

**Forest Carbon Partnership Facility (FCPF) Readiness Mechanism  
Readiness Preparation Proposal (R-PP) External Review Template**  
(interim, January 14, 2011 based on Program Document FMT 2009-1, Rev. 5)

*For use reviewing R-PPs submitted using version 4 R-PP template in January 2011*

**Updated PC Review of R-PP of VIETNAM**

Reviewers: Australia, Denmark, European Commission, Germany, Nepal and Norway (lead)

Date of review: February 14, 2011

This review updates previous review of Sept 30, 2010, undertaken by Australia, Denmark, Germany and Norway (lead).

In each section, the previous comments are provided, with an assessment of changes since the previous version. New review text since September is underlined.

**Standards to be Met by R-PP Components**

*Note: This uses FCPF version 4 template standards. Since the new R-PP template version 5 revises these standards, potential upgrade to meet version 5 are also noted.*

New general comments:

The review team considers Vietnam's R-PP to be of a high quality. Vietnam should be commended for a comprehensive R-PP document. Indeed, it was even considered to approve a grant allocation for Vietnam at the previous PC meeting.

Nevertheless, while many of the recommendations from TAP and PC have been taken into consideration, there are still a number of recommendations that have *not* been addressed. It would be useful if Vietnam could provide a separate note to the PC stating how the last version of the R-PP seeks to address the previous recommendations, and a short reasoning for why some comments have not been addressed.

**September 30 General Comments (with updates underlined)**

Vietnam appears to be advancing rapidly towards REDD+ readiness. The ownership behind the proposal seems high, and a lot of thinking has gone into the challenges facing Vietnam and how these can be dealt with. The present version of the R-PP demonstrates detailed consideration of most issues listed within the standards, and provides a good overview of the current situation in Vietnam in relation to REDD+. The R-PP clearly identifies where further information and study will be required, and has carefully considered the likely costs of implementing the next steps set out within the R-PP. In some areas, there appears not to be a clear idea of how to do things; however, there appears to always be a clear view of the steps and study necessary to get to that idea. The reviewers recommend approving funding allocation for Vietnam's Readiness Preparation.

**Strengths:**

- The R-PP demonstrates a good “division of labor” between FCPF and the support from the UN REDD program. In many ways, the R-PP builds on work undertaken as part of the UN REDD program.
- Vietnam’s R-PP is impressive in several areas including leveraging long experiences with schemes for payments for ecosystem services, good platform for donor coordination, potential application of FPIC, proposal of a dedicated dispute mechanism for REDD+, and the creation of a multi-stakeholder governing board controlling a national REDD+ fund.
- The R-PP clearly identifies what areas of knowledge will require further investigation going forward, and presents clear and detailed Terms of References for many of these studies.
- There is good ownership across many ministries and departments, and a good dialogue with developing partners.
- The R-PP acknowledges the challenge of regional “leakage” through Vietnam’s imports of timber from neighbouring countries for its large domestic wood-processing industry.

#### Areas for Improvement:

- Several areas for further study could be expanded upon, to more clearly identify what approach may be taken to these investigations.

The revised R-PP proposes two new studies 1) Defining and costing low emission development strategies in the context of REDD, TOR p 131 and 2) Exploring social safeguards and standards for REDD + in Vietnam, ToR p 148. Annex 2b also addresses some of the issues.

Both studies seem useful and VN is commended for including these in the new proposal. However the studies could be improved by analysing relations between the different drivers and groups of stakeholders. Also, the organisational and legal status of different groups of stakeholders needs to be clarified. Such an understanding is required in order to launch an appropriate strategy for involving stakeholder groups and define how REDD benefits can be distributed in a sensible, fair and transparent manner.

- A clearer link could be provided to the emerging and more ambitious UN REDD phase 2.

The revised plan has not addressed this comment. This is considered a critical shortcoming.

- Consider further elaborating on strategies that might be used to address identified drivers of deforestation.

Addressed. The new study on “Defining and costing low emission development strategies in the context of REDD+” will further elaborate on this.

- Some replication of information provided both in the main text of the R-PP and in the annexes. For example, Annex 2b.1 reproduces a lot of the information provided in Component 2b.
- An agreement was reached in August 2010 to prepare a Voluntary Partnership Agreement with the EU’s Forest Law Enforcement and Governance - Trade initiative (FLEGT). While this may have occurred after the cut-off date of the draft R-PP, the reviewers recommend that this be reflected in the next version, including a discussion of how the two processes will interact, e.g., in terms of how the readiness work is organized and consulted on, in

terms of REDD+ Strategy options, the SESA etc.

It is clear from the revised document that there is awareness about the importance of coordinating REDD and FLEGT (pp 15, 29). A sub-Technical Working Group on FLEGT will be set up and supported by the UN-REDD Program. We welcome this. More concrete examples of linkages would still be appreciated, however. It is highly important that the two processes are streamlined to ensure coherence and synergies of both processes in terms of strategy, consultations and policy implementation.

## Component 1. Organize and Consult

### Standard 1a: National Readiness Management Arrangements

The cross-cutting nature of the design and workings of the national readiness management arrangements on REDD, in terms of including relevant stakeholders and key government agencies beyond the forestry department, commitment of other sectors in planning and implementation of REDD readiness;

*Version 5 standard text not included in version 4 standard:*

*Capacity building activities are included in the work plan for each component where significant external technical expertise has been used in the R-PP development process.*

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

Germany: Standard had already been considered met by the last PC review.

Sept 30, 2010:

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

In general, the R-PP shows comprehensive engagement with relevant national and international organisations. There is a clear governance structure, with clearly defined roles and responsibilities for the National REDD Network and the Technical Working Group, and their shared Secretariat. The National REDD Network includes government organizations and international development partners as well as international non-governmental organizations and national organizations. This broad composition is appreciated and it is also a good idea to have open-ended membership in the REDD Network. The fact that government organizations like the Office of Government, Ministry of Planning and Investment (MPI), the Ministry of Natural Resources and Environment (MONRE) and the Ministry of Finance (MoF) are members of the REDD Network (Annex 1a) indicates that the management arrangements for REDD Readiness include a broad set of government stakeholders. The National REDD Network is also given a very useful role in coordinating international support. The inclusion of all international support within one framework and the information website (currently listed under section 1.b on p.17) is positive.

The development of sub-working groups within the Technical Working Group on specific topics is very positive. There is a clear and positive desire to encourage greater participation within the National REDD Network from across a wider range of stakeholder groups, particularly groups that are representing local communities.

Standard is met. Additional recommendations:

- Further detail on how decisions are made by the National REDD Network and the Technical Working Group would be useful. The R-PP states that the National REDD Network was

established at the proposal of the Director of Forestry. But the document does not (with the exception of the National REDD Programme/Strategy, ref. Component 1b) indicate how reports and recommendations from the REDD Network are to be presented to the relevant government ministries, the Prime Minister and/or the National Assembly.

No further details on this provided. But a steering committee and a Vietnam REDD office in VNFOREST has been established to facilitate and coordinate efforts and activities among government agencies (e.g. p8-9).

- The idea of a sub-working group on linking REDD+ and the FLEG-T working group had been proposed but is said to be “postponed for now”. A clarification of why this idea was not pursued (if it is still the case), and of the potential links to the FLEG-T process would be appreciated.

It is clear from the revised document that there is awareness about the importance of coordinating REDD and FLEGT (pp 15, 29). A sub-Technical Working Group on FLEGT will be set up and supported by the UN-REDD Program. We welcome this. More concrete examples of linkages would still be appreciated, however. It is highly important that the two processes are streamlined to ensure coherence and synergies of both processes in terms of strategy, consultations and policy implementation.

- Clarify participation in the Technical Working Group. It seems to be under the National REDD Network, with participation open to anyone interested in contributing on technical issues. If so, this is excellent.

No new information provided.

- Consider whether the emerging REDD+ work and active involvement of key MARD staff raises capacity constraints, and whether budget should be set aside for recruiting additional capacity to the Secretariat.

Capacity problems are not addressed explicitly, but a steering committee and a Vietnam REDD office in VNFOREST has been established to facilitate and coordinate efforts and activities among government agencies (e.g. p8-9).

- The R-PP refers to the fact that the National REDD Network should support the development of REDD+ readiness in Vietnam in accordance with the National Target Programme on Climate Change Response (2009-2015) and states, in Annex 1a, that MONRE is the focal point for the implementation of the NTP/CCR. However, it would have been useful if the R-PP also had discussed the relationship between REDD+ readiness management arrangements and the new Socio-economic Development Plan (2011-2015). Useful to demonstrate support and engagement of government ministries relating to sectors that may be negatively impacted by REDD. (E.g. agricultural bodies).

Has been addressed, p.12 etc.

- Consider methods to encourage participation of provincial and district-level organisations within the National REDD Network. Innovative ways to engage with these important stakeholders could be considered - e.g., regional meetings held closer to their communities that feed into the national meetings; distribution of key documents and meeting notes if appropriate technology is available etc. This could link to the suggested Technical Working

Groups at the sub-national level.

The revised document does not address these issues. Some added general proposals on participation can be found at pp 124-126 and 148.

- Consider developing strategies to actively engage the private sector constructively in REDD discussion.

Partially addressed, "study underway" p. 13, plus added proposal mentioning private sector development: p 126 , first row in the table. However, need to define what types of private sector actors are relevant. This would be part of the results of the drivers/stakeholders study mentioned above.

- The R-PP mentions potentially introducing a means of providing financial support mechanisms to encourage participation in National REDD Network. It would be useful to further expand on what sort of organisations this support may be provided to.

Not addressed in updated document.

### **Standard 1b: Stakeholder Consultation and Participation**

Ownership, transparency, and dissemination of the R-PP by the government and relevant stakeholders: Inclusiveness of effective and informed consultation and participation by relevant stakeholders, assessed in the following ways:

- i. the consultation and participation process for R-PP development thus far<sup>3</sup>, the extent of ownership within government and REDD coordinating body, as well as in the broader national stakeholder community; and

the Consultation and Participation Plan included in the R-PP (which looks forward in time); and the inclusion of elements in the R-PP that adequately document the expressed concerns and recommendations of relevant stakeholders and propose a process for their consideration, and/or expressions of their support for the R-PP.

*Version 5 standard text on 1c Stakeholder Consultation and Participation, not included in*

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<sup>3</sup> Did the R-PP development, in particular the development of the ToR for the strategic environmental and social assessment and the Consultation and Participation Plan, include civil society, including forest dwellers and Indigenous Peoples representation? In this context the representative(s) will be determined in one of the following ways: (i) self-determined representative(s) meeting the following requirements: (a) selected through a participatory, consultative process; (b) having national coverage or networks; (c) previous experience working with the Government and UN system; (d) demonstrated experience serving as a representative, receiving input from, consulting with, and providing feedback to, a wide scope of civil society including Indigenous Peoples organizations; or (ii) Individual(s) recognized as legitimate representative(s) of a national network of civil society and/or Indigenous Peoples organizations (e.g., the GEF Small Grants National Steering Committee or National Forest Program Steering Committee).

*version 4 standard:*

*R-PP should include mechanisms for addressing grievances regarding consultation and participation in the REDD-plus process, and for conflict resolution and redress of grievances.*

*(Standard 1c (version 5): This standard is very similar to version 4 standard 1b.)*

***Standard 1b in version 5: Information Sharing and Early Dialogue with Key Stakeholder Groups (This is a new text and standard called 1b that did not exist in previous versions)***

*The R-PP presents evidence of the government having undertaken an exercise to identify key stakeholders for REDD-plus, and commenced a credible national-scale information sharing and awareness raising campaign for key relevant stakeholders. The campaign's major objective is to establish an early dialogue on the REDD-plus concept and R-PP development process that sets the stage for the later consultation process during the implementation of the R-PP work plan. This effort needs to reach out, to the extent feasible at this stage, to networks and representatives of forest-dependent indigenous peoples and other forest dwellers and forest dependent communities, both at national and local level. The R-PP contains evidence that a reasonably broad range of key stakeholders has been identified, voices of vulnerable groups are beginning to be heard, and that a reasonable amount of time and effort has been invested to raise general awareness of the basic concepts and process of REDD-plus including the SESA.*

**Reviewer's assessment of how well R-PP meets this standard, and recommendations:**

***Standard had already been considered met in the earlier PC review, pending consultation on district and provincial level. We would kindly ask Vietnam to give a short update to the PC in the context of its R-PP presentation in Da Lat in March 2011, because no further elaboration has been made in the R-PP.***

**September 30, 2010:**

**Reviewer's assessment of how well R-PP meets this standard, and recommendations:**

The R-PP shows engagement with wide-ranging stakeholders. This has included a large range of the national government, and REDD+ appears to have support from a wide range of agencies. However, so far the consultations seem limited to government agencies at the national level, donors and international NGOs in Hanoi. The R-PP recognizes the limited consultation process so far and identifies groups that should be consulted further by stating that "the REDD-related issues are still not widely known (especially at the provincial and local level) in the country". Buy-in from provincial authorities will be critical for successful REDD+ implementation. Ethnic minorities also need to be consulted widely, although this may be done most effectively at the local levels. It should be emphasized that the current version of the R-PP is a draft for feedback only, and that further consultations is likely to take place as the work on the R-PP progresses. The R-PP presents a clear strategy to try and address the gaps in consultation.

The framework for stakeholder consultation is very good as the R-PP emphasizes that consultation and participation is needed to provide "a platform for expressing and taking into account the opinions of all relevant stakeholders and partners, as well as contributing to equal distribution of benefits achieved through the REDD+ implementation".

Another positive feature is that the R-PP is mindful of the need to integrate the consultation and participation plan with conducting a SESA (Social and Environmental Strategic Assessment). It

recognises the importance of capacity building and awareness raising to allow more meaningful and informed participation in the consultation process. The careful integration with the SESA process that is planned should not only avoid duplication of effort, but also allow a more consistent approach to REDD+. There has been good integration of safeguards issues into the public / community dialogue.

The objectives of the consultation and participation plan are appropriate. Suggest that the need to respect the rights and knowledge of ethnic minorities could perhaps be emphasized further, potentially as part of objective 3.

The R-PP states that the intention is to have the Prime Minister approving the National REDD Programme/Strategy to be submitted by MARD next year and that it is therefore necessary to keep the Office of Government informed on the progress in the REDD+ preparation. This is a very important point. The reviewers would encourage a more consultative approach along the way (rather than one-way sharing of information) to ensure high-level buy-in and ownership.

We appreciate that through the public dialogue on the National REDD Programme, and working with the UN-REDD Programme, Vietnam is aiming to trial approaches to free, prior and informed consent (FPIC). This is commendable.

Other positive features of this section of the R-PP include the emphasis on information campaigns and the need for capacity building for such activities, as well as the need "to ensure that vulnerable groups (including ethnic minorities) receive social and economic benefits that are culturally appropriate" (p.20).

**Standard is met pending consultation at the district and provincial levels, which is planned in the Consultation and Participation Plan. Additional recommendations:**

- Elaborate on consultation with stakeholders at the provincial and district level during the R-PP formulation phase, noting that these groups so far appear to be minimally represented in the National REDD Network.

It is still not clear from the revised document how provincial levels, and ethnic minorities will be mobilised and consulted or their interests taken into consideration

- This section of the R-PP (incl. Annex 1b) includes useful information on the design of stakeholder identification, consultation and participation at the provincial, district and local level which are relevant for FCPF as well as for the design of a UN-REDD Phase II in Vietnam. The four categories of high vs. low interest and influence is interesting, but why are "The Government", "Office of Government" and "Ministry of Finance" listed as "low interest - high influence"? If this is the case, an analysis of why and mitigating measures need to be included. Also, a strategy of how Category A stakeholders ("high interest - low influence") could be empowered to contribute would be helpful.

Cannot find new additional information on this aspect. In general, comprehensive stakeholder consultations will likely enable broad participation in and reduce risks related

to participatory carbon monitoring, which is a key element of Vietnams MRV system design (component 4).

- On page 17, the R-PP notes that the Government and the Office of Government will be kept "informed". A more consultative approach could help ensure high-level buy-in and ownership.

Not addressed.

- The R-PP uses the acronym FPIC in a number of places. In some instances this is defined as "free, prior and informed *consultation*". In other places, it refers to "free, prior and informed *consent*". Suggest that FPIC should only be used where it refers to "free, prior and informed *consent*", as this is the common meaning of the acronym internationally.

Not addressed.

## Component 2. Prepare the REDD Strategy

### Standard 2.a: Assessment of Land Use, Forest Policy, and Governance:

A completed assessment is presented that identifies major land use trends, direct and indirect deforestation and degradation drivers in the most relevant sectors in the context of REDD, and major land tenure and natural resource rights and relevant governance issues. It documents past successes and failures in implementing policies or measures for addressing drivers of deforestation and forest degradation, and identifies significant gaps, challenges, and opportunities to address REDD. The assessment sets the stage for development of the country's REDD strategy to directly address key land use change drivers.

*(Version 5 standard: no significant changes from version 4)*

### Reviewer's assessment of how well R-PP meets this standard, and recommendations:

September 30, 2010:

### Reviewer's assessment of how well R-PP meets this standard, and recommendations:

The R-PP demonstrates careful consideration of drivers of deforestation and forest degradation, including assessing differences in drivers and rates of deforestation and forest degradation across different regions, as well as the underlying causes and past experience in addressing causes and drivers. The R-PP identifies many areas that require further research, and there are clear Terms of References presented for many of these, which clearly lay out the means and aims of the studies to be conducted. A thorough analysis of the opportunity cost of each driver could usefully be added.

The R-PP explains the current situation - in the absence of REDD - where better incentives are awarded to afforestation and reforestation than to protection of standing forests despite the higher carbon density of the latter.

The inclusion of mangrove forests is good given Vietnam's high exposure to climate related risks resulting from high concentration of population in river deltas experiencing rising sea level,



saltwater intrusion and flooding.

The R-PP also highlights the need to address land tenure and processes for allocation of land, which in the present framework provides little room for community forestry or involvement of communities in management of forests. This may limit what role ethnic minorities, in particular, can be expected to take in REDD+ in the country.

The discussion also usefully highlights the contribution current EU FLEGT/VPA negotiations could make to addressing some of the drivers of deforestation and forest degradation, notably illegal logging and sourcing of raw materials for the country's large wood-processing industry. The R-PP also provides a balanced representation of community-level drivers as compared to industrial, commercial or other large-scale drivers. The first include slash-and-burn agriculture practiced in a context of increasing population pressure on increasingly limited forest areas available to ethnic minorities and other forest dependent communities. With regard to large-scale drivers, the R-PP does well to highlight the significant pressure on remaining forests that development of the remaining technical potential for hydropower will entail.

The R-PP also mentions the importance of addressing the risk of leakage, particularly in the case of logging and degradation to neighboring countries. We encourage the country to give special attention to this in the context of a national REDD+ strategy.

In sum, the analysis appears to outline all significant drivers of deforestation, forest degradation and land use change comprehensively enough to enable formulation of strategies to address them.

**Standard is partially met. Additional recommendations:**

- Consider distinguishing between drivers of deforestation and drivers of degradation. Further explore efforts made in the past in addressing drivers of deforestation and forest degradation and what are the prospects for promoting success in the future.

The R-PP does to a very limited extent distinguish between drivers of deforestation and drivers of degradation, but nothing new has happened in terms of “further explore efforts made in the past” as compared to the original document. However, deforestation and degradation are results of processes carried through different types of activities and by different driving forces which calls for a thorough analysis description if drivers and stakeholders as proposed above.

- Consider further elaborating on the problems that have lead to the 661 Program being less effective in encouraging the development of plantations. It may be helpful to also discuss how these issues may be addressed in a REDD scheme.

Unfortunately not addressed, understanding of the mechanism behind this is important for the development of sustainable replanting schemes.

- Several problems leading to poor enforcement have been identified. The R-PP presents a range of legislative changes that should help to address these issues. It could also be helpful to consider means of addressing other challenges to enforcement, including poor resourcing which can hinder inter-agency cooperation, and difficulties in monitoring illegal activities in remote locations.

The issue is taken up in various sections –see below. However, these proposed initiatives will not solve the problem which stems from the lack of checks and balances. Protection of forest cannot be based on policing/enforcement alone but need be based on local “buy-in” and empowerment. The

above mentioned efforts to analyse drivers/stakeholders is an essential beginning to establish a system of checks and balances.

Issues mentioned in new text:

At p 12 bottom a few words have been attached to how to make the ministries cooperate in the field of MRV, p 126

Added: "Introduce better coordination and planning among different Ministries and departments to promote more sustainable development"

Also on p 126: [2.3] Poor planning and consideration of environmental impacts

- Build awareness on REDD across different Ministries and departments

- Improved coordination and integrated planning between different Ministries and departments, at National and Provincial levels

- The R-PP identifies delays to distributing forest lands due to joint responsibility of MARD and MONRE. Perhaps consider ways in which these delays could be reduced.

Not addressed.

- The R-PP identifies international leakage as important risk of national REDD efforts in Vietnam, particularly in the case of degradation - also a key issue under the emerging FLEG-T VPA negotiations. It may be interesting to get more information on scope and severity of international leakage risks.

Not addressed.

### **Standard 2.b: REDD strategy Options:**

Alignment of the proposed REDD strategy with the identified drivers of deforestation and forest degradation, and with existing national and sectoral strategies: the R-PP includes a summary of the emerging REDD strategy to the extent known presently, and of proposed analytic work (and, optionally, ToR) for assessment of the various REDD strategy options. This summary states:

- i. how the country proposes to address deforestation and degradation drivers in the design of its REDD strategy;
- ii. early estimates of cost and benefits of the emerging REDD strategy, including benefits in terms of rural livelihoods, biodiversity conservation and other developmental benefits;
- iii. socioeconomic, political and institutional feasibility of the emerging REDD strategy;
- iv. major potential synergies or inconsistencies of country sector strategies in the forest, agriculture, transport, or other sectors with the envisioned REDD strategy; and
- v. risk of domestic leakage of greenhouse benefits. The assessments included in the R-PP eventually should result in an elaboration of a fuller, more complete and adequately vetted REDD strategy over time.

*Version 5 standard text not included in version 4 standard:*

*For point ii (cost benefits), and point iv (risk of domestic leakage), R-PPs should present only a plan, not the actual work.*

**Reviewer's assessment of how well R-PP meets this standard, and recommendations:**

**September 30, 2010:**

**Reviewer's assessment of how well R-PP meets this standard, and recommendations:**

The R-PP has identified key elements that will need to be considered in the development of a National REDD Strategy. However, this strategy appears to still be at a very early stage of development; the R-PP has identified studies that will need to be conducted to address the key elements of this Standard for the R-PP. Regional variation is considered in terms of how a National REDD Strategy may have to vary between regions (as demonstrated when discussing pilot REDD+ programs). While there is no discussion on the costs and benefits of the emerging REDD Strategy, there seems to be a plan to study the costs and benefits of a range of strategic options later this year (although ToRs for this study are not provided).

The elements of a possible REDD+ strategy outlined in the R-PP appear to match the drivers identified. Vietnam seems determined to address all relevant causes of deforestation, and has identified highly relevant priority actions. In particular the holistic macro-level analysis of required policy decisions is strong (land use planning and zoning, land use rights allocation process, forest policy, legislative and administrative reform, enforcement and judicial system). More work is needed - and planned - on the activities to be taken on the micro level in addressing the direct drivers and in developing alternatives to forest conversion.

The R-PP acknowledges the substantial challenges related to regional displacement of emissions that is associated with the wood-processing industry sourcing much of its raw material from neighboring countries; this could be further elaborated. This could potentially be mitigated by pursuing a Voluntary Partnership Agreement with the EU's Forest Law Enforcement and Governance - Trade program (FLEGT) and through regional cooperation. The latter is a focus of the UN-REDD Phase 2 that is under preparation.

Domestic displacement of emissions could also occur in the short term resulting from the piloting of activities in a limited number of provinces before a national approach to REDD+ is pursued. By rapidly increasing the number of provinces, and by carefully identifying pilot provinces among those with high forest cover and high deforestation and/or degradation, this risk could be at least partly mitigated.

The R-PP identifies shifting cultivation as a strategy option that may be "easier" at arresting deforestation due to its presumed low opportunity cost. While the opportunity cost may indeed be low, the implementation challenges of offering alternative livelihoods may on the other hand make this option more of a long-term priority than a "quick win", while some of the other options with higher opportunity cost may be easier to implement (e.g., law enforcement).

Judiciary reform seems to be a component of the REDD+ strategy in the Annex, but is not reflected in the main text. The inclusion early on of clarification of carbon rights and especially the dispute mechanism should be encouraged.

The R-PP states that several REDD strategy options will build on existing experiences. It would be helpful to outline relevant experiences in a short annex to the R-PP.

**Standard is partially met. Additional recommendations:**

- Elaborate on the socioeconomic, political and institutional feasibility of the proposed strategic options.

A large number of ideas are listed under priority actions in annex 2b 1 as well as ToR for two studies (page 130 and 131). The “priority actions” constitute a mixed bag of possible projects interventions, but are not at this stage organized in an operational strategy.

- Consider the risk of domestic and international leakage in Vietnam as a result of the strategic options.

Not addressed.

- Please provide further discussion on how the National REDD Program may affect, be affected by and interact with the mentioned National Forest Development Strategy (2006-20), the Forestry Master Plan (2010-20) and the agricultural sector strategy 2010-15.

No new information, except footnote on p.11 on national forest development strategy

- Please provide more information of the trade-offs between the current ambitious plans for agricultural development and export (underlying cause (i) p.27), beyond the planned study on rubber.

No new information, except short mentioning on P 124

- It would be helpful to further elaborate under “Land Use Planning and Zoning” on what sectors a REDD program is expected to affect. This could include discussion of how REDD is likely to impact the sector. While further work and assessment will be needed, as mentioned in the R-PP, it would be helpful to provide a brief overview. This could help to identify likely competing objectives for land use between different sectors.

Little new information. P 124 mentions: Adjust zoning to minimize impact on the forested areas (including retiring marginal lands from production, rehabilitating degraded lands).

A strategic zoning of areas to be covered by REDD+ is very important as the conflict between forest protection and economic development (industry, agriculture and infrastructure (including hydro power development)) is very strong in Vietnam. Thus REDD+ should be integrated in the overall planning for land use and natural resources to ensure that REDD+ provides optimal benefits in forest protection/carbon sequestration without hampering economic growth and social welfare and stability.

- Under many of the “components” in Component 2.b there are references to elements that will require further investigation or assessment. It would be helpful to provide further details on how these studies may be conducted, and the key objectives of them.

Not addressed.

- In Annex 2b.1 there is a section on “Effective Judicial System” as a component in the REDD Strategy. It could be useful to present and discuss this within the main body of the R-PP.

Not addressed.

- Please specify any funding that is required to support component 6 (Benefit Transfer Mechanism).

Not addressed.

- More information on the activities planned under phase 2 of the UN REDD programme as well as the thinking behind the selection of pilot provinces could be useful.

Not addressed. Essential information that should have been addressed, both in the R-PP and in the UN-REDD Phase II Programme document (latter outside of the mandate of this review though).

- Outline some of the key existing experiences the REDD strategy will build on in a short annex.

Seemingly no new annex added to address this.

#### **Standard 2.c: REDD implementation framework:**

Describes activities (and optionally provides ToR in an annex) to further elaborate institutional arrangements and issues relevant to REDD in the country setting that identifies key issues, explores potential arrangements to address them, and offers a work plan that seems likely to allow their full evaluation and adequate incorporation into the eventual Readiness Package.

*Version 5 standard text not included in version 4 standard::*

- Describes activities (and optionally provides ToR in an annex) and a work plan to further elaborate institutional arrangements and issues relevant to REDD-plus in the country setting.*
- Key issues are likely to include: assessing land ownership and carbon rights for potential REDD-plus strategy activities and lands; addressing key governance concerns related to REDD-plus; and institutional arrangements needed to engage in and track REDD-plus activities and transactions.*

**Reviewer's assessment of how well R-PP meets this standard, and recommendations:**

*Standard was already considered met in the last PC review.*

**September 30, 2010:**

**Reviewer's assessment of how well R-PP meets this standard, and recommendations:**

This component provides a clear examination of key framework issues that may affect the implementation of a REDD program, and clearly identifies areas where more work will need to be conducted. In general, Vietnam's REDD+ implementation framework appears to be well advanced, partly as a result of the comprehensive study undertaken by the UN-REDD Programme on the

Design of a REDD-Compliant Benefit Distribution System for Vietnam. The R-PP does well, however, in highlighting legal issues that need to be addressed, including rights to carbon, land and forests, government coordination, and the recognition of legitimate beneficiaries including communities.

The plan for a "REDD+ decree" after a 2-year piloting seems good, as long as high-level government ownership is ensured also in the pilot period where the National REDD+ Strategy is still being refined.

A lot of thinking has gone into benefit sharing and fund disbursement. The off-budget REDD+ Fund with proposed building on existing mechanisms appears to be well thought through. The plan for a broad-based multi-stakeholder board, subject to independent external audit, is positive. So is the proposal for a "hot-line" to report illegal activities and file complaints about enforcement activities. The observation that revenues need to be "fire-walled" and disbursed to ultimate beneficiaries who have changed practices in response to REDD+ incentives is very welcome. The gradual phasing in of decentralization in disbursement as capacity develops seems appropriate.

The typology of four types of monitoring required is useful, in particular the recognition that monitoring of REDD+ interventions and actions need to be set up. The creation of a dedicated REDD+ monitoring body is interesting.

**Standard is met. Additional recommendations:**

- Please elaborate on the potential roles and responsibilities of organizations at different levels of government, including which organizations are likely to take the lead role on different activities. Please elaborate specifically on the proposed REDD+ Monitoring body, and how and by whom the four types of monitoring would be undertaken.

Not addressed.

- Please expand on how "permissible retention of revenue" by government will be determined by providing further discussion of how studies would look at this issue. Please expand on how the evaluations into the types of forest owners that would be eligible to receive REDD+ benefits will be conducted. It would also be helpful to specify costs associated with these examinations within the budget.

Not addressed.

- Please expand discussion on community-based law enforcement and how technical assistance on this will be determined and implemented.

Not addressed.

- Please provide further details on the proposed study into a socially-acceptable recourse mechanism.

Mentioned a couple of times in annex 2 as a future task

**Standard 2.d: Assessment of social and environmental impacts:**

The proposal includes a program of work for due diligence for strategic environmental and social impact assessment in compliance with the Bank's safeguard policies, including methods to evaluate how to address those impacts via studies, consultations, and specific mitigation measures aimed at preventing or minimizing adverse effects.

*Version 5 standard text not included in version 4 standard:*

*For countries receiving funding via the World Bank, a simple work plan is presented for how the SESA process will be followed, and for preparation of the ESMF.*

**Reviewer's assessment of how well R-PP meets this standard, and recommendations:**

**No changes have been made in this section by Vietnam. Standard was only considered "partially met" in the last PC review.**

**September 30, 2010:**

**Reviewer's assessment of how well R-PP meets this standard, and recommendations:**

The work plan for the proposed Strategic Environmental and Social Assessment (SESA) for the National REDD Program appears to be very comprehensive and detailed. The plan seems to address in detail most key issues, with a few exceptions. It is also good that this will be closely linked to the development of the National REDD Strategy.

The preliminary list of social and environmental issues identified in Annex 2d-1b is appropriate as far as the economic issues are concerned and with respect to the identification of relevant national planning documents, laws and strategies. However, there could be more discussion of gender and governance issues, as well as ethnic groups' rights and livelihoods; this could possibly be done by separating the point on "Vulnerable groups" into two separate points. The analysis of social impacts should, as stated in Annex 2d-1b, address the effects of REDD+ implementation on poverty. For this to be done in a comprehensive manner, the social impact assessment will need to include an assessment of inequalities in the distribution of land, income and other assets, access to basic social services for different local communities, and their ability to participate in political decision making.

**Standard partially met. Additional recommendation:**

- Include special consideration to ethnic groups' rights and livelihoods, gender issues and governance in the social impact assessment. The effects of REDD+ on poverty should be discussed, including analysis of inequalities in the distribution of land, income and other assets, access to basic social services for different local communities, and their ability to participate in political decision making.

Not addressed.

- The text refers to "relevant World Bank Safeguards". Annex 2d describing these safeguards should be referred to as an integral part of Section 2d, or the text could be removed to the main text.

Not addressed.

### Component 3. Develop a Reference Scenario

#### Standard 3 Reference scenario:

Present work plan for how the reference scenario for deforestation, and for forest degradation (if desired), will be developed, including early ideas on feasibility of which methods to use (e.g., scenario of forest cover change and emissions based on historical trends in emissions and/or based on projections into the future of historical trend data), major data requirements and capacity needs, and linkages to the monitoring system design.

(The FCPF recognizes that key international policy decisions may affect this component, so a staged approach may be useful. The R-PP states what early activities are proposed.)

*Version 5 standard text not included in version 4 standard:*

*i) The work plan also needs to include, besides deforestation and forest degradation, conservation, sustainable management of forest and enhancement of carbon stocks.*

*ii) Assess current capacity as well as future capacity needs.*

*iii) Assess linkages to components 2a (assessment of deforestation drivers), 2b (REDD-plus strategy activities), and 4 (MRV system design).*

*iv) A stepwise approach.*

#### Reviewer's assessment of how well R-PP meets this standard, and recommendations:

September 30, 2010:

#### Reviewer's assessment of how well R-PP meets this standard, and recommendations:

Vietnam has clearly detailed in their R-PP the key areas for consideration for developing a reference scenario. They have addressed reference levels and historical trends of deforestation (through satellite imagery), development of sub-national and national RELs/RLs (based on eco-regions for the initial stage), and addressed the complexity of addressing RELs/RLs for forest degradation. They are currently studying the impact of foregoing accounting for historical emissions from forest degradation and are aware of the implications of doing this. However, the approach Vietnam will take in developing RELs/RLs of sub-national stratification has not been fully detailed but a brief overview has been provided in the R-PP.

Vietnam has nominated the Department of Science, Technology and International Cooperation within the Directorate of Forestry as being responsible for managing the process of REL/RL development, including, capacity building, consultation process with national and international partners (including NGOs). It is good approach by Vietnam to have a central body that will manage and be responsible for the development of RELs and of the MRV.

#### Standard is met. Recommendations:

The R-PP could elaborate further on the methodology to develop a reference scenario.

No new information added (seemingly).



#### Component 4. Design a Monitoring System

##### Standard 4: Design a monitoring system:

The R-PP provides a proposal for the initial design of an integrated monitoring system of measurement, reporting and verification of changes in deforestation and/or forest degradation. The system design should include early ideas on including capability (either within an integrated system, or in coordinated activities) to monitor other benefits and impacts, for example rural livelihoods, conservation of biodiversity, key governance factors directly pertinent to REDD implementation in the country, and to assess the impacts of the REDD strategy in the forest sector.

The R-PP should describe major data requirements, capacity requirements, how transparency of the monitoring system and data will be addressed, early ideas on which methods to use, and how the system would engage participatory approaches to monitoring by forest-dependent indigenous peoples and other forest dwellers. It should also address independent monitoring and review, involving civil society and other stakeholders, and how findings would be fed back to improve REDD implementation. The proposal should present early ideas on how the system could evolve into a mature REDD monitoring system with this full set of capabilities.

(The FCPF recognizes that key international policy decisions may affect this component, so a staged approach may be useful. The R-PP states what early activities are proposed.)

*Version 5 standard text not included in version 4 standard:*

Provide proposal and workplan for the initial design, **on a stepwise basis**.

Monitoring other benefits and impacts is broken into a separate subcomponent 4b in version 5, but the substance is consistent.

#### Reviewer's assessment of how well R-PP meets this standard, and recommendations:

*Standard had already been considered met in the last PC review.*

September 30, 2010:

#### Reviewer's assessment of how well R-Plan meets this standard, and recommendations:

Vietnam has clearly addressed each component of the MRV system.

The method for monitoring is based on basic forest data collection (i.e., tree count, diameter and species identification) by forest owners and generation of data sets on forests through professional forest survey. Vietnam is commended for engaging forest owners and local communities in participating in obtaining data for their MRV system (and potentially in future REDD+ activities).

Every participating entity will be expected to monitor some data on its forest resources on an annual basis, with a target of 10-20% of forest areas to be sampled per year. Vietnam is basing assumptions that they will be able to obtain a comprehensive data set if all households participated. This will be supplemented by satellite based monitoring, for accurate assessment of forest areas.

Vietnam has a very good level of consultation with a wide-ranging group of national and international stakeholders and through agencies, has conducted workshops to discuss options for an MRV system. This level of engagement by Vietnam is highly commended.

The broad approach to monitoring of REDD+ including interventions and actions, revenue disbursement and audit of financial transactions in addition to emissions is up to date and consistent with the UNFCCC draft negotiating text<sup>4</sup> which is often quoted as a reference on monitoring of safeguards. The importance attached to participatory monitoring as part of an overall MRV system and close relation to benefit distribution mechanism also contributes to place Vietnam in the lead in terms of forward-looking approaches to broad-based REDD+ implementation arrangements.

**Standard is met. Recommendations:**

The R-PP could elaborate on the measurement protocols forest owners and households will follow when collecting forest data for the MRV system.

As far as we can see, the R-PP does not elaborate on the measurement protocols. Involving households mentioned p 10.

- The R-PP could consider the possibility that many households may not participate and therefore Vietnam not getting full coverage of forest area data and how Vietnam can ensure ongoing participation of households and forest owners in measuring and monitoring forest areas over time.

As far as we can see, the R-PP does only to limited degree consider the possibility that many households may not participate. Broad stakeholder consultations could reduce this risk by already involving a large number of people in readiness activities. A proper risk analysis and mitigation measures would improve the quality of the R-PP and contribute to the robustness of the overall REDD+ Program.

- Clarify whether MRV data will be made publicly available or shared only with province and district level administrations.

Was already partly addressed (p. 67), "The MRV System will be made available to all relevant stakeholders in REDD+, each having access to specific functionality relevant to the specific tasks, role of interest of the stakeholder." Transparency beyond functional access could still be valuable for broader participation and the quality control of the system.

## **Component 5. Schedule and Budget**

### **Standard 5: Completeness of information and resource requirements**

The R-PP proposes a full suite of activities to achieve REDD readiness, and identifies capacity building and financial resources needed to accomplish these activities. A budget and schedule for funding and technical support requested from the FCPF, as well as from other international sources (e.g., UN-REDD or bilateral assistance) are summarized by year and by potential donor. The information presented reflects the priorities in the R-PP, and is sufficient to meet the costs associated with REDD readiness activities identified in the R-PP, or gaps in funding are clearly noted.

<sup>4</sup> UNFCCC/AWGLCA/2010/6, chapter 6, article 2.

*Version 5 standard text not included in version 4 standard:*

*Any gaps in funding, and sources of funding, are clearly noted.*

**Reviewer's assessment of how well R-PP meets this standard, and recommendations:**

September 30, 2010:

**Reviewer's assessment of how well R-PP meets this standard, and recommendations:**

The budget and schedule addresses most costs that would be expected to arise out of the actions suggested in the R-PP, and very well specified and presented. It clearly identifies the anticipated source of funding, and provides clear summary of budget by activity by year. It is useful that the budget includes the cost-sharing between FCPF and UN-REDD (and in some cases other donors as well) for the financing of the activities identified under the different components. The budget includes a summary of FCPF budgeted contributions at USD 3.6 million, about the same as UN-REDD is expected to contribute (USD 3.5 million) for the financing of the identified activities.

**Standard is met after responding to recommendations. Additional recommendations:**

- Under Component 2.c there is no budget listed for the independent evaluations of experiences from community forest projects for use in considering legal constraints regarding communities as eligible recipients of REDD+ benefits. Please clarify any funding that is required.
- Under the budget for Component 4 the contribution from JICA is listed as \$3,000,000. However, in footnote 7 for the same table, it is specified that JICA's contribution will be \$300,000. Please clarify which of these figures is correct.

Addressed. The correct number is USD 3 million.

- Some few inconsistencies appear in the sequence of funding. Please explain why "Update National REDD Strategy" (funded by UNREDD) is done in 2010 while apparently preparatory studies (funded by the FCPF) are only realized from 2011 onwards.

### **Component 6. Design a Program Monitoring and Evaluation Framework**

**Standard 6:** Adequately describes the indicators that will be used to monitor program performance of the Readiness process and R-PP activities, and to identify in a timely manner any shortfalls in performance timing or quality. The R-PP demonstrates that the framework will assist in transparent management of financial and other resources, to meet the activity schedule.

**Reviewer's assessment of how well R-PP meets this standard, and recommendations:**

*No changes have been made.*

September 30, 2010:

**Reviewer's assessment of how well R-PP meets this standard, and recommendations:**

This component of the R-PP on the design of a programme monitoring and evaluation framework

will need to be detailed further in the future. At this early stage, some important principles are nevertheless included:

- The M&E framework is to be based on both internal and external auditing of activities.
- The M&E framework shall have both process and output components.
- The M&E framework includes performance indicators for social and environmental impacts and costs, in addition to MRV of carbon. As noted under component 4, this broad approach to monitoring is forward-looking and consistent with current UNFCCC draft negotiating texts on monitoring of safeguards.
- The M&E framework shall include assessments of risks in the implementation of the R-PP for each milestone and activity and the subsequent identification of mitigation options.

Standard is partially met. Additional recommendations:

- Consider including timeframes for different performance indicators to be met.

As far as we can see, this has not been done.

- Consider defining specific performance indicators for the annual reviews as well as for the final evaluation.

As far as we can see, this has not been done.

- Consider referencing in this section the discussion of monitoring the program that occurred in Component 4.b.

Page 82 refers to Annex 6.1. This does not exist. Reviewers assumed that this should be Annex 5?

Annex 6.1: Program Monitoring and Evaluation is now included.

According to the R-PP, a simplified Monitoring Matrix is used to monitor progress at the time being. The proposed Program Monitoring Matrix presented in Annex 6.1 has several weaknesses that make results monitoring and reporting difficult:

- Many of the goals are not clearly articulated. The R-PP should be more precise and clear on what is going to be achieved.
- Baseline information and targets are to be developed. The current project proposal has not yet specified baseline values and targets for the indicators. They are therefore of little use as a practical tool for results monitoring. For indicators to be useful, there must be a clear idea about what will be observed and how to do so.
- Who is going to report what? There is no indication as to who is to report on what indicators, when and how. In addition, many of the indicators are not adequately defined or measurable, e.g. "Awareness among stakeholders increasing".

All in all, the lack of baseline information and clearly articulated goals and indicators complicates any attempt at results monitoring (and indeed accountability).

General comment:

According to the R-PP a logical framework matrix will provide the expected results (Objective, Outcomes and Outputs), together with quantitative indicators, including

baseline values and time-bound targets. The framework will also describe the means of verification and the risks and assumptions associated with each result. The M&E framework and the matrix in annex 6.1 is provided at such a level of generality that is offers very little information about how results are going to be measured. The matrix should be further elaborated and made operational (se comments above concerning annex 6.1). It would benefit the R-PP as a whole if the framework was clearly and consistent incorporated into the document with a description of the progress indicators under relevant components.