forces behind the decentralization were signs that a crisis in the forestry sector was as evident as it had been in the agricultural sector: deforestation rates were high, productivity of SFEs were declining and many were financially insolvent as they had no trees left to log, exports of timber were insufficient for national growth targets, and large areas of the uplands were bare of forest cover and susceptible to soil erosion and landslides (Sikor, 1995).



A new Forest Resources Protection and Development Act was passed in 1991 to attempt to rethink how forests would be used. The law established a tripartite classification system for Vietnam's forests: protection forests, special-use forests, and production forests. Special-use forests and protection forests were to be allocated to various organs of the state, such as departments of the Ministry of Forestry (now subsumed under the Ministry of Agriculture and Rural Development, or MARD) and or provincial and lower authorities. The chairman of each provincial People's Committee was supposed to confer with the Ministry of Forestry to decide upon the classification and allocation of all types of forests within each province. Each individual forest, whether protection, special-use or production, was to have a Management Board, which was to prepare a plan for the management and utilization of the forest to be submitted to national authorities for approval (SRV 1999). Yet these new laws did not fundamentally change the important role of the state in determining where forest land was and how it should be managed. According to the 1991 Forest Law, "forest land is defined as 'forested land' and 'non-forested lands for which plans have been made for forest plantation'". The law goes on to note: "The overall management of forests and forest plantations lies with the State. The State will allocate forests and forest plantation land to organizations and individuals – hereinafter referred to as forest users – for protection, development and utilization of forests on a long-term basis in accordance with State planning documents." (SRV 1993). In other words, the state continued to have control over most forest areas, despite representation of the *Doi Moi* era as one that moved towards decentralization and marketization of land rights and the large number of stories that have arisen regarding land use conflicts as a result of this process (e.g. Kerkvliet 2006). Such decentralization

in agriculture has not really been replicated in forestry. State “political forests” in Vietnam remained strong throughout the 90s.

Deforestation continued to be a pressing concern. From 1943 to 1976, Vietnam went from 14.3 million hectares (ha) of forest to 11.1 million ha, a yearly deforestation rate of 0.68%. From 1976 to 1995 Vietnam went down to 8.25 million ha of forest, a yearly deforestation rate of 1.27% (FIPI 1996). The turning point at which the lowest national forest cover (around 24%) was reached was in 1991-93. Some estimates put the total amount of illegal logging occurring each year in the 1990s at 1 million m<sup>3</sup> a year, or 100,000 m<sup>3</sup> more than the allowable cut of approximately 900,000m<sup>3</sup> (Ogle 1998). This illegal logging was carried out directly by SFEs working off the books and exceeding their allocated cuts, or by private individuals taking advantage of low protection and enforcement of SFE and other state forest lands to log (McElwee 2004). Most SFEs would no longer be able to operate economically if they were to follow their official target quotas and sell their logs according to official state-set prices, so the incentives for illegal practices were high. According to a Asian Development Bank (ADB) review, the supply of legally obtained, domestically sourced non-plantation forest logs accounted for only 30% of the total log supply in the 1990s (ADB 2000). The remainder was estimated to be made up of timber obtained through illegal logging and through the import of logs from Cambodia and Laos (see Global Witness 2000).

This unproductive system of too many economically insolvent SFEs with too much land and too many incentives to deforest has not been adequately reformed, despite attempts to do so. According to laws issued in 1999 (Decision 187) and again in 2004 (Decision 200), most SFEs were to be restructured and reformed, with some to be

dissolved outright, some switching to more private-oriented business models (known as State Owned Companies or SOCs), and some were to remain in existence as “forest protection management boards” (FPMBs) who were urged to contract out their forests to private households to protect (SRV, 1999). In this way, these reform laws were supposed to separate the business functions of timber supply from the public functions of watershed and forest protection and assign these to separate entities, rather than combining them in SFEs as in the past (World Bank 2005). SFEs covering more than 5,000 ha and with more than 70% of their forest land belonging to critical/very critical protection forest category were to be transformed into these Forest Protection Management Boards (FPMBs), while other SFEs with mostly bare lands were to allocate these lands to households to manage and reforest.

However, asking the more than 250 remaining SFEs to take on the tasks of protecting forests with limited budgets and staff, or to voluntarily put themselves out of jobs by dissolving, proved difficult. Fortunately for the SFEs, there were a number of central government subsidy programs for which they became eligible, such as a nationwide reforestation program known as the 5 Million Hectare Reforestation Program (or Program 661) that was being funded by large amounts of ODA starting in 1998. Program 661 provided financial subsidies for forest planting to forest land owners, including SFEs; as one report has noted, “Provincial authorities have shown little appetite for reforming state forest enterprises as they are propped up by 661 contracts without which the funding burden (including high debt level and salary and pension commitments for SFE staff) would fall on provincial finances. The result has been extremely a slow and tentative SFE reform. Most land released by state forest enterprises has been re-allocated

to other state bodies eligible for state subsidy (such as management boards); and this in turn has slowed the forestland allocation process, leaving most forestland under ineffective state management and many people in mountainous areas without legal access to forest resources” (World Bank, 2010).

SFE reform, had it happened, was supposed to ensure better, more equal distribution of the forest estate, particularly to poor rural households living around SFEs but who were not benefiting from them in terms of employment (SRV 2000). To date, however, forests remain unevenly titled and distributed in Vietnam, as can be seen in a regional breakdown of forest cover (see Table 1). The first column shows total forest cover by region, while the second column provides data on the percentage of the regional population that is made up of ethnic minorities, who are the poorest and most marginalized members of Vietnamese society. Regions dominated by ethnic minorities (the North-East, North-West, and Central Highlands) have higher areas of forest cover, while other regions where ethnic Vietnamese, known as Kinh, dominate have very little forest cover at all. Of further significance is the breakdown of forest land tenure rights. Of the three regions of the country that do have relatively large amounts of forest cover remaining (the North-East and North-West and the Central Highlands), there are strong differences in who has rights to these forests. In the North-West Mountains, households have been allocated nearly half of all forest lands, and the devolution of former SFE lands to these households has been fairly successful in increasing forest cover rates and raising incomes for households. (The reason for the rapid SFE dissolution in the North was the fact that these SFEs had almost entirely logged out their lands and thus there was little incentive to retain them). Yet in the Central Highlands, less than two percent of the total

forest estate is held by households and individuals, because SFEs continue to control the relatively rich, well-stocked forested lands that remain in this region.

Table 1. Forest Land and Tenure by Region

<b>Region</b>	<b>Total Forest Estate (Ha), 2003</b>	<b>% population that is ethnic minority (1999)</b>	<b>Forest lands allocated to HHs (ha) for protection or production, 2008</b>	<b>% of forest estate allocated to HHs</b>	<b>Number of SFEs or other state owned forest businesses, 2006</b>
<b>Red River Delta</b>	151,427	0	32,963	22%	4
<b>North-East</b>	2,648,437	39%	1,266,020	48%	around 50
<b>North-West</b>	1,273,718	79%	591,236	46%	around 50
<b>North Central Coast</b>	1,965,417	11%	471,593	24%	70
<b>Central Coast</b>	1,022,386	2%	161,047	16%	30
<b>Central Highlands</b>	2,756,370	39%	46,758	2%	90+
<b>South-East</b>	915,477	8%	41,208	5%	35
<b>Mekong River Delta</b>	370,707	7%	104,334	28%	16
<b>Total</b>	11,070,976	13%	2,715,159	25%	368

*Sources:* Population and Housing Census Vietnam 1999; General Statistics Office of Vietnam, 2007; MARD 2010b

The very low rates of land tenure holdings by households in the Central Highlands is explained by the continued strong role of SFEs there (over 90 SFEs total for the five provinces of the region). As an example, in Dak Lak province in the Central Highlands, as of 2008 nearly thirty State enterprises (both forest and agricultural) were using over

335,000 hectares of land, accounting for nearly 30% of the total of natural area of the province but employing less than 5,000 workers, while an additional 20% of the province's land was under special-use forest protection in parks and reserves or watershed protection status to be managed by state FMPBs. This has left most of the province's population on less than half the remaining land estate on which to earn a living, and according to a 2002 review by the Dak Lak Department of Agriculture and Rural Development on farm lands of ethnic minority groups, 49 percent of all minority families, nearly 30,000 households, were considered to have "inadequate land" for their food production needs (World Bank, 2009). Despite knowing this problem, from 1999 to 2005, the province had only allocated 23,160 hectares of forest land to 5,002 households to manage (provincial data provided during interviews, 2006; see also Nguyen Quang Tan *et al.*, 2008).

Such problems were widespread across the country; according to MARD in 2006, 83% of SFE's productive land (around 4.5 million ha) still remained in the control of SFEs while only 17% of their lands had been contracted or rented out to others through decentralization reform efforts (FSSP, 2007). In sum, state management of forest lands remains strong, with only one quarter of the national forest area in private households' hands, and the rest held by various divisions of the state, from SFEs to FPMBs to National Parks to local governments to the armed services.

*The Rise of PES/REDD:* Given this strong role the state has long played in forest management, the adoption of more market-oriented approaches at first glance appears surprising. PES (known as *phí chi trả dịch vụ môi trường* in Vietnamese) first appeared in 2005 through a project funded by the International Fund for Agricultural Development

(IFAD), while another very large PES project began in 2007, funded by USAID and implemented by Winrock International, named the Asia Regional Biodiversity Conservation Program (ARBCP). ARBCP undertook research on the potential for PES in project sites in southern Vietnam and promoted the results to officials in the prime minister's office, as well as sponsoring workshops for officials and a field trip to PES sites in the US; this study tour included stops looking at ecotourism fees in Hawaii, market-based salmon protection fees in Oregon, and water use in New York City, where they visited the NYC watershed PES scheme linking city water users to forest protection in the Hudson River Valley and the Catskills. These lobbying efforts to promote PES at high levels paid off: the prime minister approved Decision No. 380 QD-TTG on April 10, 2008, titled "On The Pilot Policy On Forest Environment Service Charge Payment." The Decision formally recognized two PES pilot projects in Lam Dong and Son La provinces to be set up on a two-year basis, where ecosystems services users (mainly water and hydropower companies) would pay into a provincial forest protection fund, which has raised several million US dollars in its first 2 years of operation.

New REDD projects have built on the back of these PES approaches. Vietnam is a pilot country both in the UN-REDD program (one of 9 countries) and the World Bank's Forest Carbon Partnership (one of 25 countries); Vietnam, Bolivia, the Democratic Republic of Congo, Papua New Guinea, Panama and Paraguay are the only countries on both lists.<sup>7</sup> The possible economic benefits of REDD to Vietnam have been estimated at a minimum of \$60 million/yr (Ebeling and Yasué 2008) and as high as \$100 million (UN-

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<sup>7</sup> Vietnam is estimated to have in the range of over 700–1600 million tons of carbon (MtC) stored in existing forests and soils, making it a low to moderate level country in terms of global impacts (Gibbs et al. 2007). Vietnam in particular would benefit most from REDD policies that included the possibilities for 'enhancement' of forests (i.e. regeneration, restocking, reforestation) as the primarily secondary forests in Vietnam are relatively poor and have low density of carbon.

REDD 2010). A new national REDD steering committee was established by the government in early 2011, coordinated by the Ministry of Agriculture and Rural Development (MARD), and a National REDD Network was set up in 2009 for NGOs and donors to offer advice into the REDD development process. Within the REDD network are a number of international and national NGOs and donors who are implementing different projects to prepare Vietnam for REDD readiness once a global system is set up; 17 different pilots are underway in different provinces to publicize REDD, do carbon baseline measurement, and other activities.

Several key issues are under discussion based in these initial pilots underway in Vietnam. Two of the key issues that I have been researching are what the benefit distribution system (BDS) will look like for a national REDD program, and how tenure and local rights will be protected in any REDD policy. So far, BDS suggestions have primarily focused on a national REDD fund, which would disburse finances downward to provincial funds, which would decide how to distribute to local beneficiaries (UN-REDD 2010b). Local decisions on cash versus in-kind transfers would likely be left to local authorities taking into account local conditions (UN-REDD 2011). How to ensure conditionality (that is, that payees only get the money if the forest protection is delivered) remains problematic in national discussions, as does the question of who would do monitoring to determine forest cover changes, and if this monitoring would be done by Vietnam itself, or by a global authority such as UN agencies.

Secondly, many questions remain about local rights, tenure and otherwise. Vietnam has actually been lauded as the first country to develop Free, Prior and Informed Consent (FPIC) processes under UN-REDD (UN-REDD 2010a), but major questions



remain about how transparent and fair such consultations have really been. In pilot trials in Lam Dong province, for example, village level meetings to get consent from households for local REDD projects were held, but were very short (only 2 hours maximum) and only 45 minutes were allocated for questions and answers after the awareness raising activities and before the villagers had to make the decision to consent or not consent to REDD activities. Additionally, it does not appear that households and communities were presented with any information on the possible risks of participation (i.e. changes in agricultural practices that they might have to made in response to REDD; loss of access to traditional lands, etc). Rather, participants were asked general questions like “Do you want your forests to be conserved?”, which, not surprisingly, was supported by most people, since the question did not refer to any costs that might be incurred in forest conservation or how it might be carried out.

Additionally, the FPIC process carried out by UN-REDD appears disconnected from actual land tenure rights issues; nowhere is there any indication that the villages who were consulted have land ownership or tenure rights granted to them which would enable them to actually have say over local forest management. Indeed, my own research in Lam Dong province shows an extremely low rate (less than 1%) of all households in the province have any secure tenure forest rights (that is, they have a legal red book which allows them to land tenure decisions on forested land in their name). This uneven land tenure situation means that the households who were consenting to UN-REDD activities were doing so on lands which they do not officially have rights to, which could set up land use conflicts in the future. In informal discussions with the UN program officer in charge of REDD in Hanoi, it became clear that he had no idea (until I told him

so) that the majority of households participating in his UN-REDD pilot project had no official land tenure rights and thus were signing papers to participate that were not legally defensible under Vietnamese land law, but rather were more like short term labor contracts for forest protection as they conferred no formal land tenure rights.

#### **4. Discussion: The incomplete neoliberalization of PES approaches**

In many ways, the shift to PES and REDD approaches in Vietnam reflects the goals of a clear neoliberal model. The text of Decision 380, which started the two PES pilot projects in 2008, states that the aim of PES is “to socialize the forestry sector, gradually establishing sustainable economic basis for protecting the environment and ecosystems, improving quality of service provision, especially ensuring water supply for electricity production, for clean water production, and ecotourism business activities.” The practice of moving away from state-provided public service provision is called “socialization” (*xa hoi hoa*) in Vietnam, rather than privatization; it is intended to mean that society must bear greater burdens than the state in service provision, although not all these will be provided by private companies alone. This has meant that formerly state services are now being provided by para-statal, community-based, and private entities (such as agricultural inputs, now sold from private agribusinesses competing with state-owned fertilizer factories); that people have to pay more out-of-pocket user fees (such as in the health sector, where private insurance is growing); and cost cutting measures have been taken in many sectors (such as increasing class sizes in schools). While the process of socialization of health and education in particular has been controversial, with some arguing that is contrary to the goals of a (still-nominally) socialist state, the adoption of socialized and neoliberalized conservation has not been controversial at all. PES was

strongly supported by the Minister of Natural Resources and Environment Pham Khoi Nguyen, who saw a need to (in one advisor's words) both "economize" (*tai chinh hoa*) and "socialize" conservation by finding new non-government sources of financial support to the environment sector in an era of decreasing overseas aid by making the beneficiaries of environmental services pay for them. A vice-minister at MARD in charge of forest administration recently noted the same sentiments in a meeting I attended in Dec. 2011 in Hanoi on REDD; in the next few years, his office at MARD hopes to only supply around 23-24% of the budgets for forest management to lower level state entities (SFEs, FMPBs, national parks, etc), and the remaining 75% of budgets will have to be raised by these local organs through creative means like PES, REDD or other approaches.

This appears to be a massive decline in state support for forest protection. But despite having a superficial appearance of neoliberal budget-cutting, in fact, these new PES approaches continue to use state apparatuses and interventions for forest protection, not an open market, and many of the same assumptions and approaches to forest management that characterized earlier eras are continuing under PES/REDD projects. The ostensibly neoliberal goals of privatization and socialization for forest conservation have *not* resulted in a retreat of the state from this sector. On the contrary, the pilot PES/REDD schemes now in existence all retain significant central state input into how forests will be defined and managed, as I outline below.

For example, ambivalence toward the role of an actual free market has been marked in PES projects; most presentations given by officials in the last few years since PES has become popular have all focused on the potential local windfalls of money for state-sanctioned conservation activities, all the while being unclear how the payments

themselves would be set by an open market (Nguyen Tuan Phu, 2009; Huynh Thi Mai, 2009). In reality, the market-oriented aspect of PES has been downplayed in favor of a continued strong role for the central and local governments, both as buyers and as sellers but also in forming even the most basic parameters for the PES market. For example, tax codes remain in place that specify that rates, fees and charges for environmental problems and natural resources can only be set by the central state. In fact, the government has decreed the prices that will be paid for water and electricity users nationwide through PES policies. Such fees bear no resemblance to a free market pricing mechanism; rather, a set fee of 20 VND/kWh (one tenth of one US cent) is charged to participating hydroelectric plants, and was based on one hydrologist's study in Lam Dong which estimated the approximate absorption of water by forest soils and costs of soil erosion in deforested land in that particular area. 40VND per m<sup>3</sup> is to be paid by water companies, and was based on one economist's willingness-to-pay study among water users in urban areas of Ho Chi Minh City (Pham Van An, 2009; ARBCP, 2009).<sup>8</sup> Water companies and hydropower companies have primarily passed these additional fees onto their consumers in the form of higher water and electricity bills, or in some case, simply refused to pay the additional PES fees altogether (which has been the case for the massive Hoa Binh hydropower station in the north of the country).

In addition to paying a strong role in setting the fees, the state is also strongly involved in PES as both a buyer and as sellers of environmental services. In the case of

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<sup>8</sup> The fact that national fee levels have been set somewhat randomly based on very narrow local studies is a source of concern for many participating officials in these PES programs. In one interview with a hydropower company using water from Lam Dong, a manager pointed out that different hydropower plants use water more or less efficiently, and that his particular plant used much less water per kWh produced, yet received no reduction in its fees compared to a plant that used twice as much water to produce the same kWhs.

hydropower companies and water supply organizations who have been targeted in the recent PES law, these organizations have been compelled to participate, but they are not private companies. While privatization (often called “equitization” in Vietnam) of public utilities like water suppliers from state-owned to joint-stock ventures has been spoken about and pushed by multilateral donors in recent years, the state has not entirely retreated. For example, SAWACO, the water supply company of Ho Chi Minh City, is a joint-venture in which the government still owns a 51% share. Another major buyer of environmental services is Electricity of Vietnam (EVN), which is a government monopoly and which controls hydropower production for the national grid (Nguyen 2008). Even tourism companies, which might at first glance appear to be a clear case of private capital for PES, are often state-owned companies or joint ventures run by provincial governments. Thus to date we see little capitalist penetration into new sectors by PES; nearly all money is being moved around from development aid agencies (which subsidize many PES projects) and individual consumers through state owned companies to other state intermediaries. One representative of a state forest farm that was receiving PES credits who was interviewed in December 2011 noted that PES is primarily about “taking [money] from the right pocket of the government and putting it in the left pocket”.

In terms of sellers of services, the government continues to play a large role in land and forest management through the continued existence of many SFEs, who still control significant areas of the forest estate, and who are likely to be important providers of PES services, either as direct land managers or as intermediaries, despite attempts over the past 20 years to restructure them. It is quite possible that PES/REDD fees will provide

a similar incentive not to dissolve as did the 5MHRP, as the new policy allows up to 20% of PES payments be kept by intermediate bodies for administrative costs. In other cases SFEs might simply argue for retaining the entire payment themselves rather than passing it on to “unreliable” households. In several pilot projects studied by Pham Thu Thuy *et al.* (2009), PES payments were never made to the service sellers and instead ended up being kept by provincial authorities. Many officials I interviewed shared these sentiments. During interviews in 2011, officials from several SFEs and FMPBs in Lam Dong emphasized that to them, the PES policy was simply the same as the 661 reforestation policy that had come before it, and was simply repackaged with a new name. Both projects amounted to money coming in from outside the province that went to provincial entities and allowed them to continue to exist and pay their workers’ salaries, even if one (PES) was supposed to be a market policy, not a state subsidy policy. To the SFEs, these policies were one and the same.

Overall, it is a huge challenge to revamp a forest tenure system that has been resistant to much change for the past 100 years, and even in the past 20 years since private land leases have slowly been introduced, given the fact that PES/REDD may increase the value of these lands. Without innovative ways to incentivize land decentralization, PES schemes may end up only working with SFEs and other state institutions, rather than the smallholders who would likely most benefit, and without additional pushes for land allocation, the very poorest are likely to be prevented from benefiting from PES or REDD. It is clear from other studies within Vietnam that poor households in general are less likely to have secure land tenure, and to have much smaller plots when they do have land tenure certificates, making them less likely to be able to

participate in payment for protection or PES plans or to make significant money when they do so (Sikor and Nguyen Quang Tan, 2007; Nguyen Quang Tan, 2006, 2008; World Bank, 2009). According to the 2006 Rural Census, the most recently available data, nationwide only 1.4 million households are documented to have some form of secure forest use rights (i.e. with red books) (covering 25% of the total forest estate). Of these 1.4 million households, the vast majority have very small plots of forest land allocated to them: 800,000 households officially have less than one hectare; 501,288 have 1-5 ha of forest land; and only 120,467 households have more than five hectares with secure and enforceable land tenure rights (General Statistics Office of Vietnam, 2007). Thus most households that do have tenure simply do not have sufficient land holdings that would enable them to receive large (>US\$100/year) PES payments that might encourage them to pursue conservation aims. The chicken and egg problem is evident here; in order to get the larger amounts of money from PES or REDD that would significantly improve their household livelihoods, households need larger amounts of land allocated/contracted to them. But in order to get larger plots, SFEs and other state agencies need to give up their lands, which they are unlikely to want to do if they can get money from PES to stay solvent.

What has happened then is the existing PES projects (and presumably future REDD projects) are primarily paying people who have no legal forest rights to protect forests; essentially PES contracts have become yearly labor contracts, in which local households agree to monitor forests on a set basis and to not exploit these state-owned lands (to which they have no official rights anyway). These contracts often reminded me of a joke that used to be said about the socialist era: “we pretend to work, and they

pretend to pay us”. In the case of PES/REDD, the state pretends to be paying for forest protection without handing over any long term rights to local people, while local people receive the forest payments without actually changing much of what they do in forest management.

None of the 225 households that we did detailed household surveys of in fall 2011 knew that the PES payments that they had been receiving were not government payments per se, but in fact that they were payments that had been made by hydropower or tourism companies to the provincial government, which disbursed these monies to local forest owners like SFEs and FMPB, which then contracted out the work of forest protection to the local households. Because households received their money brought to them from officials of the SFEs or via other local government offices, they simply treated the PES money as a state subsidy program, like many others they were familiar with (e.g. the state provides free education and health care cards to any ethnic minority; free salt and radios to people classified as poor, etc.) PES payments were seen as yet another of these state ‘charity’ type programs, which made it difficult to connect the idea of conditionality to the payments.

For example, in one village in which I have been working, Hamasing, in Lam Dong province, Koho ethnic minority households signed forest protection contracts within their local area with a Forest Management Board; the Board had long posted rangers to interdict village forest use in the area, and this ranger became the person who distributed forest protection payments to participating households. Each household received yearly around \$1,000 since participating, which was a very large sum for most. These households agreed to the forest protection contracts because they essentially saw it



as free money; they were already banned from forest use for swiddens or logging because they lived near a state forest, and the nearby presence of the ranger made it difficult to slip most practices by him. They simply continued to use agricultural fields that had been cut in forests the next province over (around 10 km away, and which was not participating in PES/REDD pilots). It thus was clear that many households - although they signed the contract agreement to “protect” forests - did not really change their overall land use strategies. They simply shifted those activities to other lands for which they did not have a PES contract. The irony is that the closest forests to settlements which were being contracted out for PES pilots tended to be secondary forest already altered and heavily used, and the lands to which forest collection and cash crop (primarily coffee cultivation) activities were shifted were lands farther away and which had less human disturbance, but which were harder to map and survey and thus less likely to be included in PES payment pilots.

At the same time as households were not really fundamentally changing their forest use strategies, forest officials were similarly hoping that PES/REDD subsidies would be managed as loosely as previous government forest subsidies like the 661 reforestation program were. In discussions with officials who started off enthusiastic about REDD, their support often waned when I explained that REDD payments at a global level were likely to only be made to countries with confirmed decreases in deforestation as measured by satellite monitoring or by outside officials. Such strict monitoring has never been attached to previous forest programs internally in Vietnam. (As one vice director of a national park said to me, “You know, and don’t tell anyone this, but all our forest cover statistics are made up. We just write something down that

sounds about right and pass it upwards.”) For example, under the 661 reforestation subsidies, local SFEs were paid on the basis of *how many seedlings were put in the ground*, not how many actually survived and grew up into forest. Conditionality was never a strong point of socialist practice in the past, which often relied on sneaky fudging of targets and lax monitoring from above (e.g. see Kerkvliet 1995). SFEs who were hopeful that REDD meant new free pots of money for them to continue to pay staff salaries and survive as an organization were surprised to find that global auditing and monitoring may require work of them that the national state never did before.

## **5. Conclusion: Old Wine in New Bottles?**

While some early PES schemes have shown some potentially promising conservation outcomes (Asquith *et al.*, 2008; Morse *et al.*, 2009; Clements *et al.*, 2010), these have not been without costs or concerns about equity. In this problem of pursuing conservation outcomes without exacerbating inequity or poverty, PES/REDD faces the same challenges that faced earlier ‘panacea’ approaches like Integrated Conservation and Development Projects or community-based natural resource management. Clearly, more studies of specifically conservation-oriented market approaches, in different ecological habitats and under different institutional frameworks, are needed before we can reach conclusions about if PES/REDD can be considered a more successful approach than those of the past.

What we can more conclusively say, however, on the basis of pilot studies like those in Vietnam thus far, is that ostensibly neoliberal processes can have unexpected outcomes, and that it is inaccurate to see PES/REDD as a strictly neoliberal approach to governance. While we usually associate neoliberalism with decentralization, with total

market logic, with privatization, in the cases of PES/REDD in Vietnam thus far we see in fact the opposite; we see instead the potential for retrenchment of SFEs and a lack of incentives for land privatization as well as state control of commodity prices, whether it be carbon or water user fees. The high transaction costs of PES thus far have also required significant donor and government subsidies, thereby actually creating the conditions for continued involvement of the state. Such processes are not unique to Vietnam; as other authors have recently argued, projects such as PES and REDD have the potential to in fact re-centralize state control of resources, and thus should not be seen as purely privatized or market-based forms of governance (Phelps *et al.*, 2010; Vatn, 2010).

Furthermore, based on the review of pilots in this paper, PES/REDD approaches being undertaken in Vietnam appear to be unlikely to solve fundamental problems of forest conservation unless these projects can tackle the underlying drivers of deforestation. If these drivers were caused by the existence of economic externalities, then PES or REDD might be a potentially good tool to tackle them. But the primary problems in the forest estate are complex, including uneven land tenure among households living near forests, incentives for illegal logging given high demand for timber, and poor state management of large areas of forest under SFEs either due to neglect or corruption (McElwee, 2004; Barney, 2005; Lambin and Meyfroidt 2010; World Bank, 2010a, 2010b). None of these problems are pure market externality issues.

Therefore the idea of PES/REDD as a panacea to all these conservation and social problems appears unrealistic. The saying “old wine in new bottles” is widespread in Vietnam (*binh moi, ruou cu*), and is often applied to the numerous attempts that have occurred over the past 20 years to improve the forest sector, from land allocation to

reforestation funding to SFE reform. The inability to radically restructure the sector can be seen in PES/REDD approaches as well; nearly all current pilots of PES/REDD continue to use the existing state system (SFEs or provincial forestry departments) as the distribution mechanism for protection payments and monitoring, and the centralized nature of payment price-setting is likely to stifle innovative alternatives. This approach runs the risk of combining both the inefficiencies of command and control with the inequality of the market.

Finally, this case study reminds us that we should look carefully at the differences in how neoliberal projects play out on the ground, as opposed to always looking for their commonalities and their hegemonic sweep (Bakker, 2010). Despite the oft-heard assertion, originating with Margaret Thatcher, that “There is No Alternative” to neoliberal expansion (Peck and Tickell, 2002), this study in Vietnam indicates that there are in fact multiple alternatives on the ground, although these should not be romanticized: hybrid alternatives to neoliberalism are not necessarily satisfactory in dealing with the concerns of the poorest or least powerful either. In this, both market-oriented and state-oriented approaches, and their hybrid conjoined forms, may have in common an inability to rapidly reverse long-standing patterns of inequality and poverty that characterize the forest sector in much of the tropical world, and their success in reversing trends of deforestation and promoting better forest conservation is as yet unknown.

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Map of Vietnam showing regions mentioned in paper, and sites of my ongoing field research on PES/REDD.

