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Tan Quang Nguyen

What Benefits and for Whom?

Effects of Devolution of Forest Management
in Dak Lak, Vietnam

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Preface of the Editors

Devolution has become a popular trend in natural resource management in developing countries. Shifting rights, authority and control from central to local government authorities or to local people is expected to overcome the inherent problems of central management, namely lack of legitimacy, high costs of administration, monitoring and enforcement as well as overuse or degradation of resources due to insufficient administrative capacities. State property that cannot be monitored and enforced effectively turns often into *de facto* open access. Devolution, therefore, should increase the power and responsibility of local actors to develop, implement, monitor and enforce rules of resource use. Furthermore, it should provide local actors with new revenues and income opportunities and contribute to a more equal distribution of benefits. However, two lines of arguments have challenged this view of devolution as a favorable change in resource governance. First, devolution may even worsen resource management if local actors do not have economic incentives to manage the resource in a sustainable manner, or if they lack the capacity to develop and enforce local institutions. Second, devolution may lead to a more unequal distribution of wealth if powerful actors use or abuse devolution for their own benefits.

This book by Tan Quang Nguyen - titled with the straightforward question "What benefits and for whom?" - investigates in depth this latter point of dispute, the distributive effects of devolution. His study is based on the case of the Dak Lak province in Vietnam, where in 1998 the provincial government started a devolution program in response to the significant decline of its forest. The Dak Lak program attributes rights to manage forests to individual households, groups of households, and to local communities. How this program has affected villages and households is at the center of the research questions posed by Tan Quang Nguyen.

In his analysis, Tan Quang Nguyen starts from an extensive review of literature on property rights and natural resource management as well as on theories and empirics of devolution. Although the overall empirical results regarding the effects of devolution are mixed and raise the question whether local people benefit at all, they also indicate that villages and households within villages are likely to be differently affected by devolution. To conceptualize the differentiation among villages and households, Tan Quang Nguyen draws on the environmental entitlement approach developed by Leach, Mearns and Scoones (1999) who distinguish between endowments and entitlements. In their terminology, forest endowments of a household represent the legal titles and the rights to forestlands, timber resources and non-timber forest products (NTFP). The notion of entitlements, by contrast, refers to the extent to which households utilize their rights, such as the

cleared cultivated area, outputs from cultivated land, harvest of timber products and NTFP. Based on this framework, Tan Quang Nguyen hypothesizes that the distribution of endowments is, on the one hand, influenced by overall devolution policies and its implementation and, on the other hand, also by local traditional forest institutions and attributes of the households. The distribution of entitlements is assumed to be determined by the household endowments and other household characteristics as well as by general market conditions, off-farm opportunities and biophysical conditions.

The detailed empirical analysis of the distributional impacts of devolution in Dak Lak is based on household surveys and key informant interviews conducted in thirteen villages, of which two villages were selected for a pilot in-depth case study which was then extended to the other villages. Tan Quang Nguyen employed a methodology that combines qualitative and quantitative methods in an innovative and useful way. He used econometrics to study the distribution of entitlements reflected in resource utilization, whereas he applied a qualitative approach to study the distribution of endowments. Such a combination is necessary and useful since the determinants of endowments and entitlements differ with regard to their measurability, variance and number of observations. Institutional factors are usually more difficult to measure and are characterized by a smaller variance and lower number of observations. Thirteen observations of local institutions of forest use at the village level contrast with 323 observations of household characteristics at the household level. These differences had to be addressed by different methodologies.

The results of the empirical analysis indicate that the devolution program, indeed, created benefits for the local citizens of Dak Lak, although in many different and partly unexpected ways. Perhaps most important is the result that endowments do not determine entitlements and that both, as expected, are influenced by different factors. For the distribution of the endowments, state patronage and local institutions were found to play a very significant role, while entitlements were mainly affected by wealth status and market conditions. As a policy conclusion Tan Quang Nguyen states that distribution of titles is not sufficient, and that devolution programs should also address other factors that affect the utilization of devolved forests in particular for resource-poor households.

“What matters is not efficiency, but ‘efficiency for whom?’”. Tan Quang Nguyen’s study underlines this statement of Daniel Bromley (1989: 4). All policy choices have distributional impacts, and they should be addressed in a systematic way. Tan Quang Nguyen has made a profound contribution to the analysis of the distributional impacts of devolution. This may help future devolution policies in Vietnam or other developing countries to better address households poor in resources as well as to produce higher overall benefits of devolution.

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To my mom, my dad, my wife, and my children!

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List of Abbreviations

AIFP-WSM	The Watershed Management Component of the Agriculture, Irrigation, and Forestry Program under the Mekong River Commission
CEMMA	Committee for Ethnic Minorities and Mountainous Areas
CFM	Community Forestry Management
DARD	(Dak Lak) Department of Agriculture and Rural Development
DoF	(Dak Lak) Department of Forestry
EEF	Environmental entitlement framework
e.g.	<i>exempli gratia</i> (for example)
et al.	<i>et alia</i> (and others)
etc.	<i>et cetera</i> (and so on)
FCSP	Fixed Cultivation and Sedenterization Program
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit GmbH (German Agency for Technical Co-operation)
GoV	Government of Vietnam
ha	hectare(s)
HH	household(s)
IDS	Institute of Development Studies
i.e.	<i>id est</i> (that is)
ibid.	<i>ibidem</i> (in the same place)
JFP	Joint Forest Management
km	kilometer
m	meter
m ²	square meter
m ³	cubic meter
MARD	Ministry of Agriculture and Rural Development of Vietnam
MOF	Ministry of Forestry of Vietnam
NTFP	Nontimber Forest Product(s)
OLS	Ordinary Least Squares estimation method
PC	People's Committee

RBC	Red Book Certificate: the official and most important land title in Vietnam
SFE	State Forest Enterprise
SMRP	The Sustainable Management of Natural Resources in the Lower Mekong Basin Project
SRV	Socialist Republic of Vietnam
TÖB	Begleitprogramm Tropenökologie (Tropical Ecology Support Program)
UAFE	Union of Agro-Forest Enterprises
US\$	The United States Dollar
VND	Vietnamese Dong (the national currency of Vietnam)

Abstract

This dissertation looks into two types of benefits from forest devolution, namely forest endowments and entitlements, and tries to understand the effects of this policy program on the agrarian differentiation among local households and villages. It does so based on materials from 13 villages in Dak Lak province, Central Highlands of Vietnam.

The study responds to the concerns of the policy makers in Vietnam about the economic benefits from forest devolution to local people. In the broader context, it expects to contribute empirically to the literature on property rights in land, entitlements, agrarian differentiation, and forest devolution. In addition, the dissertation hopes to contribute to the development of the environmental entitlement framework, which is adapted as the conceptual framework for this research, and to the discussion on the combination of qualitative and quantitative approaches in an empirical research.

The study results show that significant variations exist in the distribution of forest endowments and entitlements among local households and villages. Devolution policy is not the only institution that can have effect on the devolved forest. Differences exist between the legal endowments defined by devolution policy and the endowments being practiced at the local level. In addition, the acquisition of forest entitlements does not only depend on the forest endowments. The variations in forest endowments are related to the practice of state patronage and the differentiation in forest entitlements among local households is influenced by household access to labor and capital resources. Furthermore, devolution has the potential to affect the existing differences in agrarian society but its effects are more likely to occur among households than among villages.

By including econometric tools in the environmental entitlement framework, the dissertation demonstrates that the application of a combined qualitative-quantitative approach helps avoid limits of each individual approach. The dissertation exemplifies the complementarity and triangulation of the two approaches. Econometric tools prove to be effective in the analysis of differentiations in forest entitlements but limited in understanding the dynamics differentiating forest endowments and the processes underlying the differentiation. By contrast, a qualitative institutional approach is useful in the analysis of forest endowments and helpful to go beyond the results of quantitative analysis to the realm of interactive institutional arrangements.