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Hybridizing global carbon finance onto domestic forest governance: Evidence from Vietnam's emission reductions payment program

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Abstract

Result-based forest carbon finance is increasingly promoted as a forest conservation and climate mitigation instrument in agroecosystems. Its effectiveness depends not only on formal design, but on how global carbon finance requirements are translated into domestic institutions and forest governance. This study examines Vietnam's Emission Reductions Payment Program (ERP) as a case of global-to-domestic institutional translation. It asks how ERP interacted with Vietnam's pre-existing forest governance architecture and what forms of institutional compatibility and divergence emerged through its implementation process. The study adopts a qualitative method combining policy and government document analysis with triangulation of interview evidence from eight key informants at the central level. Rather than considering ERP as a stand-alone intervention, the analysis examines how it interacted with pre-existing institutional arrangements, including Payment for Forest Environmental Services (PFES) fiscal-delivery system, national and provincial forest funds, forest tenure arrangements, and earlier Reducing Emissions from Deforestation and Forest Degradation (REDD+) and Measurement, Reporting, and Verification (MRV) infrastructures.

The findings show that ERP's initial implementation leveraged on extant institutional arrangements: PFES and forest fund structures provided an administrative backbone that enabled emission reduction transfer and pay-outs without creating a fully parallel system. However, the compatibility was partial and mainly administrative. Considerable translation work was required to operationalize global requirements of ERP in domestic procedures, reporting, safeguards, and benefit-sharing implementation. The main bottleneck emerged not at the point of initial transfer, but in downstream fund use at subnational level, particularly among state organisational forest owners. Here, legally compliant cash flow was constrained by management plan requirements, approval procedures, and mismatches between forestry implementation cycles and annual financial controls. These tensions shaped how authority and accountability were operationalized within hybrid governance arrangements, and charted complex pathways for benefit-sharing among local actors.

The study shows that forest carbon finance is not simply a technical payment mechanism, but a process of institutional reuse, translation and partial integration into domestic governance. In this sense, Vietnam offers lessons for climate-resilient, multifunctional forest landscapes in the Global South, where institutional fit may enable implementation in the short term, but leaves unresolved questions of governance sustainability.

Keywords: Benefit-sharing, forest carbon finance, forest governance, institutional translation, PFES, Vietnam ERP

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