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Importance and impacts of intermediary boundary organizations in facilitating payment for environmental services in Vietnam

THEMATIC SECTION
Community-based natural resource management (CBNRM): designing the next generation (Part 1)

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SUMMARY

Intermediaries are seen as important actors in facilitating payments for environmental services (PES). However, few data exist on the adequacy of the services provided by intermediaries and the impacts of their interventions. Using four PES case studies in Vietnam, this paper analyses the roles of government agencies, non-government organizations, international agencies, local organizations and professional consulting firms as PES intermediaries. The findings indicate that these intermediaries are essential in supporting PES establishment. Their roles are as service and information providers, mediators, arbitrators, equalizers, representatives, watchdogs, developers of standards and bridge builders. Concerns have been raised about the quality of intermediaries' participatory work, political influence on intermediaries' activities and the neutral status of intermediaries. Although local organizations are strongly driven by the government, they are important channels for the poor to express their opinions. However, to act as environmental services (ES) sellers, local organizations need to overcome numerous challenges, particularly related to capacity for monitoring ES and enforcement of contracts. Relationships amongst intermediaries are complex and should be carefully examined by PES stakeholders to avoid negative impact on the poor. Each of the intermediaries may operate at a different level and can have different functions but a multi-sector approach is required for an effective PES implementation.

Keywords: environmental services, intermediaries, local organizations, payment for environmental services, pro-poor, Vietnam

INTRODUCTION

Payment for environmental services (PES) is a specific approach to enhance provision of environmental services (ES) and rural livelihoods through performance-based contracts (Pham *et al*. 2008). PES is not usually explicity designed as a poverty reduction tool but it is expected to have positive impacts on the rural poor, both as beneficiaries of PES schemes and through conservation of the natural ecosystems upon which they rely for their livelihood (Leimona & Lee 2008). Therefore, environmental protection incentives, including PES, often are in line with national poverty alleviation policies. In many developing countries, PES is usually poorly understood amongst ES buyers, sellers, decision makers and the public. Each of these actors has different interests in what they can gain from PES, some of which are competing. The conflicting interests of stakeholders who nevertheless have to work together (Moss 2009) have created a role for 'honest brokers' who can stimulate and facilitate PES (Wertz-Kanounnikoff & Kongphan-Apirak 2008).

Such intermediaries can be individuals, organizations or a network that connect different stakeholders together (Medd & Marvin 2007; Mike & Simon 2008). They carry out different tasks depending on their abilities, mandates and the local context (van Noordwijk *et al.* 2007; Mike & Simon 2008; Moss *et al*. 2009). They also transfer knowledge and resources between groups, increase market competition and exert political influence (Khurana 2002). This provides both ES sellers and buyers with filtered and interpreted information, reduces their exposure to risks and transaction costs, and helps local institutions develop (Lee & Mahanty 2007; Leimona & Lee 2008; Locatelli *et al.* 2008).

Although intermediaries have been discussed in the context of PES, few data exist on the adequacy of the services they provide and the costs of their intervention (Bracer *et al.* 2007; Moss *et al.* 2009). Most literature on intermediaries is theoretical and lacks empirical evidence (van der Meulen *et al.* 2005). While much attention is given to the positive impact of intermediaries in PES, their possible negative impacts (for example destruction of local culture and customs) are often overlooked (Campbell & Shackleton 2001; Pollard & Court 2005; Mike & Simon 2008). The few existing studies

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nevertheless illustrate the complexity of the involvement of intermediaries, as their participation can have both positive and negative impacts on local people.

PES conditionality, namely that payments are only made if services are delivered, requires transparent information and equal power in negotiation amongst stakeholders to ensure fairness and effectiveness (Ferraro 2008). However, the poor often have limited influence on decision making (Hovland 2003) and limited knowledge about PES (Huang & Upadhyaya 2007). There is a high risk that other actors with more information can exploit the poor. For PES to be pro-poor, intermediaries (such as local farmers' organizations) might address this asymmetrical information access and ensure benefits reach the poor in PES (Arifin 2005; Zhang *et al.* 2008).

This paper examines the importance of intermediaries as PES facilitators in Vietnam. Using four PES case studies, it considers three research questions:

(1) Are there intermediaries and if so, what are their key functions in getting PES established?
(2) To what extent can local organizations (such as farmers' associations) act as ES sellers?
(3) What are the main differences in the capacities, power and relationships of the different intermediaries in negotiating PES?

METHODS

To investigate the importance and impacts of intermediaries, we followed five steps. Firstly, we established criteria for selecting the PES case studies. These were: high poverty rate, availability of PES projects and their reports from which lessons could be learnt, willingness of key stakeholders to be involved in the study, high levels of reduction of natural resources or ES and access to the project areas. Four sites were selected: two projects on landscape beauty, one project on carbon sequestration and one project on watershed protection. All four projects included poverty reduction as one of the objectives. Only the carbon sequestration case and one of the landscape beauty cases had reached the state of PES implementation and monitoring; the other two were being negotiated.

Secondly, we applied the framework of van Noordwijk *et al.* (2007) to analyse functions of intermediaries at each PES stage (scoping, stakeholder analysis, negotiation, implementation and monitoring of agreements). van Noordwijk *et al.* (2007) argued that PES is workable if it is realistic (based on recognizable cause-effects pathways involved in the production of ES, and with benefits gained by both sellers and buyers being tangible and sustainable), voluntary (engagement of ES providers and sellers is based on free choice rather than obligatory through regulation), conditional (ES provision only being rewarded if provided) and pro-poor (equitable impacts on all actors and PES design is positively biased towards poor stakeholders). We assumed that the intermediaries were likely to play a significant role in translating these four criteria into the PES schemes studied.

Thirdly, we reviewed the project documentation on each of the four sites to understand how the intermediaries were involved and their functions. We also reviewed literature on the role of intermediaries in general and local organizations (such as farmers' associations) in particular, in facilitating the implementation of environmental protection and poverty reduction adapted to Vietnamese conditions. Following this, we visited each site twice, where we undertook 39 interviews including nine representative local authorities, 14 representative intermediaries, seven representative ES sellers and nine representative ES buyers. The selected interviewees were key actors in the PES schemes investigated and recognized as experts because of their organizational roles and experience in PES. The number of interviewees in each category differed owing to the variable availability of different stakeholders. These interviews aimed to capture the stakeholder's perceptions regarding the role of intermediaries, the positive and negative impacts of the intermediaries, the possibility of local organizations acting as ES sellers, and the relationships amongst different intermediaries.

Fourthly, a questionnaire was sent to all thirty-nine interviewees to explore their opinions on the possibility of local organizations being ES providers. The respondents were also asked to rank the effectiveness of the local organizations in comparision with the other three intermediaries in the fields of poverty reduction and environmental management. Twenty-three of the 39 interviewees responded to the questionnaire.

Finally, the initial findings of the above were presented at a National Workshop in March 2009 in Vietnam, with more than one hundred participants from international agencies, international and national non-goverment organizations (NGOs), local organizations and private companies (World Agroforestry Center 2009). Open discussions on the findings between the authors and PES stakeholders in Vietnam were scheduled throughout the workshop. The draft of this paper was also reviewed by numerous global PES experts who attended a 'Writeshop' in May 2009 in China with 26 researchers from 11 countries (Providoli 2009). These workshops acted as a means of triangulating the findings with those involved in PES in Vietnam and internationally.

RESULTS AND DISCUSSION

Intermediaries and their key functions in getting PES established

The key groups that acted as intermediaries in the PES projects investigated were (1) international and local NGOs and international agencies, (2) government agencies, (3) local organizations (for example farmers' associations) and (4) professional consulting firms. These four groups of intermediaries have helped the PES cases investigated to be realistic, voluntary, conditional and pro-poor.

Realistic

In the scoping stage, the international NGOs, private consulting firms and government agencies were information and service providers. They assisted the buyers in searching for and evaluating the potential and the risks related to buying particular ES, whilst supporting the sellers by creating and disseminating information on ES opportunities. With financial support from the donors, the international NGOs and professional firms in the PES cases studied (1) invited overseas experts to train government and local staff (all four cases), (2) organized study tours (in the landscape beauty cases), (3) provided technical assistance (all four cases), (4) conducted inventory surveys (all four cases) and willingness to pay studies (in the landscape beauty cases), (5) sold their services for proposal writing and applications (in the landscape and biodiversity case) and (6) monitored and evaluated ES (in the carbon sequestration case). The government agencies provided information on the possible PES sites as well as legal advice for ES buyers and international organizations. They also supported PES through facilitating research, promoting pilot projects and by working to overcome legal and policy barriers. All interviewees claimed that this helped PES stakeholders in Vietnam to identify causes and effects involved in providing ES, and to understand principles for ensuring tangible and sustainable benefits for both sellers and buyers.

Voluntary

Capacity building for PES implementation and good understanding of PES requirements are important for PES provision to be voluntary. In all cases, training and workshops on different aspects of PES (for example environmental economics, sustainable financing options and tools for rapid assessment of ES), were delivered by the international NGOs, international agencies and government agencies at both the central and provincial level during different stages of PES. All interviewees asserted that this created awareness of PES schemes for all stakeholders and increased the buyers' willingness to pay and the sellers' willingness to participate in PES contracts. They claimed that without a clear assessment of ES values and status, both buyers and sellers were reluctant to participate in the PES schemes because they found no basis and justification for their payments and involvement.

Although the buyers might pay for ES for other reasons, such as public relations campaigns in the carbon sequestration case and government regulations in the two landscape beauty and biodiversity conservation cases, the support of intermediaries was believed by all interviewees to be critically important, as this helped them feel that payment was voluntary.

Conditionality and pro-poor

To make PES conditional and pro-poor, the intermediaries acted as bridge builders, mediators, arbitrators, equalizers, developers of standards, representatives and watchdogs in all four PES cases.

PES intermediaries can connect buyers and sellers by building trust, providing references, making recommendations, and influencing the partnership formulation and development (Borrini-Feyerabend *et al.* 2004). In all four PES cases investigated, the government agencies, international NGOs and professional firms put donors and foreign investors interested in PES in touch with provincial stakeholders where there was potential for a PES scheme. They also bridged the knowledge gap between the policy makers, the local organizations and the scientists who had different goals, expectations, jargon and languages. All interviewed argued that international NGOs and professional consulting firms were able to present PES in ways which made it of greater interest to the buyers and the stakeholders involved. All intermediaries interviewed claimed that before sending documents to the buyers to call for their interest, intermediaries needed to tailor the language and presentations to match with buyers' interests and investment priorities.

Like any legal and business contract, PES contracts can require the services of arbitrators and mediators because of different stakeholder interests (Bakker 2008; Kosoy *et al.* 2008). In the cases studied, conflicts were found amongst stakeholders (for example disagreement on co-funding principles and project outcomes in the watershed protection and landscape beauty cases; competition over the studied area in the watershed protection case), and between the buyers and the sellers (for example disagreement on benefit sharing ratio in the landscape beauty cases; disagreement on the focus of information on the project published in the media in the carbon sequestration case). The government agencies mediated the relationship amongst the stakeholders by requiring different actors to work at different sites and organizing regular meetings to bring stakeholders together. In all cases, the private consulting firms and international NGOs also collected information on expected benefit-sharing ratios from both parties and proposed the most reasonable options. However, all intermediaries claimed that their suggestions stayed as proposals because the donors/buyers decided benefit-sharing ratios based on their available fundings and procedures. All ES sellers claimed that they often agreed with the benefit-sharing ratios because they did not have a good understanding of ES and PES. Therefore, they were willing to accept any offer from the buyers.

Two groups needing support in negotiations about PES were (1) the sellers (in the landscape beauty cases) and their representatives (in the carbon sequestration case), in their negotiations with ES buyers, and (2) local governments in their negotiations with central government and the private sector (in the carbon sequestration case). The international agencies and NGOs (1) enhanced the voice of these groups by providing training on negotiation tools (in the landscape beauty and watershed protection cases), (2) conducted research into pro-poor policies (in the landscape beauty and watershed protection cases) and (3) supported provincial authorities in preparing documents to submit to the central government for project approval (in the carbon sequestration case).

Developing standards for PES design and for the responsibilities of key PES stakeholders can guide

actors to achieve results at reasonable cost and effort (Wertz-Kanounnikoff & Kongphan-Apirak 2008). In the cases investigated, PES standards were designed by both government and non-government intermediaries. The government established requirements and monitored performance standards in the carbon sequestration case. In the watershed protection and landscape beauty cases, the international NGOs and research organizations developed different tools and methods (for example rapid hydrology assessment toolkits), to quantify and evaluate ES rapidly.

Smallholder farmers are poor and are disadvantaged if a capable and trustworthy intermediary is not present to advocate on their behalf (Huang & Upadhyaya 2007). All interviewees claimed that the government agencies were effective representatives when the ES and the scale of negotiation related to international buyers (in the carbon sequestration case), while local organizations (farmers' associations and women's unions) were key players in establishing small PES contracts (landscape beauty cases).

Intermediaries can play a role in monitoring PES provision, although to be credible they need to have the trust of the buyers. Their participation enhances the potential for the project to be sustainable and accountable (Blagescu & Young 2006), and keeps the policy 'honest' (Pollard & Court 2005). In all cases studied, international NGOs monitored watershed protection by different rapid assessment tools, while a professional consulting firm and government agencies monitored the carbon sequestration using a standard verification process.

In all cases, transaction costs were not considered by the ES sellers, ES providers and the intermediaries, as their primary goal was to pilot PES in Vietnam. Most transactions costs were covered by the intermediaries themselves because they were allocated funding from different donors and buyers to cover such costs. However, all interviewees from the international NGOs and professional consulting firms argued that they tried to reduce transaction costs by hiring other intermediaries (for example government agencies) who had rich working experiences and wide networking in Vietnam, to provide information and conduct scoping studies.

To what extent can local organizations act as ES sellers?

Even when potential ES buyers are interested in purchasing ES, they often find it difficult to choose the appropriate ES sellers (Koellner *et al.* 2008). The participation of the poor as ES providers can be enhanced if there are options for moving the unavoidable transaction costs of dealing with many small landholders, such as group certifications and collective actions (Arifin 2005; Ravnborg *et al.* 2007). This allows communities, rather than just individuals, to register as ES sellers, especially if combined with support for strengthening community-level organizations, including their legal recognition (Ravnborg *et al.* 2007; Leimona & Lee 2008).

There are many existing examples of farmers' organizations that were established by an intermediary to coordinate production procedures amongst numerous dispersed smallholders (Baumann 2000; Arifin 2005; Zhang *et al.* 2008). All interviewees agreed that local organizations (for example farmers' associations) in Vietnam potentially have a major role in organizing ES provision on behalf of poor individual members.

Gathering and forming a group of poor households is complex. Group formation is facilitated by having a common interest, culture, ethnic background and economic status, and having clear incentives. Building on existing local groups with capacities to reach all sectors of the rural population is critical in natural resource management (Borrini-Feyerabend *et al.* 2004; Arifin 2005; Bonnal 2005). These local groups are often trusted by the local communities (McIver *et al.* 2007), interact effectively with all key stakeholders and have community representatives. This reduces PES transaction costs significantly (Borrini-Feyerabend *et al.* 2004; Bracer *et al.* 2007). In Vietnam, local organizations have operated for more than 20 years (for example the Youth Union was established in 1930, women's unions were established in 1986 and farmers' associations established in 1988). These organizations also have units working at all levels of the government (central, province, district and communes, and village) and regularly engage in activities and meetings with the heads of households. All interviewees claimed that they wanted these organizations to act as their representative in working with ES buyers since the networks and regulations (for example registration, rules of working, fees, rights and responsibilities) of these groups functioned well and have long been respected by communities. All interviewees also highlighted that since these organizations belonged to communist party structure, they received updated information on government directions and had close connections with other government agencies, which made negotiations easier.

Even when groups are formed, a trusted mediator is essential to harmonize all needs (Baumann 2000; Blagescu & Young 2006). In Vietnam, local organizations are the mediators when conflicts occur in local communities. All interviewees asserted that local households always sought advice and mediation of local organizations to resolve conflicts. Local authorities interviewed also emphasized that the issues must be analysed and mediated by local organizations before cases could be brought to court. All interviewees agreed that these local organizations could develop the criteria and indicators required for equitable and fair payment systems since they understood ES sellers' concerns and interests.

All interviewees claimed that local organizations were favoured by the donors and the buyers to disseminate information and policies. They can also maintain and provide trust-based loans for the poor since they have managed numerous poverty reduction and environmental management programmes sponsored by international agencies for community members. Their existing dissemination methods, financial management and benefit sharing mechanisms were

useful for PES awareness raising and PES cash flow management. Also, since these organizations are funded by government, the transaction costs to run these organizations can be reduced or can even be shared between the government and ES sellers. Local interviewees asserted that many staff at the village level worked voluntarily and were enthusiastic about reducing management costs.

The extent to which PES is voluntary has been questioned (van Noordwijk *et al.* 2007). However, all interviewees claimed that local organizations successfully encouraged their members to join group activities voluntarily. The farmers' associations and women's unions in all projects investigated successfully encouraged and cordinated their members to provide free labour to plant trees to sell and save money to help poor members. In-depth understanding of local people's interests, culture and perceptions, and the experience of these organizations in communication, suggests that these groups can facilitate equitable, effective and efficient payments and voluntarily participation of households.

Despite the potential for local organizations to become ES providers, major challenges were discussed by the interviewees.

Firstly, all interviewees claimed that local organizations had the least power amongst intermediaries because of their political status. Although they had close relationships with government and a detailed understanding of government policies, they were also strongly influenced by government. Because Vietnam has a 'command and control' political culture, local organizations were established to enhance political control and cannot be seen in the same way as in Western civil society (Nørlund *et al.* 2003; Bonnal 2005). All interviewees argued that even when local organizations entered the PES contract as ES sellers, they were still under the management and direction of local authorities and the party at the central, provincial, district and commune level.

Secondly, adopting and monitoring PES-related practices requires substantial technical capacity, knowledge and skills (Lee & Mahanty 2007). However, all interviewees from local authorities and organizations attending the consultation workshop were uncertain whether the local organizations could understand and implement PES contracts because many staff and leaders working in the associations (particularly at village level) could not write a report and had only completed primary school. All local organizations interviewees claimed that their members were scattered and dispersed, and that their limited staff numbers and operational budgets would make ES monitoring difficult. Their limited operational budget from government also made local organizations reluctant to be ES providers, as they were uncertain how they could provide compensation if the contract was not well-implemented. If local organizations notified contract violations, they would not have legal rights to punish those who did not comply with the contract, as this is the role of local authorities. Furthermore, leaders of these organizations were elected by community members and local authorities. These leaders claimed that it would be difficult for them to resolve contract violations because those who violated contracts might be people whom they knew and had good relationships with. Moreover, all interviewees claimed that the current structure of local organizations was inequitable. The grassroots village staff members did most of the work and were closest to the farmers and the poor, but got the least, or even no, payment.

Although local organizations have potential to become ES sellers, not all of them are equally powerful and effective. Forty per cent of respondents claimed that, amongst local organizations, only the farmers' associations or women's unions were eligible to become ES sellers as they had the largest number of members, good networks and extensive experience in both poverty reduction and environmental protection. The other organizations (youth unions) were seen by seventy per cent of respondents as either too young or too old (veterans), and unable to make significant changes to implement PES.

Capacities, power and relationship of different intermediaries in negotiating PES

Natural resource management can only be effective if the state, international organizations, business enterprises and grassroots actors work together (Mapedza & Mandondo 2002). However, our Vietnam case studies showed complex relationships amongst the four intermediaries, of which we identified four.

Competitors

Competition was found amongst international NGOs, private companies and governmental agencies and between international NGOs and private companies. This had a disruptive effect and created other problems that the communities had to deal with and reduced benefits to people (for example a slow payment process reduced the commitment of ES sellers in the carbon sequestration and landscape beauty cases, and resulted in high transaction costs in the carbon sequestration case because of a complex administrative system).

Employees and employers

All interviewees claimed that the establishment of PES in Vietnam was politically and financially driven by the donors. In all cases, the donors employed international agencies and NGOs to become intermediaries. International NGOs and international agencies then hired local organizations and local NGOs to disseminate PES information in the watershed protection case, or professional consultants hired government agencies and staff to collect data for their scoping study in the carbon sequestration case. One representative intermediary stated that 'Some intermediaries had direct control over others, which affected the dynamics of those with less power to contribute to PES design and implementation'.

Command and control

All interviewees agreed that, amongst the four intermediaries, the government was seen as the most powerful actor and had the strongest influence on PES in Vietnam because of its highly

centralized institutions. Government influenced how other intermediaries worked, particularly how local government and local organizations implemented PES on the ground. A representative of an international NGO stated, 'Although the donors required us to implement specific activities at the grassroot level, it is critically important for us to ensure that our activities and project designs are within government guidelines and instructions'. All intermediaries interviewees also asserted that private consulting firms were not only financially driven by the donors and buyers, but were also strongly influenced by government policies.

Collaboration

All interviewees argued that local organizations enjoyed working together and that their relationships were supportive and collaborative. Many local NGOs formed themselves into networks (Nørlund *et al.* 2003). All interviewees claimed that this was useful not only for collaboration and information exchange, but also for cross checking on the accountability of the intermediaries.

It should be noted that the political culture in Vietnam was unfavourable to non-government organizations until around the mid-1990 s because NGOs were translated as '*Phi chinh phu*'. This 'has the connotation of something unorganised and therefore did not ring positive to Vietnamese who feel most things should be organised' (Nørlund *et al.* 2003). Despite these traditional perceptions, all interviewees believed that NGOs have proven themselves to be the most organized and effective intermediaries in Vietnam.

Although NGOs and international agencies dominated and the government were the most powerful actor, all interviewees asserted that other intermediaries still had influence. Private companies and international agencies had advantages in negotiating with international buyers (in the carbon sequestration case, landscape beauty and biodiversity conservation cases), because of their understanding of the ES market, while local organizations had the advantage in negotiating with ES sellers, who were poor farmers (in the watershed protection case).

General discussion

Critics often argue that intermediaries are expensive and consume most of the payments in transaction costs (Wunder 2008). However, since PES is still new in Vietnam, intermediaries have played a critical role in developing PES proposals, changing attitudes, building trust, networking with stakeholders, influencing policy priorities, promoting learning, sharing knowledge and bringing stakeholders together. It is hard to imagine a PES scheme without the involvement of intermediaries (Ravnborg *et al.* 2007). However, the increasing numbers of buyers and sellers, and their knowledge of ES markets, are expected to reduce transaction costs (Landell-Mills & Porras 2002) and may actually reduce the number of intermediaries required for successful PES schemes, or at least limit their roles.

Intermediaries are important for facilitating PES, but the strengths and positive impacts of intermediaries lie in their international and local identities, relationships, capacity and adaptation to local situations (Locatelli *et al.* 2008; Moss *et al.* 2009). Intermediaries are expected to be neutral, but if they have relationships or derive benefits from the buyers or sellers, their advice is no longer neutral and may not ensure benefits for buyers or sellers (Mike & Simon 2008). They can influence and define certain relationships because of their commercial and political mission. Some intermediaries are highly selective in the issues they support and the activities they perform, and may not be able or willing to consider aspects deemed peripheral to their interests (Moss *et al.* 2009). In the PES cases investigated, the local authorities asserted that the intermediaries, particularly the private consulting firms, only worked for the benefits of the ES buyers and did not consult the ES sellers. In this sense, they could be considered as agents of the buyers rather than intermediaries.

As discussed earlier, international agencies and NGOs are the dominant intermediaries in Vietnam and are believed to be more efficient and cost-effective than other stakeholders. These intermediaries, however, are always under pressure from the donors to produce measurable outputs within a short timeframe (van der Meulen *et al.* 2005; Bendell 2006; Moss *et al.* 2009), as well as reflect the preferences of the donors or investors (Koellner *et al.* 2008). The securing of outputs may limit the sustainability of their actions and accountability (Pollard & Court 2005; Nørlund *et al.* 2003). They can be powerful actors pushing communities into certain decisions so that they provide material benefits and employment (Campbell & Shackleton 2001), change the nature of a customary or traditional institutions (Borrini-Feyerabend *et al.* 2004) and harm the poor because of corruption and disempowerment (Mapedza & Mandondo 2002). Since most intermediaries in all four cases studied were employed by donors, their motivations and accountability should be carefully examined by PES stakeholders to avoid negative impact on the poor.

The intermediaries can misunderstand as well as disempower the poor by conducting weak participatory work (Bendell 2006; Fraser *et al.* 2008). All interviewees claimed that many intermediaries carried out participatory work to meet project milestones rather than to engage deeply with communities. Their programmes may overlook or misunderstand the needs and aspirations of their intended beneficiaries (Johnson 2001). All intermediaries interviewees, notwithstanding, claimed that they had to hurry their work to meet the deadline imposed by donor's projects, so were less thorough than they wished.

All interviewees also argued that a 'top-down' approach was prevelant. Consultations at commune level often took place after decisions had been made at central, provincial and district levels. The 'consultations' were an invitation for local people to listen to the decision rather than a forum for expressing opinions and discussion. The interviewees also claimed that the design of the consultations (for example

long presentations, powerful government officers juxtaposed with the poorest of the poor, together with limited time for discussion), did not provide a comfortable environment for community representatives to talk. The interviewees also noted that the large number of intermediaries in PES establishment and implementation, as well as their complex relationships, confused local stakeholders, particularly when many and different messages were given during local workshops and meetings. Ideally, such participatory initiatives need to be carefully designed and have a forum for the voices of the poor to be heard, including providing input into the agenda (Fraser *et al.* 2008).

As discussed earlier, local organizations are potential representatives of the poor. However, these local groups need a means to exchange information with government organizations, donors and ES buyers. All interviewees claimed that these groups needed training in communication skills, team work, monitoring, reporting, participatory rural appraisal tools, negotiation skills and business planning.

Nevertheless, all intermediary interviewees highlighted the financial constraints in supporting these activities and biased priorities of donors, which was to build up capacity for the government agencies only.

All interviewees of local authorities and sellers felt that a combination of local organizations and local authorities to represent ES providers would be sustainable. Local organizations can gather individual households together, disseminate information and encourage households to participate, implement the contracts as trainers, information and service providers, representatives, mediators and equalizers, and ensure participation is voluntary. Local government can be the watchdog and arbitrator if there are contract violations and conflicts. At each level of these local organizations (central, province, district and commune), there can be monitoring teams that report regularly to higher levels.

Informal systems always coexist with formal systems (North 1990). Campbell and Shackleton (2001) highlighted the need to consider and respect traditional leadership, as well as the formal structures of government. The same could apply in Vietnam, as in some areas traditional leaders are regarded as more important than government. However, many traditional leaders avoid such adminstrative roles because of insufficient remuneration to cover the costs of transport and meetings, and because their families dissuade them, although some feel that the opportunity to have influence over village decisions is attractive. The potential role of traditional leaders as PES intermediaries in Vietnam and elsewhere requires greater consideration.

Decentralization is often seen as a means to create transparent and accountable mechanisms for the poor. However, this does not necessarily improve the performance and accountability of local government, and indeed may only empower local elites to capture a larger share of public resources (Johnson *et al.* 2003). Given the complexity of resource management at the community level and the strong political hierarchy in Vietnam, further research is needed to explore how community can have an equal voice to government in PES implementation. The process of defining and registering competent community-based organizations that are representative of the different interests of local actors, and sensitive to the dynamics and power relations in the community, is an arduous task, usually needing considerable time (Campbell & Shackleton 2001). Until this is done, PES in Vietnam is likely to be dominated by the powerful, even if delivered by the poor.

CONCLUSIONS

Intermediaries, including NGOs, government agencies, professional consulting firms and local organizations, are important actors in PES development. The four groups of intermediaries in the PES cases investigated had different roles determined by their place within the current government system and funding. However, concerns have been raised about (1) commitment to true participation being compromised by pressure to achieve specific within tight deadlines affecting the sustainability of intermediary's actions, (2) the political influences of donors and government and (3) their neutrality, since they might have relationships or derive benefits from either the buyers or sellers. Although local organizations are strongly driven by the government, they are important channels for the poor to express their opinions and concerns, because they are trusted and have well-established systems and effective networks. However, to act as ES sellers, these local organizations need to overcome numerous challenges, particularly related to capacity for monitoring ES and enforcement of contracts. Because intermediaries operate at many different levels and have different functions, a multi-disciplinary and multi-sector approach is required that includes effective participation and capacity building for the poorest and least powerful.

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