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READINESS PREPARATION PROPOSAL ASSESSMENT NOTE

ON A

PROPOSED GRANT

IN THE AMOUNT US\$ 3.8 MILLION

TO THE

GOVERNMENT OF VIETNAM

FOR

FOREST CARBON PARTNERSHIP FACILITY REDD READINESS

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DATA SHEET

VIETNAM

REDD+ Readiness Preparation Support

READINESS PREPARATION PROPOSAL (R-PP) ASSESSMENT NOTE

EAP

EASVS

Date: Country Director: Victoria Kwakwa Sector Manager: Jennifer Sara Sector Director: John Roome Project ID: P124584 Lending Instrument: TF Grant Team Leader(s): Lan Thi Thu Nguyen	Risk Rating: Sectors: Forestry Themes: Climate Change	
Date of country selection into FCPF: Date of Participation Agreement signed by Country: Date of Participation Agreement signed by Bank: Date of R-PP Formulation Grant Agreement signature: n/a Expected date of Readiness Preparation Grant Agreement signature: October 30, 2012		
Project Financing Data:		
<input type="checkbox"/> Loan <input type="checkbox"/> Credit	<input checked="" type="checkbox"/> Grant <input type="checkbox"/> Guarantee	<input type="checkbox"/> Other, explain:
For Loans/Credits/Others: US\$3.8million Total Project Cost (US\$M): N/A Cofinancing: N/A Total Bank Financing (US\$M): N/A		
Source	Total Amount (US\$)	
Recipient IBRD IDA New Recommitted Others (FCPF)	US\$3.8million	
Regional FCPF Trust Fund Number: FCPF Country Child Trust Fund Number:		
Recipient: Government of Vietnam Responsible Agency: VNFOREST, Ministry of Agriculture and Rural Development, 2 Ngoc Ha Street, Hanoi, Vietnam		

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PURPOSE OF THE READINESS PREPARATION PROPOSAL ASSESSMENT NOTE

As part of its responsibilities for the FCPF, the World Bank has been asked to ensure that the FCPF's activities comply with the relevant World Bank Operational Policies and Procedures, in particular the Safeguard Policies, and the policies on Procurement and Financial Management.

The World Bank has also been asked to assist REDD+ Country Participants to formulate and implement their Readiness Preparation Proposals (R-PPs).

The purpose of this Readiness Preparation Proposal Assessment Note (R-PP Assessment Note), therefore, is for the Bank to assess if and how the proposed REDD+ Readiness Support Activity, as presented in the R-PP, complies with Safeguard Policies, and the Bank's policies on Procurement and Financial Management, discuss the technical quality of the R-PP, record the assistance it has provided to the REDD+ Country Participant in the formulation of its R-PP, and describe the assistance it might potentially provide to the REDD+ Country Participant in the implementation of its R-PP.

ABBREVIATIONS AND ACRONYMS

AN	Assessment Note
BDS	Benefit Distribution System
DPC	District Peoples Committee
BMZ	The German Federal Ministry of Economic Cooperation and Development
CBD	Convention on Biological Diversity
CERDA	Centre of Research and Development in Upland Areas
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
COP13	Thirteenth Conference of the Parties to the UNFCCC
CPS	Country Partnership Strategy
CSO	Civil Society Organization
EA	Environmental Assessment
ER-PIN	Emissions Reductions Program Idea Note
ESMF	Environmental and Social Management Framework
FAO	Food and Agriculture Organization of the United Nations
FCPF	Forest Carbon Partnership Facility

FLEGT	Forest Law Enforcement, Governance and Trade
FM	Financial Management
FMB	Forest Management Board
FMS	Financial Management Specialist
FPIC	Free, Prior and Informed Consent
FRL	Forest Reference Level
FSDP	Forest Sector Development Project
GHG	Greenhouse Gas
GoV	Government of Vietnam
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit, German Agency for International Cooperation
ICRAF	World Agroforestry Centre
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFR	Interim Unaudited Financial Report
IPPF	Indigenous Peoples Planning Framework
ITTO	International Tropical Timber Organization
JICA	Japan International Cooperation Agency
KfW	Kreditanstalt für Wiederaufbau
MARD	Ministry of Agriculture and Rural Development
MRV	Measurement, Reporting, Verification
MtCO _{2e}	Megaton (million metric tons) of Carbon Dioxide equivalent
NRAP	National REDD+ Action Program
NTP-RCC	National Target Program to Respond to Climate Change
NGO	Non-governmental organization
NORAD	The Norwegian Agency for Development Cooperation
NRSC	National REDD+ Steering Committee
PC	Participants Committee of the FCPF
PCM	Participatory Carbon Monitoring
PF	Process Framework
PIU	Project Implementation Unit

PMU	Project Management Unit
PPC	Provincial Peoples Committee
PRAP	Provincial REDD+ Action Plan
RECOFTC	The Centre for People and Forests
REDD+	Reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries
REL	Reference Emission Level
RPF	Resettlement Policy Framework
R-PIN	Readiness Preparation Idea Note
R-PP	Readiness Preparation Proposal
SFC	State Forest Company
SFE	State Forest Enterprise
SESA	Strategic Environmental and Social Assessment
SIS	Safeguards Information System
SNV	SNV Netherlands Development Organisation
SRD	Centre for Sustainable Rural Development
TAP	Technical Advisory Panel
ToR	Terms of Reference
TWG	Technical Working Group
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Program
UNFCCC	United Nations Framework Convention on Climate Change
UNREDD	United Nations Collaborative Program on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
USAID	United States Agency for International Development
VCF	Vietnam Conservation Fund
VNFOREST	Vietnam Forestry Administration
VPA	Voluntary Partnership Agreement
VRO	Vietnam REDD+ Office
WWF	World Wildlife Fund

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REDD+ Readiness Preparation Support

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VIETNAM

REDD+ Readiness Preparation Support

I. Introduction and Context

1. The Forest Carbon Partnership Facility (FCPF) is a global partnership which assists developing countries in their efforts to reduce emissions from deforestation and forest degradation, sustainably manage forests and conserve and enhance forest carbon stocks (REDD+). The FCPF complements the United Nations Framework Convention (UNFCCC) negotiations on REDD+ by demonstrating how REDD+ can be applied at the country level and by learning lessons from this early implementation phase. The FCPF has created a framework and processes to help countries get ready for future systems of financial incentives for REDD+. Using this framework, each participating country develops an understanding of what it means to become ready for REDD+, in particular by developing reference scenarios, adopting a REDD+ strategy, designing monitoring systems and setting up REDD+ national management arrangements, in ways that are inclusive of the key national stakeholders.

2. The FCPF was announced at CoP13 in Bali in December 2007 and became operational in June 2008. As of March 2012, thirty-seven countries from Asia, Latin and Central America, and Africa have been selected as REDD+ Country Participants in the FCPF Readiness Mechanism, based on Readiness Preparation Idea Notes (R-PIN) reviewed by the Participants Committee (PC) and independent reviews by a Technical Advisory Panel (TAP). Many of these REDD+ Country Participants received grant support to develop a Readiness Preparation Proposal (R-PP) which maps out the activities for a country to be REDD+ ready. In the case of Vietnam, their R-PIN was accepted and an R-PP was prepared and endorsed by the FCPF in 2010 (no grant was received from the FCPF for this purpose). The intention is that once the activities in the R-PP are implemented, a country should be ready for REDD+ payments, once a final international agreement is reached on the nature of REDD+.

3. A subset of the activities included in a country's R-PP can be financed from a FCPF grant administered through the World Bank. The purpose of this R-PP Assessment Note is to assess the technical aspects of that subset of Vietnam's readiness preparation activities that is proposed to be financed by the FCPF Readiness Fund grant. It also is intended to assess how these activities comply with World Bank Operational Policies, as well as to draw out the risks involved with providing the grant.

A. Country Context

4. Vietnam is considered a major development 'success story'. With sustained high rates of growth over the past decade, Vietnam's Gross National Income per capita reached US\$1,010 in 2009, enabling the country to become a Middle Income Country (MIC). Over the past two decades, Vietnam's poverty rate has fallen dramatically from 58% in 1990 to an estimated 29% in 2000 and to around 13.5% in 2010. Despite these impressive gains, a large number of Vietnamese households remain vulnerable to livelihood or income disruption due

to natural hazards, macro-economic instability, and/or growing pressures on the country's natural resource base.

5. Although Vietnam may not be a globally significant emitter of GHGs, it emits non-negligible quantities and these are growing every year. Projections show a considerable growth in GHG emissions in Vietnam, reaching around 516 MtCO₂e by 2030.¹ In 2000 the agriculture and forest sectors accounted for 43.1% of GHG emissions proportion the share of which has decreased considerably, in particular due to the rapid expansion in the energy sector. The quantity of emission by the agriculture and forest sectors, however, kept increasing (52.4 MtCO₂e and 65.1 MtCO₂e in 1994 and 2000 respectively)².

6. In the forest sector, according to government statistics, there is a net increase in forest cover, implying that this sector actually reduces net carbon emissions. However, as highlighted in the R-PP there are clearly defined pockets of deforestation and high potential for increasing forest carbon stocks through restoration of large tracts of degraded forest lands. An internal assessment exploring possible 'no regrets' mitigation options for Vietnam, which was carried out by the World Bank in 2010 ranked REDD+ as one of the best options when considering the financial benefits of the investments and the public benefits in the context of sustainable development.³

B. Sectoral and Institutional Context

Sectoral Context

7. Much of Vietnam's forest cover was lost in the last century, declining from an estimated 43% in 1943 to 20% in 1993. More recently Vietnam has made considerable efforts and investment to increase overall forest cover. According to official statistics, the actual forest area in Vietnam has increased to 13.6 million ha in 2009 (about 39% of the land area) from 9.2 million ha in 1992. Monitoring data on forest cover are difficult to collect and analyze so these values and trends need to be interpreted with caution. Although an aggregate increase in forest cover is reported, this conceals high levels of deforestation in certain parts of the country, as well as widespread deterioration in forest quality. In terms of what is driving deforestation and forest degradation, this is highlighted in the R-PP as primarily the conversion of forests for agricultural purposes, unsustainable (and sometimes illegal) logging activities, infrastructure development, and man-made forest fires. Root causes include issues such as demographic changes, inequality and poverty, public policies, as well as broader questions of governance and social change and development choices.

¹ The projected total emissions are from the three principle emitting sectors: energy, LULUCF and agriculture. These data do not include emissions from industrial processes and waste, which was in total 6.1% in 1994 and 11.8% in 2000. It was projected that by 2010, the energy sector would replace agriculture as the highest CO₂ emissions sector - UNDP (2011), CLIMATE CHANGE FACT SHEET: Greenhouse gas emissions and options for mitigation in Vietnam, and the UN's responses, Hanoi.

² Vietnam 2nd National Communication Note on Emissions.

³ World Bank (2011), Climate-Resilient Development in Vietnam: Strategic Directions for the World Bank, World Bank Vietnam Country Office, Hanoi.

8. The National Forestry Strategy 2006-2020 defines the country's strategic approach to the forestry sector. Vietnam's overall objectives for the forest sector are outlined in the recent Decision approving the National Forest Protection and Development Plan for the period 2011-2020: "(i) to well manage the available forests; use forest resources and land availability planned for forestry in an effective and sustainable manner; (ii) to increase the forest cover to 42 - 43% by 2015 and 44 - 45% by 2020 respectively; increase the productivity, quality and values of forests; restructure the sector towards increasing added values; basically meeting with demands for timber and forest products for domestic consumption and export; and (iii) to generate more jobs, improve incomes for forest-dependent residents, contributing to hunger elimination and poverty reduction, ensuring security and national defense"⁴. Recent Party resolutions have also stressed the need to conserve watershed and coastal-protection forests and accelerate the reform of the State Forest Enterprises (SFEs) as well as stressing a greater role and responsibility of local communities for managing the forests.

9. The National Forestry Strategy did not explicitly mention REDD+ because it was developed in 2006 and the REDD+ concept emerged subsequently. However, the more recent National Forest Protection and Development Plan 2011-2020 notes the need to "*actively establish bilateral ad multi-lateral cooperation with regional and international forestry organizations. Continue implementing international agreements in forestry to which Viet Nam is a signatory including [...] REDD+*". Forestry in general and REDD+ in particular appear as important elements of both the Government's National Target Program to Respond to Climate Change and in the emerging Green Growth Strategy⁵.

10. There have been growing efforts to identify and introduce innovative mechanisms to finance the forest sector. A national system of transfer payments to subsidize reforestation was implemented through the recently completed "Five Million Hectares Reforestation Program" (also known as the "661 program", for the Decree 661 that authorized the program). Vietnam is the first country in Southeast Asia to pilot a scheme for Payments for Forestry Ecological Services (PFES) as promoted under Decision 380/QD-TTg in 2008. The focus has been on capturing the value of watershed protection services. Based on the success of the pilots, a government decree on a nation-wide PFES policy (Decree 99/ND-CP) came into force in December 2010 to replicate this scheme to other provinces, in which carbon sequestration and stabilization and reducing emissions are legally defined as forest environmental services. The emergence of REDD+ as a new financial mechanism to support forestry and forestry-dependent communities is now attracting great interest in Vietnam.

⁴ Decision No. 57/Q -TTg Hanoi, 9th January 2012 on approval of the Forest Protection and Development Plan for the period 2011-2020.

⁵ The National Targeted Program to Respond to Climate Change (NTP-RCC) was approved in 2008 and is under the authority of MONRE; the follow-on National Strategy on Climate Change was approved in December 2011 through Decision No. 2139/QD-TTg. The Ministry of Planning and Investment (MPI) is taking the lead on the development of the Green Growth Strategy.

Institutional Context

11. In 2008, the Prime Minister of Vietnam approved the National Targeted Program to Respond to Climate Change (NTP-RCC) (Decision No. 158/QD-TTg dated December 2, 2008) in which REDD+ is one component. The National Steering Committee for the NTP-RCC consists of representatives from line ministries and is chaired by the Prime Minister. Under the NTP-RCC structure, the Vietnam Forestry Administration (VNFOREST, based in MARD) is authorized to be the focal agency for the REDD+ component and is responsible for coordinating all efforts and activities among government agencies, private organizations, NGOs and international development partners for REDD+ implementation.

12. In early January 2011, the Prime Minister requested MARD to: a) take lead in preparation of the NRAP; b) strengthen institutional and organizational arrangements for REDD+ implementation; c) establish a National REDD+ Steering Committee (NRSC) in order to mobilize technical and financial support from the international donor community and strengthen cooperation among government agencies at central and local levels (Official letter 282/VPCP-HTQT of the Government Office).

13. Under authorization of the Prime Minister, the Minister of MARD signed Decision 39/QD-BNN-TCCB dated January 7, 2011 on the establishment of the NRSC. Members of the NRSC are representatives from relevant ministries and ministerial level agencies including the Office of the Government; Ministry of Natural Resources and the Environment (National Focal Point of UNFCCC and Kyoto Protocol); Ministry of Planning and Investment; Ministry of Finance; Ministry of Science and Technology; Ministry of Foreign Affairs; and National Committee for Ethnic Minorities. The NRSC is chaired by MARD's Minister. The Decision stipulates that at the Steering Committee's meetings, the Chairperson could invite representatives from relevant ministries, local authorities, relevant stakeholders and international development partners to participate. The VRO was also formed in January 2011 to serve as the standing office for the NRSC and is placed at VNFOREST within MARD. VRO is the implementing agency for the FCPF Grant.

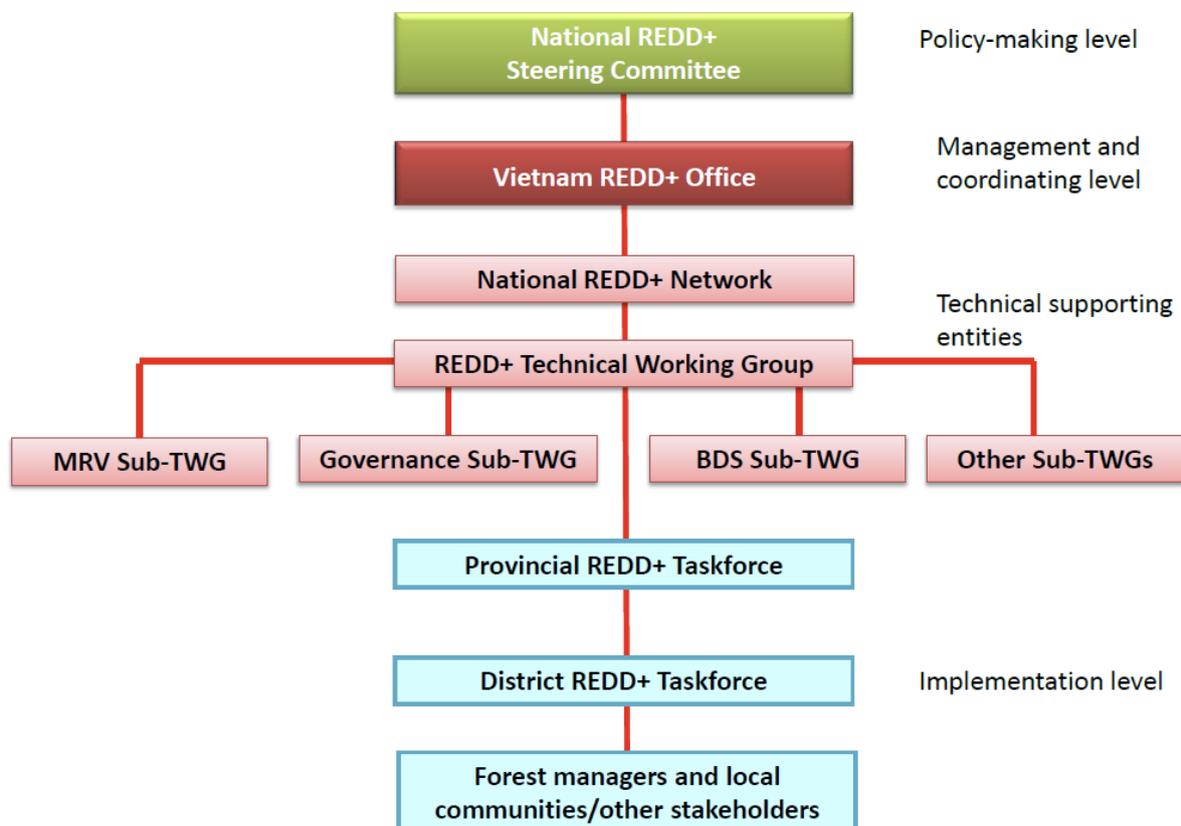
14. The situation on REDD+ has evolved quickly and substantially in Vietnam. Following the formulation of the R-PP (which was largely written in 2010), the Government on June 27, 2012 approved a comprehensive NRAP⁶, the preparation of which was informed by the FCPF's R-PP and by inputs from UN-REDD. This document lays out a comprehensive and coherent vision of the future of REDD+ in Vietnam and the steps that are needed to make that vision a reality. It builds on the earlier R-PP and the lessons learned from the large number of ongoing REDD+ studies and pilots, such as those under UN-REDD. Although this will provide the overall framework for moving forward on REDD+ in Vietnam, further

⁶ The National Targeted Program to Respond to Climate Change (NTP-RCC) was approved in 2008 and is under the authority of MONRE; the follow-on National Strategy on Climate Change was approved in December 2011 through Decision No. 2139/QD-TTg. The Ministry of Planning and Investment (MPI) is taking the lead on the development of the Green Growth Strategy.

detailed work will be required to help steer many of the aspects outlined within the Program as well as for the development of its detailed implementation guidelines.

15. In order to share information and experiences of the different agencies and organizations working on REDD+ in Vietnam and in an effort to heighten awareness and integrate the activities of different Government Ministries and Agencies, the Ministry of Agriculture and Rural Development (MARD) introduced Decision No. 2614/QĐ-BNN- LN in 2009. This allowed for the establishment in September 2009 of the National REDD+ Network and the REDD+ TWG. At the first REDD+ Network meeting it was agreed that the Network is chaired by the Vice Minister of the MARD, who is also the Director General of the VNFOREST, and co-chaired by an international development partner on a rotation basis. The REDD+ TWG provides technical advice and recommendations to the national REDD+ Network. As of April 2012, six (6) Sub-TWGs have been established: (i) Local Implementation of REDD+; (ii) Measurement, Reporting and Verification (MRV); (iii) REDD+ Financing and Benefit Distribution Systems (BDS); (iv) REDD+ Governance; (v) Private Sector Engagement; and (vi) Safeguards. All six are currently operational and meeting on a regular basis. The thematic sub-TWGs will continue to be critical fora for information exchange to help inform the overall Program and to learn from lessons and experiences from sub-national implementation.

Figure 1: Institutional framework for REDD+ implementation



C. Relationship to CPS

16. Vietnam's REDD+ agenda and its participation in the FCPF are fully in line with the World Bank Country Partnership Strategy (CPS). The World Bank CPS for FY12 to FY16 is aligned to Vietnam's Socio-Economic Development Strategy (SEDS) 2010-2020 which gives attention to structural reforms, environmental sustainability, social equity, and emerging issues of macroeconomic stability. These objectives are in turn the organizing pillars of the CPS: (i) competitiveness; (ii) environmental and natural resources sustainability; and (iii) opportunity; with governance, gender and resilience being the cross-cutting themes.

17. The REDD+ readiness program supports all pillars and cross cutting themes of the CPS. Priorities for the Bank under the CPS for FY12-16 that align with the readiness program include: better understanding of poverty and piloting new instruments to reach the poor; empowering ethnic minorities in the development processes; reducing vulnerability to adverse shocks, including natural and climatic hazards and diseases; SFCs/SFEs reform; and support focusing on a range of challenges related to land, forestry, and water resources.

18. The World Bank has a long history of working in the forestry sector in Vietnam. This includes support to the forest plantation and certification, sustainable forest management and forest governance, biodiversity conservation, piloting community forest co-management and co-benefits, and the reform of State Forest Companies. The section on illegal logging in the R-PP draws on a report by the World Bank (2010) on Forest Law Enforcement and Governance.

19. The FCPF grant is also consistent with the Bank's strategy on climate change in Vietnam as highlighted in the document "Climate-Resilient Development in Vietnam: Strategic Directions for the World Bank". REDD+ was identified as having the second highest technical potential for mitigation by the year 2015. It is, therefore, recognized as a priority mitigation option for Vietnam. The CPS also highlights the importance of climate change as a development challenge and elevates the attention to be given to mitigation and adaptation in the Bank's development work.

II. Proposed Project Development Objectives and Project Activities

A. Proposed Project Development Objectives (PDO)

20. The objective of the proposed World Bank/FCPF REDD+ Readiness engagement in Vietnam is *to support Vietnam to become ready for future REDD+ implementation by preparing the key elements, systems and policies needed in a socially and environmentally sound manner.*

21. In line with the structure of the Forest Carbon Partnership Facility, the World Bank/FCPF engagement with Vietnam would involve two phases generally referred to as "REDD+ readiness preparation" and "REDD+ implementation".

- First, the REDD+ preparation phase will consist of analytical work and consultations. It would be supported by the proposed US\$3.8 million grant from the FCPF Readiness Fund.
- Second, the REDD+ implementation phase would consist of performance-based payments for verified carbon emissions reductions. Vietnam has shown strong interest in the FCPF Carbon Fund and is already taking steps that would position it to be ready to seek eventual support for its REDD+ program under the FCPF Carbon Fund.⁷

22. For the REDD+ implementation phase, however, there are three key points - resulting from the very innovative nature of REDD+ - need to be taken into consideration: (i) many of the conditions underlying the future implementation of REDD+ are still being discussed under the auspices of the UNFCCC and other international negotiations; (ii) Vietnam is among the first countries to engage in the REDD+ preparation phase, and there is no precedent yet of any country having completed this process; and (iii) the operational modalities of the FCPF Carbon Fund as a pilot for performance-based transactions, are still in the process of being defined.

23. In this context, the Bank's REDD+ engagement in Vietnam will focus on preparing those elements that are currently viewed as indispensable to any future agreement on REDD+⁸ in a way that optimizes the likely social and environmental outcomes of REDD+ and emphasizes the learning and knowledge-sharing dimensions.

24. As such these development objectives would be monitored through the following key output indicators:

- A Strategic Environmental and Social Assessment (SESA) is carried out and its outputs (including an Environmental and Social Management Framework, ESMF) are endorsed by national stakeholders and Government agencies and used by the Government of Vietnam to further refine the NRAP;
- The following GoV policy documents and legal guidelines are approved, viz. (i) decision by Prime Minister on key beneficiaries of REDD+, methods and rate of payment; (ii) Government regulations/technical guidelines on mainstreaming REDD+ into relevant socio-economic and environment protection strategies, master and action plans; and (iii) support for the development of roadmaps for 2 provinces (which would include identification of the barriers, drivers and issues) for the development of provincial REDD+ Action Plans;

⁷ Vietnam expressed interest in participating as a pilot country in the new FCPF Carbon Fund. Consistent with the two-phase structure of the FCPF, the REDD Readiness Preparation Phase (with the Readiness Fund) would proceed in parallel with the preparation of a possible Emissions Reduction Program (with the Carbon Fund). In line with the Carbon Fund rules of operations, the signature of an ERPA under the Carbon Fund is contingent upon the assessment by the FCPF Participants Committee of the Country's Readiness Package

⁸ Fundamental elements of a future REDD mechanism were defined at the 16th session of the Conference of the Parties to the UNFCCC in Cancun, December 2010. See Cancun Agreements, UNFCCC Decision 1/CP.16 Section C and Appendix I.

- Suitable platform and mechanisms for regional cooperation on REDD+ and FLEGT implementation between Vietnam and other countries in the South East Asia, particularly with Lao PDR, Cambodia and Myanmar, are established.

B. Project Activities

25. The focus of the World Bank’s engagement around REDD+ in Vietnam, as described in this document, will be to help the Government and its partners to finish preparing the elements which need to be in place in order for the country to access financial incentives from any future agreement on REDD+. The FCPF program supports the following four components, details of which are described in Annex 6:

Table 3: FCPF Grant Components

Components	Budget (mil. USD)
<u>Component 1:</u> Analytical studies and development of capacities for the effective and efficient REDD+ implementation at national and provincial level.	1.5
<u>Component 2:</u> Policies review, studies and development of user-friendly guidance materials on SFC reform for REDD+ service provision.	0.7
<u>Component 3:</u> Stakeholder consultation and regional cooperation; and Strategic Environmental and Social Assessment (SESA) in connection with the refinement of national and sub-national REDD+ strategy options.	0.95
<u>Component 4:</u> Project management, and monitoring and evaluation.	0.5
TOTAL	3.65
Contingency	0.15

26. **Component 1:** Analytical studies and development of capacities for the effective and efficient REDD+ implementation at national and provincial level.

The NRAP, approved by the Prime Minister in June 2012, is part of the National Strategy on Climate Change, National Program on Reducing GHG Emissions in Agriculture and Rural Development Sector and National Forest Development Strategy. Following the NRAP approval, the top priority identified is to design an operation mechanism and build relevant capacities and policies for effective and efficient NRAP implementation. This component is aimed to provide support for the GoV to strengthen capacities for effective management, implementation and coordination of REDD+-related activities in Vietnam by i) strengthening the capacities of NRSC and VRO; ii) providing technical support and analytical studies for the formulation of relevant national and sub-national policies and programs which are under preparation. The analytical studies will aim to better understand the drivers of deforestation,

as well as recommendations to address them. The component will contribute to the development of roadmaps for 2 provinces to feed into preparation of Provincial REDD+ Action Plans. The information generated during the process, including opportunity cost analysis of doing REDD+ and economic assessment of the different options will provide guidance on what are the most cost-effective and appropriate strategies to pursue.

27. **Component 2:** Policies review, studies and development of user-friendly guidance materials on SFC reform for REDD+ service provision.

In 2010, 157 State Forest Companies (SFCs) managed about 2.27 million ha of forests and forestland, and 164 Forest Management Boards (FMB) are responsible for protecting 3 million ha of special-use and protection forests. As these SFCs still manage so much of Vietnam's forest estate - much of which is under poor management - they will be important in any efforts to reduce deforestation and forest degradation. Vietnam continues to gear up the renovation process of the SFCs to ensure effective forest management with active participation of local communities and households. To complement this, REDD+ could offer further financial incentives for some SFCs to improve their operations to access possible carbon financing mechanisms through REDD+. The Government wants to explore different opportunities and approaches that the FMBs and SFCs could participate in and assist local authorities and communities in the REDD+ and PES implementation. The SFCs and FMBs may serve as the intermediaries between the relevant government agencies and local households and communities. These issues will be explored as part of this Component. Among them, the benefit distribution system and providing communities with forest protection contracts will be further examined to propose a more appropriate performance based mechanism.

28. **Component 3:** Stakeholder consultation and regional cooperation; and Strategic Environmental and Social Assessment (SESA) in connection with the refinement of national and sub-national REDD+ strategy options.

To ensure broad stakeholder participation in all REDD+ processes, including the formulation, implementation and refinement of the NRAP, Provincial REDD+ Action Plan (PRAP), policies and future investment options, the FCPF Grant will support a multi-stakeholder consultation process, regional cooperation and communication activities.

As part of the implementation and improvement of the National REDD+ Action Program, a SESA will be carried out to help integrate social and environmental considerations into policy-making processes, leading to sustainable REDD+ strategy options. The steps to follow have been outlined in the detailed ToR for SESA that appear in Annex 4. The SESA provides a participatory platform for stakeholders to build an understanding of current situation/ issues regarding REDD activities already take, and identify future options/ opportunities. SESA-specific consultation and participation events also help the vulnerable groups and forest-dependent communities (especially ethnic minorities) receive culturally appropriate benefits from future REDD+ activities, while ensuring that the National REDD+ Action Program does not adversely affect these communities. The SESA will be complemented by an

Environmental and Social Management Framework (ESMF), which will guide potential investments in REDD+ Demonstration Activities toward compliance with safeguards policies.

29. **Component 4:** Project management and monitoring and evaluation

This Component is designed to support project management activities in close coordination with the UN-REDD Vietnam Programme and other relevant REDD+ projects to avoid overlap and enhance effectiveness of the support from different development partners. Implementing the grant activities will require dedicated staff to manage and administer the grant as well as support for the Project Management Unit (PMU). In order to enhance effectiveness of the FCPF support, improve the capacities of national staff and encourage the contracted staff to engage in working long term for VRO and maintain the office capacities, it is advised that the qualified contracted staff of VRO will be paid by the FCPF grant and shall provide support to Project Management. This component would support a general monitoring and evaluation of the FCPF grant and coordinate with the M&E facilities of the NRAP.

C. Key Results

30. The key results from the proposed REDD+ readiness preparation grant will contribute to Vietnam's ability to document the extent of its readiness for REDD+ and will include the following:

- Strengthened technical and institutional capacities, and human resources for effective management, implementation and coordination of REDD+ Programs, projects and policies in Vietnam as well as improved understanding (through relevant analytical studies) of drivers of deforestation in Vietnam and via displacement in surrounding countries;
- Support for the development of roadmaps (which would include identification of the barriers, drivers and issues) as building blocks for preparation of provincial REDD+ Action Plans;
- A sound understanding of the possibilities and modalities of possible sub-national interventions which could be appropriate for a REDD+ ER Program that is eligible for support by the FCPF Carbon Fund or other funding mechanisms;
- Environmental and social safeguards integrated into the REDD+ implementation framework; Elements of the NRAP are refined with a view to greater social and environmental sustainability; ESMF prepared;
- Appropriate social inclusion in REDD+ through consultations at the national, provincial, and especially the district and community levels, and through proposed measures to enhance benefits to and avoid or mitigate potential impacts on local forest-dependent communities. A national grievance redress mechanism for REDD+ implementation is established.

III. Project context

A. Concept

Description

REDD+ Activities in Vietnam

31. Vietnam receives support for REDD+ activities from a number of bilateral and multilateral development agencies, as well as international NGOs (see Table 2 for a list of REDD+-related activities; more details are included in the R-PP and available at [http://www.vietnamforestry.org.vn/view_news.aspx?ncid=115 &nid=226](http://www.vietnamforestry.org.vn/view_news.aspx?ncid=115&nid=226)). Particularly prominent to date has been the UN-REDD Programme, a global initiative of the United Nations to support REDD+ in many countries. Vietnam was the first country to initiate a UN-REDD Programme with Phase I (totaling US\$4.38 million) beginning in November 2009 and finishing in April 2012. Early efforts focused on analytical work for developing a Benefit Distribution System (BDS); guidelines on the development of RELs/RLs; development of a methodology for obtaining Free, Prior, and Informed Consent (FPIC) for REDD+ as well as various capacity building efforts. The UN-REDD is currently designing its second phase, with expected support of between USD20-30 million from the Government of Norway. The design of the second phase is being worked on and it is anticipated that it will start in 2013.

32. Numerous other groups are also involved in REDD+ in Vietnam. Most notable are investments from JICA on establishing an interim REL, as well as piloting Provincial REDD+ in Dien Bien Province; SNV's Cat Tien REDD+ Landscape Project as well as projects on participatory forest monitoring, safeguard systems for REDD+, low emissions development planning and forest carbon stock enhancement; and projects by GIZ exploring mangroves and carbon in Kien Giang Province. A number of international NGOs, companies and investors are exploring REDD+ Voluntary Carbon Projects. Lessons from the ongoing projects have highlighted the difficulty of attaining validation for voluntary carbon market projects in Vietnam. To date no project has been able to meet the validation criteria and most have been discontinued. Several activities supported by the FCPF Grant will review the lessons learned from these early experiences to build on them and inform the preparation of the key elements, systems and policies needed for REDD+ implementation.

The National REDD+ Action Program

33. In January 2011, through Official Letter 282/VPCP-HTQT the Prime Minister requested the MARD to take the lead in the preparation of the National REDD+ Action Program (NRAP). By early 2012, Vietnam REDD+ Office (VRO, under MARD) completed the preparation of the NRAP which was approved by the Prime Minister's Office on June 27, 2012. The preparation of the NRAP was informed by the FCPF's R-PP and by inputs from UN-REDD. This document provides a comprehensive strategy for REDD+ implementation over two time periods: Phase I: 2011-2015 and Phase II: 2016-2020. The document is divided into five parts: Part I: Objectives, Guiding Principles and Scope of the Program; Part II: Program Contents; Part III: Policies and Measures for REDD+ Implementation; Part IV: Financing Resources and Part V: Organizing Program Implementation. Although the NRAP provides the overall framework for moving forward on REDD+ in Vietnam, further detailed

work will be required to help steer many of the aspects outlined within the Program, especially at subnational levels as well as for the development of its implementation detailed guidelines. The thematic sub-TWGs will continue to be critical fora for information exchange to help inform the overall NRAP and to learn from lessons and experiences from sub-national implementation.

34. In addition to the NRAP, the growing importance of REDD+ is clearly reflected in other regulations and legislation now under preparation. These include the preparation of a new decree regulating state-owned forestry enterprises (proposal on carbon emission management, management of carbon certification business); a pending Prime Minister's Decision about pilot regulation of benefits and duties of households, individuals and local communities who have forest protection contracts in protection forests; and a Prime Minister's Decision regulating payers, payment rate and payment method for carbon absorption and sequestration services.

35. **Complementarity of the provincial REDD+ plans to the NRAP.** Vietnam has shown consistent vision and policies on the REDD+ readiness preparation and implementation since the country became engaged in the UNFCCC negotiations and international REDD+ initiatives:

- National approach shall be applied. This will guide the designing of REL/FRL, MRV and other relevant policies and technical systems for REDD+ implementation.
- Landscape-based and programmatic approach is adopted. Experience from the implementation of series of policies on forest protection and development in the past 30 years in Vietnam tells that REDD+ will not be successful if key driving forces of forest change are not adequately addressed. REDD+ shall be implemented in close coordination and participation of other sectors. REDD+ should be considered as one of many measures to contribute to halting deforestation and degradation and to promote forest expansion;
- NRAP is a part of, and contributes, to obtain the objectives of National Target Program on Response to Climate Change (approved in December 2008), National Strategy on Climate Change (approved in December 2011) and National Action Plan on reducing GHG emissions in agriculture and rural development sector (approved in December 2011). The NRAP implementation is supported by National Action Plan on forest protection and development for the period from 2011-2020, National Policy on PFES, Agricultural Diversification Program, and other national policies;
- The implementation of the NRAP and all GHG mitigation programs in Vietnam is coordinated by the Government and national policies and common national regulations and technical guidance shall be applied.

36. National forest reference level and MRV are the two top priorities of the NRAP:

- The development of an interim national forest reference level (FRL) in Vietnam has started since early 2010 (before the Cancun Agreements) with support from the Embassy of Finland and JICA, applying a step-wise approach. The interim national

FRL is developed by using historical data collected by the national forest inventory and monitoring program since 1990, and data of five temporal snapshots (1990, 1995, 2000, 2005, 2010) are collected. All data is now in digital format with a harmonized classification system and geo-referenced. In addition, the UN-REDD Vietnam Programme Phase I has provided support for development of Allometric Equations (AE) of key forest categories in prioritized ecological regions. The interim FRL will be improved by incorporating better data, improved methodologies and additional forest carbon pools.

- Development of National Forest Monitoring System and National MRV: The Framework Document on National MRV forest is developed under support of the UN-REDD Vietnam Program Phase I. The detailed design of the system is still under way with the support from FAO and UN-REDD Vietnam Phase II (which is expected to commence early 2013).
- As requested by the COP16 Decision (the Cancun Agreements), Vietnam has started to improve the National Forest Inventory and Monitoring system which has been implemented since 1990 and funded by government budget. The Government has invested about US\$2.5 million for piloting the improved methods and institutional arrangement for the program implementation in two provinces, which will be completed at the end of 2012. The lessons learned will be used for improving the National Program which will be implemented for the entire country between 2013-2015. The NRAP approved by the Prime Minister mandates that the improvement and implementation of the National Forest Inventory and Monitoring System is a prerequisite for REDD+ implementation.

Forest Carbon Partnership Facility Support

37. The sequence of steps that is typically supported by the FCPF in a country is the preparation by the Government of an R-PIN whose approval by the FCPF authorizes the Government to prepare the R-PP. The R-PP lays out the steps a country needs to follow to become ready for REDD+ and is intended to be inclusive of all major actors working on REDD+ in the country. The World Bank then prepares an Assessment Note (AN) which assesses the set of actions included in the R-PP, particularly those to be financed by the FCPF. The FCPF provides funds from its Readiness Fund to the Government to support all these steps, including key actions included in the R-PP (typically an amount of \$3.6 million/country). Once considered ready for REDD+, the country would then be eligible to receive performance-based payments from the FCPF's Carbon Fund and potentially other funding sources established under a future UNFCCC-approved international REDD+ payment scheme.

38. In the case of Vietnam, no funds from the FCPF were mobilized to support the preparation of the R-PIN or R-PP; these costs were assumed by the Government with support from a Bank-Netherlands Partnership Program trust fund made available by the World Bank, from the UN-REDD, and other sources. At this time, therefore, the full \$3.6 million is available to support the REDD+ readiness preparation phase. Furthermore, Resolution PC/Electronic/2012/1 of the FCPF increased the allocation by US\$200,000 per REDD+

Country Participant for strengthening national feedback and grievance redress mechanisms. The total FCPF grant amount to support REDD+ readiness preparation in Vietnam is thus US\$3.8 million. A follow on phase could consist of performance-based payments, supported under the FCPF's Carbon Fund, if Vietnam is chosen to be a Carbon Fund participating country. Vietnam has shown an interest in receiving support from this Fund and is currently preparing a formal request to the FCPF.

39. The R-PP document was presented informally at the November 2010 FCPF Participants Committee meeting held in Washington, DC. The document was well received but a number of comments and suggestions were made. A new version was approved with conditions (see Resolution PC/8/2011/5) at the following session of the Participants Committee in March 2011 in Dalat, Vietnam. The final R-PP was declared complete by the FCPF FMT in December, 2011. This provided the trigger for the R-PP AN - which is the current document - to be prepared by the World Bank.

40. Through a series of consultations and discussions, the VRO has agreed with the World Bank on a set of activities to be supported with funds from the FCPF Readiness Fund. Other major actors such as bilateral donor agencies and UN-REDD have been included in these consultations as well as local authorities and NGOs. The activities to be supported by the FCPF are a subset of those that are described in both the R-PP and NRAP but are those that are considered to be of the highest priority for achieving readiness for REDD+, taking into account other donor-supported programs and the World Bank's own comparative advantage. This AN evaluates the set of studies and activities that were identified through this process. Table 1 below summarizes the main components of the FCPF grant and indicates where they are referred in the R-PP. Annex 3 presents the key donor finance to support to REDD+ Readiness in Vietnam and how these supports complement one another.

Table 1: Linkage between FCPF-supported activities and the Vietnamese R-PP

FCPF Grant Component	RPP Component								
	1a. National Readiness Management Arrangements	1b. Stakeholder Consultation and Participation	2a. Assessment of Land Use, Forest Policy and Governance	2b. REDD+ Strategy Options	2c. REDD+ Implementation Framework	2d. Social and Environmental Impacts	3: Develop a Reference Scenario	4a. Emissions and Removals	6. Design a Program Monitoring and Evaluation Framework
1: Support for development of capacities for the effective and efficient REDD+ implementation at national and provincial level	x		x	x					

2: Support for studies and development of user-friendly guidance materials on SFC reform for REDD+ service provision						x			
3: Strategic Environmental and Social Assessment							x		
4: Support for public awareness raising, multi-stakeholder consultation processes, information sharing and regional cooperation in the REDD+ implementation		X							
5: Project Management, including Monitoring and Evaluation									x

Key Risks and Issues

41. **Public participation and social impacts.** There are concerns in Vietnam, as in many other countries, with respect to the level of public participation in REDD+ Readiness, and beyond. If this is not adequately addressed this may lead to a situation where local communities do not adequately benefit from REDD+. Moreover, ethnic minority groups, whose tenure is not always clear, could potentially suffer under a REDD+ mechanism if their livelihoods and customary rights to natural resource use are not considered.

42. Overall the GoV has expressed its commitment to lead a participatory REDD+ process. The effort to include the National Committee for Ethnic Minorities (a ministerial level agency) as member of the National REDD+ Steering Committee is a sign of such commitment. The establishment of an open and transparent institutional structure that includes the multi-stakeholder National REDD+ Network and different Sub-TWGs, including the groups on Safeguards and on Local Implementation, has provided the means for promoting effective public participation in REDD+ Readiness implementation in general and in the FCPF-funded project in particular.

43. Ensuring full and effective participation of relevant local stakeholders is challenging. Component 3 will assist the Government with the structuring and implementation of national as well as sub-national consultation activities focused on the pilot sites, which should generate lessons for application in other areas. The grant will support local NGOs representing or working to support ethnic minorities and other forest dependent communities. Assessment and identification of appropriate measures for enhancing benefits to and avoiding adverse impacts on ethnic minorities and other forest dependent communities, including issues of their land tenure security, will be included in component 1 and 2. Implementation of the SESA process as part of component 3 will also contribute to these efforts.

44. **Cross-sectoral coordination.** Another risk which is common to many developing countries is poor cross-sectoral coordination. Many of the drivers of deforestation are as a result of strategies, policies and decisions made outside the forest sector. Addressing the drivers of deforestation and forest degradation requires genuine commitment across different government Ministries and Departments. The establishment of the National REDD+ Steering Committee with participants from across different Ministries and departments is a necessary and critical first step. A key test will be cross-sectoral coordination at the sub-national level where implementation takes place. It will be necessary to work through institutional arrangements with cross-sectoral convening power, such as the Provincial Peoples Committee (PPC) and the Ministry of Planning and Investment.

45. **Baseline emission level.** Currently, an interim national reference emission level of Vietnam is under preparation with support of JICA and based on historical forest data in 1990, 1995, 2000, 2005 and 2010, which is generated by the National Forest Monitoring and Assessment Program and improved by using remotely sensed imagery. Vietnam historically has had high deforestation but this trend has been reversed in the last 10 years with GoV investing substantially to increase the overall forest cover (through the 661 program). Although an aggregate increase in forest cover is reported, this conceals high levels of deforestation in certain parts of the country, as well as widespread deterioration in forest quality. Monitoring data on forest cover are difficult to collect and analyze so the data and trends have to be interpreted with caution. This creates challenges in defining the appropriate baseline. Furthermore, measuring and monitoring forest degradation and some other REDD+ interventions are technically challenging. How reference levels are established will determine the extent to which Vietnam's previous efforts are recognized and rewarded.

46. **Lack of clarity as to the future of REDD+.** A major risk is that there continues to be a lack of clarity on any future international agreement on REDD+. In spite of some progress made at COP 16 in Cancun, Vietnam and COP 17 in Durban, South Africa, international negotiations have yet to result in an agreement on the technical, legal and operational modalities of REDD+. This not only causes a risk to activities supported by the FCPF, as they may not be exactly what is needed for Vietnam to be responsive to future REDD+ requirements, but also to efforts to secure political buy-in as some have doubts that such an agreement will ever materialize. The fact that the FCPF Carbon Fund and the second phase of the UN-REDD Programme (Tier 2) are designed to pay for reduced emissions from REDD+ implementation in some selected countries does, however, help to minimize these concerns. Furthermore, Japan has recently introduced the Bilateral Offset Credit Mechanism, in which REDD+ is one of the potential activities. These initiatives will help to mitigate the risk of uncertainty of the REDD+ implementation. Vietnam, therefore, is very much interested in accessing the REDD+ Carbon Fund under the FCPF, the Tier 2 of the UN-REDD Program and support from other bilateral and multilateral schemes.

47. **Activities supported by multiple donors.** In Vietnam, there is also the issue of coordination among multiple donor agencies. Vietnam has attracted considerable donor interest in REDD+. This can cause a certain level of redundancy between donors with their own strategies, interest and requirements and can be a drain on the time and resources of the limited national resources. Component 1 aims to strengthen local capacity and support

coordination mechanisms in-country. The NRSC and the VRO offer the best mechanisms to ensure coordination between the multiple agencies supporting and working on REDD+. In addition, the National REDD+ Network and TWG and Sub-TWGs could facilitate the REDD+ implementation and reduce the redundancies and overlaps among REDD+ projects which are supported and implemented by different donors and entities.

48. **Coordination of activities.** The fact that there are many REDD+ supported initiatives in Vietnam highlights the need for strong coordination between them. Although not all these projects fall directly under the VRO it is the Office's role to coordinate between projects and ensure, as much as possible, they closely align with the NRAP. As the Office is further strengthened this will help with this coordination function.

49. Coordination also takes place through the National REDD+ TWG, which brings together all stakeholders working on REDD+ in Vietnam and the Sub-TWGs which report back to the National REDD+ TWG. The Sub-TWGs play a critical role in discussion of key issues which are being examined across multiple projects. The Sub-TWG on Monitoring, Reporting and Verification, for example discusses appropriate MRV structures in Vietnam; the Sub-TWG on Local Implementation provides a forum for all groups working on field projects to share lessons and findings. The newly formed Sub-TWG on Safeguards is currently helping devise a road map for introducing Safeguards in Vietnam. It is likely that much of the coordination on technical issues will continue through these Sub-TWGs.

50. **Coordination of FCPF R-PP and UN-REDD activities.** Coordination of activities will be of further importance with the arrival of the UN-REDD Phase II which will likely be between US\$20-30million. It is likely that UN-REDD Phase II will start in 2013 but the program design is not yet known. It is important that there is close collaboration between these two initiatives. The VRO has been established to coordinate all REDD+ related activities. It will be the focal point for the UN-REDD Phase II and the FCPF RPP. Therefore it will play a critical role in coordination of activities. The VRO is ideally placed and able to ensure coordination and complementarity between the two interventions. Under the guidance of the Government, and in line with strengths of the respective international partners, UN-REDD and FCPF have designed complementary and collaborative activities and implementation frameworks.

51. In addition to the R-PP, if Vietnam intends to submit an Emissions Reductions Program Idea Note (ER-PIN) to the FCPF Carbon Fund and if this proposal is successful then there will need to be consideration of how this Fund could align with a National REDD+ Fund being set up under UN-REDD. Given that the requirements under the different Funds may differ it may be difficult to align them. This needs to be examined if discussions progress with regards to the ER-PIN.

B. Implementing Agency Assessment

52. Ministry of Agriculture and Rural Development (MARD) is the National Implementing Agency of this Project and is accountable before the Government and the World Bank/FCPF for implementing the grant and ensuring: a) implementation quality; b)

efficient use of the national and donor funded resources; and c) cooperation and coordination of activities carried out by all participating stakeholders. VNFOREST/VRO is responsible for direct management, utilizing the ODA and government contribution fund for grant implementation in accordance with relevant government regulations and the approved Project Document.

53. MARD has a large portfolio of IDA funded projects in various subsectors. In Forest Sector, MARD has been the implementing agency of a big number of large investment projects, including the most recent and on-going projects of the Coastal Wetland Protection and Development Project and the Forest Sector Development Project respectively.

54. To date, the departments and individuals involved in REDD+ have been highly successful in mobilizing support for REDD+ in Vietnam and setting up the necessary institutional arrangements. The UN REDD Phase I has helped in building the national capacity to respond to REDD+. However, the flipside is that the numerous REDD+ activities and the considerable demands on the limited staff involved has sometimes hampered their ability to give necessary attention to the various initiatives. Component 1 will support capacity building for National REDD+ management mechanism and operations which includes the creation of staff positions in the VRO.

C. Project Stakeholder Assessment

55. As highlighted in the R-PP, Vietnam features a diverse range of stakeholders with an interest in REDD+. These can be broken down into six main categories:

Governmental authorities and agencies at the national level

56. The main intra-governmental forum for discussing REDD+ will be the National REDD+ Steering Committee. This will have senior government officials from MARD as well as representatives from the following relevant ministries and ministerial level agencies: the Office of the Government; Ministry of Natural Resources and the Environment (National Focal Point of the UNFCCC and Kyoto Protocol); Ministry of Planning and Investment; Ministry of Finance; Ministry of Science and Technology; Ministry of Foreign Affairs; and National Ethnic Minorities Committee. At the proposal of VNFOREST, the National REDD+ Network and the REDD+ TWG were established in September 2009. Membership of the National REDD+ Network is open to any group. The REDD+ TWG assists operations of the National REDD+.

Governmental authorities at the provincial and district level

57. The Provincial People's Committees (PPCs) are the highest decision-making body at the provincial level. For REDD+ field based activities it is critical that they be supported by the PPCs. PPCs also provide a decision-making body with the ability to balance the needs of different sectors, which will be critical for REDD+ implementation. Similar to the PPCs but at the jurisdiction of the district, the DPCs are an important local decision making body. Much of the DPCs' power is delegated through the PPCs.

Forest users

58. REDD+ will have widespread impacts on the management and use of forests and forest resources across Vietnam, impacting millions of households which utilize the forests. Besides providing jobs and cash incomes, forests are essential to the needs of the poorest households in many rural areas, who rely on them for fuel, medicines, food, construction materials and other goods. Ethnic minority groups are among the poorest and characterized by traditional lifestyles that depend on access to the forest. Given that they also have their own management and ownership structures, particular attention must be given to these groups and how REDD+ can be used as a means to enrich their lives, and avoid adverse impacts on them. To date there has been a lack of substantial involvement of local communities. VNFOREST is considering the establishment of sub-national REDD+ Networks and the organization of meetings at the level of regions and provinces to enable local communities and organizations, such as ethnic committees, farmer associations, women's unions, etc. to take part in the REDD+ activities. This increased involvement of local-level stakeholders will be supported under Component 3.

59. Another important forest user is the private and/or the state forest and agricultural companies. By providing a greater incentive to keep forests intact, REDD+ could lead to decreased access to timber resources and reduce the availability of forested land for conversion to other land uses. This could have negative impacts on the forest products industry and could reduce the potential for expansion of crops such as rubber. However, it can also have positive impacts by providing incentives for adopting more sustainable management practices and/or enrichment planting. It is therefore critical to work with the forestry and plantation crops industries to look at possible ways for them to also benefit from REDD+. Up until now the private sector has very limited involvement in REDD+.

International Donor Agencies

60. UNREDD is a key stakeholder in the REDD+ landscape in Vietnam. Phase I was completed in June 2012 while Phase II is expected to begin in 2013. The Program has been supported by the Government of Norway. UN-REDD has its own offices and provides part-time support for some of the key REDD+ experts in Vietnam. The UN-REDD team assisted in preparing the R-PP and is well aware of its contents, and efforts have been made to ensure that the FCPF and UN-REDD activities are complementary. Other key donors are the Embassy of Finland, JICA, and the Norwegian Embassy. They will continue to fund REDD+ activities in Vietnam.

Non-Government Organizations

61. There are a number of NGOs active in REDD+ in Vietnam. SNV, Winrock, ICRAF, SRD, CERDA, RECOTFC and FFI all have REDD+-related field activities at the national, sub-national and local levels. A few organisations – such as SNV and Winrock – have made some effort to establish REDD+ projects under the Voluntary Carbon Market. The issue of how to link REDD+ projects with national REDD+ in a “nested approach” has been

highlighted though there is currently no guidance on this. A number of discussions and workshops have been held which will explore how sub-national interventions could be nested into a national system. The Sub-TWG on Local Implementation continues to facilitate the process.

Research institutes and Universities

62. A number of research institutes have been involved in REDD+ activities in Vietnam, particularly institutes which are part of MARD. This includes the Forest Science Institute (FSIV) and Forest Inventory and Planning Institute (FIPI), both of which have expertise in forest carbon estimation, forest inventories and community-based forest carbon monitoring. The Vietnam Forestry University and Tay Nguyen University have also been closely involved and are leading research on aspects of forest carbon work in Vietnam.

IV. Overall Risk Ratings

63. **The proposed overall risk rating is Medium.** The overall risk rating is driven up by the social risks associated with the innovative nature of REDD+. As indicated, there is the risk that if REDD+ is not designed properly, it may not deliver the expected benefit, especially for the most vulnerable groups, such as Ethnic Minorities whose lives are closely intertwined with the forests. Therefore, effective stakeholder involvement will be critical during preparation and implementation of this grant. It will be particularly critical to ensure the adequate representation and meaningful participation of ethnic minorities in the REDD+ readiness process, as well as the continued implementation of the monitoring and management of the ESMF during implementation. See ORAF in Annex 1.

64. According to the Cancun Agreements, the process for a country to become REDD+ ready should be implemented in phases, beginning with the development of national strategies or action plans, policies and measures, and capacity-building. These are followed by the implementation of national policies and measures and national strategies or action plans that could involve further capacity building, technology development and transfer and results-based demonstration activities. Results-based actions are fully measured, reported and verified, depending on the specific national circumstances, capacities and capabilities of each developing country and the level of support received. These imply that the REDD+ readiness preparation requires reform of current forest policies and development of new strategies in the forestry sector and beyond as well as development of a robust and transparent national forest monitoring system for the monitoring and reporting of REDD+ activities.

65. Going through the readiness process outlined above will be highly challenging and therefore gives the project a higher risk rating. However, it must be recognized that the FCPF's contribution is only one part of much larger efforts by the government and donors to bring about forest sector reform, and enable the country to be REDD+ ready. In examining the actual activities supported by FCPF, much of this requires the completion of further assessments, supporting the development of operational and effective national management structures for REDD+, providing guidance on the reform of State Forest Enterprises (SFEs) and integrating attention to issues such as SFEs reform into the SESA process. Although such

activities currently are priorities of the GoV, they pose considerable risks. Part of what makes them challenging will be the efforts to deliver some of the activities which require institutional changes and which require a conducive governance environment. This touches on sensitive issues such as forest land allocation, benefit distribution, and forest administrative reform.

66. **Environmental and Social risks.** Activities supported by the FCPF grant are designed to have positive impacts on the environment, forests and natural habitats and to pose minimal risks in terms of the Bank's environmental safeguards (EA, Natural Habitats, Forests, and Physical Cultural Resources). They are expected to have positive impacts on local communities who depend on forest resources for their livelihoods, mainly poor ethnic minorities. However, REDD+ activities may pose risks to the livelihoods and cultural survival of ethnic minorities if their interests and concerns, including their customary rights and access to natural resources, are not taken into consideration in policy recommendations and planning for future REDD+ activities, projects, and investments. Readiness-stage efforts to reform the forest sector (SFCs, FMBs) in particular may pose such risks to local communities.

67. As part of the implementation of the FCPF grant, these risks will be mitigated through an extensive consultation and participation process, through analytical work, and through the SESA. Consultation and participation activities that extend and deepen the consultations that have taken place to date are key elements of the readiness process funded by the grant, and adequate budgeting has been set aside for this purpose. Several studies within the R-PP are highly relevant to, and will feed into, the SESA process. These include studies relating to forest conversion to agricultural land, shifting cultivation and other traditional land use practices, customary land rights, infrastructure development and how it affects the livelihoods of communities, etc. The SESA will assist a range of stakeholders in defining social and environmental priorities in relation to candidate REDD+ strategy options and generating recommendations that can feed into the decision-making process around the further design of the NRAP. The SESA will be complemented by an ESMF, which will serve as a framework to manage and mitigate the potential environmental and social impacts related to specific projects and activities, including investments and carbon finance transactions, in the context of the future implementation of REDD+.

68. As noted earlier, as a result of activity supported by a number of donors and NGOs, readiness preparation in Vietnam is considerably advanced. This includes the Prime Minister's approval of the NRAP in June, 2012. This presents a distinct challenge for SESA implementation, since the SESA process, as it has been designed for the FCPF, intends to integrate environmental and social sustainability concerns into the preparation of a country's national REDD+ strategy. Nevertheless, in Vietnam it makes sense to keep the SESA focused at the level of the NRAP, for a number of reasons. Staff with the VRO and VNFOREST has already indicated that they expect the NRAP to be a living document, one that would be revised to take account of new information and relevant recommendations for improvement, such as those that would be generated by the SESA. Accordingly, they have, in fact, requested that the scope of the SESA be broad, in order to fulfill its promise as a key vehicle for ensuring compliance of the NRAP with relevant safeguards, during both its refinement

(through the strategic assessment part) and its implementation (through the preparation and application of the ESMF).

69. Maintaining an NRAP-focused SESA would also conform to current FCPF guidance on SESA application, which has been disseminated widely, and would satisfy the expectations of key in-country stakeholders, such as the members of the Sub-TWG on Safeguards, who have already been sensitized to the approach and its objectives. In sum, while having a SESA that is broad in this way is not without risks, it would be riskier still - if not operationally imprudent - to try to somehow limit the scope of the SESA, so that it focuses only on those readiness-related activities to be supported by the FCPF grant.

V. Proposed Team Composition and Resources

70. Vietnam was accepted as a REDD+ country in June 2008 following the approval of its R-PIN by the FCPF Participants Committee. The GoV opted to not use the readiness preparation grant, but instead used its own resources, support from a BNPP TF made available by the World Bank, and support from the UN-REDD, as well as other donors.

71. The Bank assisted the preparation of Vietnam's R-PP through hiring expertise in the field of environmental safeguards (R-PP components 1b and 2d) and forest policy and REDD+ implementation (R-PP components 1a, 2a, 2b, 2c). For the rest of the R-PP, particularly component 3 on RELs and component 4 on MRV, support was provided by a JICA Project, FAO, and UN-REDD. The World Bank also hired expertise to fill in missing components and to fine tune the document. VNFOREST provided its staff time in drafting some components and finalizing the R-PP. The R-PP is the result of well-coordinated efforts from GoV, the World Bank, the UN-REDD Vietnam Programme and other development partners. These show the effective efforts of GoV in mobilizing and coordinating resources for the REDD+ implementation.

72. World Bank support has been provided by the following individuals:

Name	Title	Unit
Lan Thi Thu Nguyen	Natural Resources Economist, TTL	EASVS
Douglas J. Graham	Senior Environment Specialist	EASVS
Svend Jensby	Senior Social Development Specialist/Social Issues & Consultation Processes, Consultant	SDV
Kennan Rapp	Senior Social Development Specialist/SESA	ENVCF
Anjali Acharya	Senior Environmental Specialist	EASVS
Juha Seppala	Carbon Finance Specialist	ENVCF

Ha Thuy Tran	Financial Management Specialist	EAPFM
Thang Toan Le	Procurement Specialist	EAPPR
Richard McNally	Forestry Specialist, Consultant	--
Khanh Linh Thi Le	Program Assistant	EAVCF
Mi Hyun Bae	Senior Social Development Specialist, Peer Reviewer	LCSSO
William Magrath	Lead Natural Resources Economist, Peer Reviewer	SASDA
Werner Kornexl	Senior Climate Change Specialist, Peer Reviewer	EASIS

VI. Assessment Summary

A. Technical

73. The R-PP has been independently assessed by the TAP and by the PC of the FCPF, and appropriately disclosed. The activities to be financed by the FCPF have been selected after technical discussions with MARD, Ministry of Finance, and the Ministry of Environment. The activities have also been discussed with other donors, including UN-REDD, NORAD and KfW/GIZ to avoid financing overlap and to promote complementarity. The R-PP, including the proposed FCPF-funded activities, was discussed at several REDD+ Network meetings.

74. REDD Strategy options. The RPP identified the strategic options for addressing deforestation and forest degradation which include (i) Land use planning and zoning; (ii) Forest use right allocation process; (iii) Forest policy, legislative and administrative reform; (iv) Enforcement of planning and environmental requirements; (v) Promote alternatives to forest conversion and forest degradation; and (vi) Establishment of a transparent and equitable benefit sharing mechanism. Progress is being made in a number of these areas and the FCPF Grant will build on the existing works to especially further examine the drivers, land use planning and land tenure. The Grant will also support the policy review to identify gaps and needed policy reforms relating to SFEs. Works on benefit sharing distribution mechanism had been initiated and the Grant will enhance the mechanism by supporting the establishment of a national feedback and grievance redress mechanism for the REDD+ implementation.

75. Land Tenure. Forest land in Vietnam is being managed under different tenure arrangements. Forest owners comprise eight major groups and “individual households” group is one of them. Among these owner groups, state enterprises, individual households and people’s committees are the largest forest owners. The best quality forests are largely owned

by various state actors, however. Non-state actors, particularly local people, mostly manage poorer quality and degraded forests. Tenure arrangement for the individual households is classified as “private property” under which forest is allocated to its owner for long-term (50-year) management. In most cases, forest owners under this arrangement are entitled to a legal title for the forest area they are given. Official issuance of such legal title, however, is very slow and in many regions there are overlapping and conflicting land claims, sometimes also with protected areas and indigenous territories.

76. Customary Land Titling. In the recent decades, market liberalization, investment and migration accelerate the transfer of land among different land holders. Many ethnic minority groups (Thai, Tay, Nung, Ede, Hmong, etc.) have their own customary land laws that recognize for instance the spiritual forests or water sources. Customary land laws and community land ownership, however, have not been recognized properly by state laws. Recently, some efforts have been made to integrate customary laws into state laws, for example, the hamlet regulation (huong uoc). Both the 2003 Land Law and Forest Protection and Development Law recognize community ownership over land and forest (while Civil Code does not recognize community as a legal entity).

77. A new Land Law is being drafted which opens up the opportunities for possible reform to recognize the specificity of region and ethnicity in the land law revision, through consultation process to input to this laws revision. Further SFEs reform is also seen as a good opportunity to promote community land titling and contribute to realizing customary land use. The first reform in 2004 has seen thousands ha of forest land being returned to the communities for management. Yet other more than 400,000 ha need to be reviewed and reallocated to the communities.

78. The Bank has engaged with the Government on the land issues in a number of fora and operations, including the Forest Sector Development Project where participatory land allocation and issuance of land use right certificate are supported or the Vietnam Land Administration Project where the national land administration system was developed. The FCPF Grant will contribute to the further reform of the SFEs. Specifically it will support the SFE policy reform review, forest inventory and carbon stock assessment among others.

79. Reference Emission Level (REL). Vietnam has a long experience with forest inventory, including a continuous inventory and mapping program, which may serve as a basis for Vietnam’s REDD+ MRV System. Land inventories including forest land is conducted in five-year cycles and land use statistics are issued annually based on reports from communes up to the provincial and national levels. These land use statistics and inventories, however, are not sufficient for the use of estimating GHG emissions/removals for forest lands due to the unsuitable classification system employed where forestry land is classified into only three sub-categories based on forest management (i.e. protection forest, special-use forest, and production forest) rather than by forest type. At national measurement level (Tier 1), calculation on carbon sequestration and emission is mainly based on ecological stratification data in terms of typical forest types in Vietnam. As different forest types located in an ecological stratification have a rather homogenous ecological productivity, it is possible to calculate national forest carbon sequestration/emission level in the forestry sector. Initial

work to develop the interim RELs at national level and at selected pilot provinces were carried out.

80. Benefit Distribution System (BDS). The BDS has emerged as a key design consideration in the implementation of REDD+ activities in Vietnam. Key questions and design issues for a REDD+ compliant BDS structure for Vietnam included issues around the most appropriate legal structure of the BDS and institutional arrangements, as well as addressing broader considerations around how much, to whom and when to distribute benefits. The delivery of environmental and social co-benefits was also highlighted as an important primary consideration for policy makers in the design of the BDS. Vietnam is well-placed to develop a REDD+-compliant BDS as a result of many years' experience in similar systems, such as the "661 Programme", the recent trial of PFES systems under Government's Decision 380 and the on-going pilot scheme on benefit sharing mechanism in management, protection and development of special-use forests which was approved by the Government on February 2, 2012. These and other initiatives such as recent studies and consultations have generated important lessons and inputs concerning the design of BDS.

81. Participatory Carbon Monitoring (PCM). has been first introduced by the UN-REDD Program for Vietnam as a concept and method for providing forest managers a means for assuring themselves that their performance is being appropriately awarded, and also possibly as a tool for generating emission factors. One of the advantages of PCM is that it mobilizes the local communities in the measurement of different parameters, including possibly for forest carbon and therefore can generate a huge amount of data. If data on forest carbon can be adequately generated through PCM, this can be used in combination with the National Carbon Inventory data generated through the National Forest Inventory, Monitoring and Assessment Program process for forestry land, for cross-checking and therefore have the potential of improving the accuracy of the Emission Factors.

B. Financial Management

82. The Bank has conducted a financial management assessment of VNFOREST, the focal agency for REDD+ and had discussions with the National Contact person of Vietnam REDD+ which will be the implementing agency for the FCPF Grant. The assessment has been conducted in accordance with OP/BP 10.02 and concluded that the proposed financial management arrangement will meet the minimum Bank requirements provided that the Project designated accountants will be appointed and received adequate trainings in specific guidelines and procedures for trust fund, procurement, financial management and disbursements before Project starts.

83. VNFOREST has accumulated experience in working with the Bank through a number of projects. The most important of these has been the Forest Sector Development Project (FSDP) which has recently been extended to 2015 with additional financing. The FSDP supports smallholder plantations and provides support to special-use forests through the Vietnam Conservation Fund (VCF). The FM risk, therefore, is Moderate. The risk will be mitigated through establishment of simple financial management system with designated staff being responsible for financial management operation of the Grant and an independent audit.

The Bank will also provide regular guidance and conduct the FM review, at least on annual basis.

C. Procurement

84. Procurement for the proposed FCPF will be carried out in accordance with the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated January 2011, and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated January 2011. The various items under different expenditure categories are described in general below. For each contract to be financed by this TF, the different procurement methods or consultant selection methods, the need for prequalification, estimated costs, prior review requirements, and time frame will be agreed between the Borrower and the Bank in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. It is not envisaged that the FCPF grant will finance work activities. Eligible activities are mainly consultancy services. Small goods and non-consultancy services (workshops, etc) are also considered.

85. As with financial management, VNFOREST has demonstrated its capacity to implement World Bank procurement policies. Implementation of the Vietnam Forest Sector Development Project was deemed fully satisfactory with regards to procurement policies.

86. An initial Procurement Plan has been developed by VNFOREST, and has been reviewed and accepted by the Bank. The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review.

D. Social and Environmental

87. The FCPF Readiness Preparation grant must comply with relevant World Bank safeguard policies regarding the management of environmental and social issues. Additionally, this grant will support activities to identify risks and potential impacts (both positive and negative) associated with REDD+ and to outline mitigation options as appropriate. In order to do this, the FCPF is using a SESA to integrate key environmental and social considerations into REDD+ Readiness by combining analytical and participatory approaches. The SESA allows: (i) social and environmental considerations to be integrated into the REDD+ Readiness process, in particular the national REDD+ strategy; (ii) stakeholder participation in identifying and prioritizing key issues, assessing policy, institutional and capacity gaps to manage these priorities, and generating recommendations and findings; and (iii) an ESMF to be put in place to manage environmental and social risks and potential impacts from implementation of the national REDD+ strategy. See Annex 4 for refined draft ToR for SESA.

D.1. Social (including Safeguards)

88. REDD+ activities that aim to improve the management of forest resources and natural habitats can provide significant benefits to local communities who depend on natural resources for their livelihoods. On the other hand, such activities may also impact their

livelihoods, natural resource use and cultural practices as well as their social organization and customary institutions. This is particularly the case if REDD+ activities, including policy reforms, restrict access to natural resources of local communities or exclude them from benefiting from REDD+ investments and future payment schemes.

89. Most forest areas in Vietnam are inhabited by ethnic minorities who depend on forest resources for their livelihood. The GoV has paid great attention to promoting the participation of ethnic minority groups in forest protection and socioeconomic development in line with Article 5 of the National Constitution and various Articles of the Land Law and Law on Forest Protection and Development. This has resulted in policies and programs that aim to improve land and forest tenure security and promote the participation of ethnic minorities, including through forest land allocation and community forest management. Ethnic minorities are often given priority in receiving land and forests as well as being recruited to work for forest companies.

90. However, most forest areas are still managed by forest companies and other government or private entities. By the end of 2009, local communities held the rights to 26% of the total forest area in the country, most of it as individual households or household groups with a small proportion as village collectives. Moreover, experience from Vietnam and elsewhere shows that tenure rights alone do not necessarily improve the conditions of forest communities. For instance, some forest allocation has been accompanied by forest regulations and logging bans limiting the economic benefits to local communities; local authorities and communities do not have capacity to improve forest management; and communities have limited access to markets or the recently introduced payments for forest ecosystem services. The focus on individual land and forest allocation, rather than collective allocation to customary communities, has slowed forest allocation in the uplands, while generating positive outcomes in much of the uplands inhabited with much fewer ethnic minorities.⁹

91. To be successful, forest allocation in the uplands would need to be tailored to the particular circumstances of the forest resources, infrastructure and access to markets, capacity for government support for upland forestry, and to the particular cultural and socio-economic characteristics of the various ethnic minorities living in the upland areas. This may involve more emphasis on collective ownership and management arrangements, attention to broader livelihood issues, and recognition of social and cultural values of the forest. Any forest protection programs picking up from the recently terminated 661 program would also need to develop more equitable benefit sharing arrangements to ensure positive benefits to forest dependent communities.

92. The experience from the implementation of forest and land tenure policies and programs will be assessed as part of the FCPF grant and will inform the recommendations identified during REDD+ readiness process. While lessons from the reform of the forest

⁹ The National Targeted Program to Respond to Climate Change (NTP-RCC) was approved in 2008 and is under the authority of MONRE; the follow-on National Strategy on Climate Change was approved in December 2011 through Decision No. 2139/QĐ-TTg. The Ministry of Planning and Investment (MPI) is taking the lead on the development of the Green Growth Strategy.

sector, through the provision of support to SFCs and FMBs, are still being assimilated, it already seems clear that such efforts will impact forest dependent communities. Impacts on the ground – positive or adverse – will not be felt until future REDD+ investments are implemented, yet these impacts will be influenced by the policies and investment options identified and recommended during the REDD+ readiness grant.

93. The approach to address social risks and safeguards is thus twofold. First, FCPF readiness activities that inform policy recommendations and future investment options will assess social risks and safeguard issues through analytical work and consultations, particularly but not exclusively as part of the SESA process. This will include considerations to improve the livelihood security, customary rights and equitable benefit sharing mechanism for ethnic minorities and other forest dependent communities, particularly in grant activities that support SFC reforms and strengthening. Second, the readiness grant will support the preparation of the ESMF that will apply to future REDD+ activities (or at least those financed by the Bank).

94. The implementing agency, the VRO, does not have any experience in implementing the Bank's social safeguard policies. VNFOREST has some exposure through the Bank-financed FSDP which includes both issues pertaining to ethnic minorities and restriction of access to natural resources. However, these experiences are to date mainly attributable to a particular staff member involved rather than institutional, and it is expected that the VRO will need technical assistance and capacity building opportunities to manage the SESA and consultation processes and in preparing the ESMF. These have been included in the readiness grant.

D.2. Environmental (including Safeguards)

95. The dynamics and causes of deforestation and forest degradation are multiple and highly complex. The factors driving deforestation in Vietnam has changed throughout the course of the country's history. The main direct causes of deforestation are generally agreed to be a result of: (i) conversion to agriculturally cultivated land (particularly to industrial perennial crops); (ii) the impacts of infrastructure development and hydropower plans; (iii) unsustainable logging; and (iv) forest fires.

96. As a growing exporter of agricultural commodities, there are concerns about Vietnam's expansion of agricultural land (such as for rubber) onto natural forested areas. Similarly, in coastal areas, government policies and market signals have directly or indirectly led to the large-scale conversion of rice lands and coastal mangrove forest areas to shrimp farms. Furthermore, the current forest classification systems and approval procedures potentially can lead to situations where forests that are healthy and/or are naturally regenerating are converted for reforestation.

97. Vietnam has become a major hub for the export of furniture, making wood products, with the increase in demand for timber for inexpensive furniture made from tropical hardwood. The issue of the illegal trade in timber as well as the illegal extraction in Vietnam has serious implications for the future of the industry as well as the potential benefits from REDD. The current enforcement strategy –which focuses on catching perpetrators violating

forest laws in the proximity of the forest or subsequent transportation of the illegal timber –is resource intensive and ineffective.

98. Forest loss from infrastructural development, especially road building and dam construction is of growing concern. Vietnam’s roads have more than doubled in length since 1990. The construction of dams to meet Vietnam’s energy needs is resulting in the destruction of natural forests. Smaller hydropower schemes have lower requirements and scrutiny in terms of EIAs.

99. The experience from the implementation of forest and land tenure policies and programs will be assessed as part of the FCPF grant and will inform the recommendations identified during REDD+ readiness process. The REDD+ implementation has potential implications for a range of environmental issues. The potential REDD’s effects to the biodiversity relate to improved forestry practice, reducing deforestation, changes in agriculture sector, or specific conservation measures. To complement the government’s efforts at the reforms of State Forest Companies (SFCs), REDD+ could offer further financial incentives for some SFCs to improve their operations to access possible carbon financing mechanisms through REDD+. REDD+ implementation can also influence (i) water quantity and water quality (effects to the water regime, reducing pollution resulting from better forestry practice etc.); (ii) soil erosion (through improved forestry practice, slower deforestation), and soil pollution (measures in agriculture); (iii) and directly contribute to decreasing emissions of greenhouse gases, etc.

100. A two-pronged approach has been proposed to address environmental risks and safeguards. *First*, FCPF readiness activities that inform policy recommendations and future investment options will assess environmental risks and safeguard issues through analytical work and consultations, particularly but not exclusively as part of the SESA process. This will include studies to better understand the drivers of deforestation and forest degradation, land use and land tenure issues, forest conversion from infrastructure development, and specifically grant activities that support SFC reforms and strengthening. *Second*, the readiness grant will support the preparation of the ESMF that will apply to future REDD+ activities (or at least those financed by the Bank).

101. Environmental Assessment (OP/BP 4.01). Overall, the REDD+ activities in the RPP are expected to have significant positive impacts on forest, in that the main goal of the program is to reduce deforestation, while contributing to the well-being of forest-dependent communities who will be consulted during the course of the program. The REDD program itself will not finance the harvesting and conversion of forests so there is little to no direct adverse impact associated with activities planned as part of the strategic options. The principal risk from REDD would arise in the event that the strategies fail to achieve their objectives thereby creating unexpected indirect adverse impacts through the unintended creation of incentives to clear forests for other purposes. This could occur, for example, if future REDD payment or PFES schemes failed to provide sufficient monetary incentive to retain areas under forest cover. Similar risks could occur for example if lack of land tenure security were to undermine commitment to maintain land under forest cover for long time periods.

102. For these reasons, and due to the critical nature of strategic options and choices being considered, OP 4.01 is applicable to the R-PP activities. The principal instruments to document the environmental benefits and risks of the REDD strategy will be the SESA supported under Component 3 of the Grant. SESA will assess key social and environmental risks and potential impacts associated with REDD, and will develop an ESMF to manage and mitigate any possible risks and potential impacts during the implementation phase.

103. Natural Habitats (OP/BP 4.04). Given that the NRAP will likely work both within existing protected areas as well as other forest habitats of varying significance, OP 4.04 will apply. If the REDD program is successful, the impacts on critical forest habitats are expected to be positive, nevertheless SESA will evaluate the possible risks associated with strategic options on forest habitats within protected areas as well as other sensitive forest habitats. During the implementation phase monitoring activities will be established to ensure that critical natural habitats are not adversely affected. It is expected that the ESMF will include provisions to assess possible impacts prior to any actions being undertaken on the ground. Critical issues related to natural habitats and potential impacts from the activities financed under the FCPF will be assessed during SESA implementation and under the ESMF, which will also involve the consultation mechanism with relevant stakeholders.

104. Forests (OP/BP 4.36). Due to the importance of REDD as part of Vietnam's long term forest and environmental management programs and due to the importance forests play in the livelihoods of many communities, this policy will apply. The NRAP itself built largely on the experience of the PFES program for which should be evaluated in order to ensure lessons are incorporated early in the design and key social and environmental risks and potential impacts associated with REDD are considered in the ESMF. The REDD strategy itself would not finance the harvesting or conversion of forests.

D.3. Consultation, Participation and Disclosure

105. Experience to Date. As part of the R-PP preparation process, a number of meetings with relevant organizations and institutions were organized before and after the PC8 meeting in Da Lat, in collaboration with various REDD+-related projects and CSOs such as SNV, RECOFTC, CERDA, and ICRAF. This included different government ministries and departments, multilateral and bilateral donor agencies, national and international NGOs, research organizations and institutes and organizations supporting ethnic minority and forest dependent communities. Recognizing the importance of participation of high-ranking decision makers in the R-PP preparation process, VNFOREST has invited the Director General of Department of Economic Sectors of the Prime Minister's Office to join the working team. These meetings were mainly aimed at:

- (i) collection of information on the past and current activities relevant to potential REDD+ priorities and activities;
- (ii) consultation on key social and environmental issues relevant to the REDD+ (as a part of preparation of the draft Terms of Reference for the SESA); and

- (iii) identification of relevant stakeholders and methods to be suggested by the consultation and participation plan for efficient stakeholder involvement especially at the local level.

106. The process of R-PP preparation as well as suggested content of the R-PP have been discussed as part of the agendas of the regular meetings of the TWG since April 2010. In order to present and discuss the initial findings of the draft R-PP a national consultation workshop was organized by VNFOREST in Hanoi on July 8th, 2010. There were around 30 attendees, covering a range of government departments, donor organizations, and NGOs. Draft parts of the R-PP were also displayed on the web page of MARD, and distributed through the Climate Change Working Group (coordinated by CARE International), Vietnamese NGOs & Climate Change Network (coordinated by SRD) and the Gender and Community Development Network.

107. A first full draft of the R-PP was completed in time for a second national consultation workshop held on August 13th, 2010. The draft version of the R-PP was translated into Vietnamese and uploaded on the website of the VRO (<http://www.vietnam-redd.org>) for comments. Again comments from the participants were noted and integrated into the final document. The complete version of the R-PP is displayed on the web page of both the VNFOREST and the VRO.

108. The R-PP consultation process was undertaken in parallel with extensive consultations undertaken as part of the UN-REDD Programme phase I from 2009 to March 2012. Consultations included civil society organizations, mass organizations (Unions of Farmers, Youth and Veterans), representatives of forested communes and villages. The consultations also included the Second Regional Consultation between Indigenous Peoples Organizations from Asia and the Pacific and the UN-REDD Programme discussing FPIC (free, prior and informed consent) processes and grievance redress mechanisms for REDD+. In addition, the VNFOREST has cooperated with the Project on Regional Grassroots Capacity Building for REDD+, which is being funded by NORAD and implemented by RECOFTC, to further improve consultation processes and methods. The improved method is also to be applied for stakeholder consultation during the preparation of national and subnational REDD+ policies.

109. **Proposal Going Forward.** The GoV has developed a Consultation and Participation Plan as part of the R-PP process with the following objectives:

- To raise awareness and increase general understanding of the importance of REDD+ importance and its contribution to sustainable development.
- To provide interested stakeholders with correct and up-to-date information on REDD+, and to facilitate their involvement in the formulation of the NRAP (including proposals of the specific projects and activities). This means: (i) they have opportunity to provide comments; (ii) comments raised will be taken into account in the REDD+ preparation, which means that comments can be integrated in the NRAP or it will be explained why certain comments haven't been used.

- To facilitate the involvement of interested stakeholders in REDD+ implementation (including monitoring and evaluation), i.e. when carrying out specific projects and activities, in order to provide the stakeholders with the opportunity to influence their implementation.
- To facilitate the involvement of vulnerable groups (especially ethnic minorities) in the development and implementation of REDD+ activities that may affect or benefit them.
- To contribute to minimizing potential adverse effects and enhancing positive effects of REDD+ implementation by involving relevant stakeholders in the SESA process.

110. The GoV has made significant efforts in involving local communities in the preparation of the R-PP, and wishes to expand on this work. The GoV has chosen to adopt the standard of free, prior and informed consent (FPIC) of rights-holders to forest areas likely to be affected by REDD+ interventions. Rights-holders can only make an informed choice if they have full knowledge of the options that are available and in particular of how these options impact the livelihood of the rights-holder. Elaboration of the options will be used in identifying options for improved livelihood support from forest resources, processing thereof and alternatives outside of the forestry sector.

111. Based on the stakeholder analysis that was done for the R-PP, the following target groups were identified for inclusion in the consultations supported by the readiness grant:

National level

The Government and the Office of Government: The Prime Minister has approved the NRAP submitted by the MARD, thus it is necessary to keep the Office of Government engaged on the progress in the REDD+ preparation. The Office of the government has a representative on the National REDD+ Steering Committee.

Government ministries and departments: Besides MARD, which is directly responsible for REDD+ coordination, the ministries of Natural Resources and Environment; Finance; Planning and Investment; Labour, War Invalids and Social Affairs; Health; Construction; Culture, Sports and Tourism; Industry and Trade; Transport; and Education and Training are key government stakeholders. The government agency responsible for ethnic minorities and represented at commune level will also play an important role. The Central Committee for Ethnic Minorities (equivalent to a Ministry) and its branch offices at lower administrative levels are responsible for all ethnic minority issues.

International organizations and donor agencies have already funded projects closely related to the REDD+ and/or will directly provide funding for REDD+ preparation and/or implementation, this includes in particular the UN-REDD, the World Bank, FAO, JICA, GIZ, the Royal Norwegian Embassy, and the Embassy of Finland.

Non-governmental organizations (NGOs): Both international and national NGOs are directly involved in REDD+ activities, and several are members of the National REDD+ Network. Groups such as SNV, Winrock, and ICRAF all have on-going National REDD+ Program. A

network of national NGOs working on REDD+ has also been formed. Their involvement should continue, since they can contribute significantly to the implementation of specific projects and activities.

National Universities and institutions: there are various universities and institutions, often linked to a government department which can provide technical support to particular aspects of the REDD+ process, for example, Xuan Mai Forest University, Research Centre for Forestry Ecology and the Environment, Nam Long University, etc. Research institutes outside the forest sector will also be encouraged to participate; for instance the Institute of Sociology in Hanoi.

Provincial level

Provincial People's Committees play a crucial role and make the decisions pertaining to activities within the provinces. They can also play a critical co-ordination function between ministries and departments. They must be involved in planning and implementing of activities.

Forest and wood processing companies (regardless if they are state owned or private) and forest management boards of protection and special-use forests: They continue to manage much of the forest estate in Vietnam so will be important in any efforts to reduce deforestation and forest degradation.

Private and state companies: Both directly focusing on the forests, as well those working in the other sectors, which might create a pressure on the forests (agriculture, shrimp farming etc.) can be potentially influenced by the REDD+ implementation.

District and Local level

District People's Committees: They will be the most directly involved in administration of the specific projects and activities, so their involvement is important for successful implementation. They will closely coordinate with lower tiers of administration – at the commune and down to the village level.

Local communities: This group includes mainly ethnic minorities along with other land users and forest dependent communities. They will be directly affected by the REDD+ implementation and must be involved in formulation of the specific projects and activities, as well as in their implementation. Without the support of local communities any efforts are unlikely to have a long lasting impact. However, ethnic minorities in Vietnam are not organized beyond the village or commune level. Besides village level consultations, the REDD+ readiness consultation process will also involve other civil society organizations who work to support the voice and rights of ethnic minorities.

Private and state companies: Both directly focusing on the forests, as well as those working in the other sectors, which might create a pressure to forests (agriculture, shrimp farming etc.) can be potentially influenced by the REDD+ implementation.

112. Means of consultation. A diverse set of tools, approaches and methods will be used to ensure a proper consultation and participation process; these include:

Technical Working Group

The TWG serves as a key platform for consultations at the national level. Although it is open for any organizations to participate there continues to be many key government departments and groups missing from the TWG. More proactive efforts are needed to identify key stakeholders and encourage them to participate in the TWG and subject matter Sub-TWGs. In addition, a number of REDD+ related networks exist in Vietnam, including the Climate Change Working Group (coordinated by CARE International) and the Vietnamese NGOs & Climate Change Network (coordinated by the Centre for Sustainable Rural Development, SRD), which can be also used for identification of partners at local level.

National workshops

Several national workshops will be organized during the REDD+ preparation. This includes a national workshop once the R-PP is formally accepted to present a work plan for FCPF implementation, including the SESA process and the Consultation and Participation Plan. Regular national workshops will be held during the REDD+ implementation to present progress achieved, specific activities and projects, and to discuss further steps of implementation.

Internet

The internet can be used for dissemination of information especially for organizations and institutions at the national and provincial levels. Already existing web pages maintained by MARD see <http://www.vietnamforestry.org.vn> and <http://www.vietnam-redd.org> contain information on REDD+. The UN-REDD Vietnam Programme has also supported the establishment of a web page dedicated to REDD+ in Vietnam [<http://vietnam-redd.org>], which will increasingly serve as an important source of information on REDD+ activities in Vietnam.

SESA process

During the preparation of the R-PP, stakeholder analysis was carried out to identify key stakeholders. Notwithstanding, the SESA Team shall conduct a more in-depth stakeholder analysis at the start of the SESA process, in order to identify any relevant stakeholders that might not have been considered during the R-PP development phase, including in the pilot areas. The SESA Team shall then prepare a comprehensive set of consultation and participation activities for the SESA and outline it in the SESA Work Plan (which will be based on the SESA ToR that have been developed), on a review of the Consultation and Participation Plan prepared during R-PP formulation, on a review of the consultation and participation approach for the FLEGT Voluntary Partnership Agreement (VPA), and on other experiences and literature which may be relevant in the Vietnamese context. The SESA Team shall also coordinate as needed with other teams (such as those in UN-REDD) assisting the GoV in the implementation of the master Consultation and Participation Plan.

Provincial and district workshops

The fact that knowledge of REDD+ is limited in the provinces highlights the need for awareness raising workshops in key provinces and districts. There is consideration of

establishing a pilot provincial level TWG, though this has still to be introduced. This would be encouraged. It is important to start to get the interest and support of the provinces and districts as they will ultimately play a pivotal role in stopping deforestation and must be involved in formulating the specific projects and activities within the NRAP.

Public dialogue at the community level

The public dialogue shall provide a consultation framework for ensuring the informed participation of the affected peoples throughout project implementation, including monitoring and evaluation. The public dialogue should serve several purposes (i) to get information on the real situation and specific context in the area including existing problems and needs – this should be used for formulation and/or modification of the specific projects and activities; (ii) to directly involve community members in the formulation and implementation of specific projects and activities; (iii) to ensure the community is not adversely affected by implementation of the specific projects and activities; and (iv) to involve community members in specification of mitigation measures – if adverse effects are unavoidable.

The public dialogue also aims to ensure that vulnerable groups (in particular ethnic minority groups) receive social and economic benefits that are culturally appropriate. Thus the action plan may include, if necessary, measures to enhance the capacity of the institutions with responsibilities for addressing the needs of ethnic minority groups.

Information campaign and capacity building

The information campaign should be organized at two levels: (i) national level to promote the NRAP and its contribution to sustainable development; and (ii) community level to deepen and broaden the public dialogue that has already begun. The experience from the UN-REDD Vietnam Programme Phase I and from other countries tells that the capacity building and awareness raising for REDD+ implementation are time-consuming and costly; they cannot be accomplished within a short time with support of a single project/donor. Vietnam proposes to carry out these activities in a phased manner in accordance with international standards and in close collaboration with various development partners and agencies. A proposed consultation work plan is further elaborated in Annex 1b-2b of the R-PP.

Public disclosure

During the FCPF grant implementation, appropriate measures for public disclosure will be developed. This will include appropriate measures to disclose relevant information to local communities in a manner that is understandable to them. This may include the preparation of posters, video and audio programs in Vietnamese as well as local languages. The grant will also assess the possibilities and effectiveness of translating key documents into local languages (for minority languages which are written).

113. Grievance Redress Mechanism. A mechanism to allow effective resolution and communication of grievances or concerns will be established, building on the Recourse Law (2005), lessons learned from the UN-REDD Phase I Programme, and a review of existing grievance and conflict resolution mechanism that exist formally in Vietnam as well as informally at the community level. Complaints and issues may include concerns over implementation of measures to reduce net emissions not being consistent with those for

which consent has been provided, and concerns over the process of seeking FPIC. There may also be concerns over adverse impacts on forest dependent communities on their livelihoods or access to land and natural resources.

114. As indicated, resolution by the Participants Committee dated February 20, 2012 provides that each FCPF Country Participant would receive additional \$200,000 for enhancing capacity for dispute resolution. Accordingly, Component 1 will support the establishment of a national feedback and grievance redress mechanism (a recourse system) for the REDD+ implementation. The ESMF will also include a detailed description of the agreed grievance redress mechanism for future REDD+ investments.

D.4. Safeguard Policies Triggered

115. The following table provides information on Safeguard Policies triggered. The EA category proposed at Concept Stage for this REDD+ readiness preparation grant is “B”. As the grant will not fund REDD+ projects or define policies, there are no direct impacts resulting from the grant. Activities under the 2 pilot provinces which would include identification of the barriers, drivers and issues for the development of roadmaps towards the preparation of provincial REDD+ Action Plans would not trigger the application of the safeguards policies under this Grant. The table below serves as background to potential future REDD+ investments financed by the World Bank and also serves as guidance for the development of the ESMF. However, issues and risks concerning ethnic minorities are recognized and incorporated into the grant activities to ensure that analytical work, consultations, options assessments and recommendations for policy changes and future REDD+ investments recognize and address such issues and risks. This is in compliance with the FCPF Charter and the Board Paper on Safeguard Guidance for Readiness Activities under the FCPF.

Safeguards	Yes	No	TBD
Environmental Assessment (OP/BP 4.01)	X		
Natural Habitats (OP/BP 4.04)	X		
Forests (OP/BP 4.36)	X		
Pest Management (OP 4.09)	X		
Physical Cultural Resources (OP/BP 4.11)	X		
Indigenous Peoples (OP/BP 4.10)	X		
Involuntary Resettlement (OP/BP 4.12)	X		
Safety of Dams (OP/BP 4.37)		X	
Projects on International Waterways (OP/BP 7.50)		X	
Projects in Disputed Areas (OP/BP 7.60)		X	
Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank-Supported Projects (OP/BP 4.00)		X	

VII. Annexes

Annex 1: Operational Risk Assessment Framework (ORAF)

Annex 2: Preparation Schedule and Resource Estimate

Annex 3: Key Donor Finance Support to REDD+ Readiness

Annex 4: SESA Terms of Reference

Annex 5: Draft Grant Agreement for REDD+ Readiness Preparation

Annex 6: Detailed Activities under the FCPF Grant

Annex 3: Key Donor Finance Support to REDD+ Readiness

Financing REDD+ Readiness in Vietnam													
	Donor	Amnt (mil. USD)	Description	Timeframe		Area of Readiness						Level	
				Start	End	Capacity Building	Managmt & Coordi.	Stakehld Engag.	Rights & Tenure	REL	S/guards		MRV
1	NORAD - UNREDD I	4.38	Developing an effective REDD+ regime in Viet Nam and to contribute to the reduction of regional displacement of emissions	Jul-09	Jun-12	√	√	√		√	√	√	National
2	NORAD	0.47	Reducing emissions from all land uses	Oct-09		√	√	√	√		√		Sub-national
3	NORAD	0.18	poverty and sustainable development impacts of REDD architecture	Jun-10	Jun-13		√	√		√			National
4	BMU	1.30	Exploring mechanisms for support high-biodiversity conservation through REDD+	Jan-11	Jul-13	√	√	√			√		National
5	DEFRA	0.16	Harnessing carbon finance to arrest deforestation & forest degradation to conserve biological diversity	Apr-09	Mar-11		√	√	√		√	√	Sub-national
6	USAID	20	Lowering emissions in Asia's Forests	Jan-11	Feb-16	√	√	√	√	√	√	√	Intern'l (VN+3)
7	JICA	6.40	identifying the potential areas for A/R CDM, REDD, and examining possibilities of other non-UNFCCC approaches in VN	Sep-09	Mar-12	√	√	√		√	√	√	Sub-national
8	NORAD	0.20	Preventing corruption in forestry	Jan-11	Jan-14	√	√	√	√		√		Sub-national
9	CIFOR	0.54	Country profile development for measurement and monitoring	Jul-10	Dec-10					√		√	National
10	NORAD	0.3	Piloting REDD+ in local area	Oct-10	Oct-13	√	√	√	√	√	√	√	Sub-national
11	Finlands	0.29	Capacity building on climate change for CSOs	Apr-09	Dec-11	√	√	√	√		√		National
12	EU	0.19	REDD+ through alternative landuses in rainforests of the tropics	May-09	Oct-12	√	√			√		√	National
13	EU	0.60	developing community carbon pools for REDD+	Jan-11	Jan-14	√	√	√	√	√	√	√	National
14	Finlands	0.20	TA for supporting the development of National REDD Program	Aug-09	Feb-10	√	√			√		√	National
15	Finlands	0.28	support to national assessment and long term monitoring of forest in VN			√				√		√	National

Annex 4: SESA Terms of Reference

[separate document]

Annex 5: Draft Grant Agreement for REDD+ Readiness Preparation

[separate document]

Annex 6: Detailed Activities under the FCPF Grant

Components	Budget (US\$)
<p><u>Component 1: Analytical studies and development of capacities for the effective and efficient REDD+ implementation at national and provincial level.</u></p> <p>Description:</p> <p>The NRAP, approved by the Prime Minister in June 2012, is part of the National Strategy on Climate Change, National Program on Reducing GHG Emissions in Agriculture and Rural Development Sector and National Forest Development Strategy. Following the NRAP approval, the top priority identified is to design an operation mechanism and build relevant capacities and policies for effective and efficient NRAP implementation. This component is aimed to provide support for the GoV to strengthen capacities for effective management, implementation and coordination of REDD+-related activities in Vietnam by i) strengthening the capacities of NRSC and VRO; ii) providing technical support and analytical studies for the formulation of relevant national and sub-national policies and programs which are under preparation. The analytical studies will aim to better understand the drivers of deforestation, as well as recommendations to address them. The component will contribute to the development of roadmaps for 2 provinces to feed into preparation of Provincial REDD+ Action Plans. The information generated during the process, including opportunity cost analysis of doing REDD+ and economic assessment of the different options will provide guidance on what are the most cost-effective and appropriate strategies to pursue.</p> <p><u>Outcome:</u></p> <ul style="list-style-type: none"> • Relevant REDD+ policies and regulations are drafted based on sound analysis and consultations • Development of guidance materials and user friendly tools to help provinces develop appropriate REDD+ policies and programs • Roadmap for the development of provincial REDD+ Action Plans 	<p align="center">1,500,000</p>

<p><u>Key activities:</u></p> <ul style="list-style-type: none"> • Support to the operation of the NRSC and VRO; • Assist in preparing relevant government policies, regulations and technical guidelines to support for the implementation of the NRAP based on sound scientific and practical foundation and effective participatory approaches; • Operational support to the national REDD+ network, working groups and Sub-TWGs; including set aside budget for participation of local government and stakeholders, particularly the participation of CSOs; • Support for strengthening REDD+ related capacities for staff of relevant government agencies, research institutions, universities and CSOs; • Support for strengthening international negotiation skills of Vietnamese negotiators on REDD+, and for participation in relevant training, workshops and conferences. • Support for carrying out the REDD+ readiness package assessment to be submitted to FCPF PC; • Support for establishment, building capacities and operation of the provincial REDD+ Steering Committee and REDD+ working groups • Support for establishment of reliable provincial forest baseline data • Organization of training/awareness raising, consultation meetings and workshop for relevant local stakeholders in each province; and organization of study tours to other REDD+ provinces to exchange information and experience in the REDD+ readiness preparation. • Support for the development of a roadmap (which would include identification of the barriers, drivers and issues) for the development of provincial REDD+ Action Plans; 	
<p><u>Component 2: Policies review, studies and development of user-friendly guidance materials on SFC reform for REDD+ service provision.</u></p>	700,000

Description

In 2010, 157 State Forest Companies (SFCs) managed about 2.27 million ha of forests and forestland, and 164 Forest Management Boards (FMB) are responsible for protecting 3 million ha of special-use and protection forests. As these SFCs still manage so much of Vietnam's forest estate – much of which is under poor management –they will be important in any efforts to reduce deforestation and forest degradation. Vietnam continues to gear up the renovation process of the SFCs to ensure effective forest management with active participation of local communities and households. To complement this, REDD+ could offer further financial incentives for some SFCs to improve their operations to access possible carbon financing mechanisms through REDD+. The Government wants to explore different opportunities and approaches that the FMBs and SFCs could participate in and assist local authorities and communities in the REDD+ and PES implementation. The SFCs and FMBs may serve as the intermediaries between the relevant government agencies and local households and communities. These issues will be explored as part of this Component. Among them, the benefit distribution system and providing communities with forest protection contracts will be further examined to propose a more appropriate performance based mechanism.

Outcome

Feasible options for participation and provision of REDD+ services of FSCs and FMBs; Operational and technical guidance for SFCs to become providers of multiple forests goods and ecological services (including carbon) is available.

Key Activities

- Assess the current SFC reform process [Decree 200/2004/ND-CP and Decree 25/2010/ND-CP] to assess its strengths and weaknesses and whether it has met its predefined objectives; identify possible problems and policy recommendation;
- Identify possible SFCs which would act as potential “pilots” as providers of REDD+ and multi environmental services; high level endorsement of pilots;
- *Undertake forest carbon assessment*; this will look at the potential for forest carbon emission reductions, removals and stabilization from key interventions of the forest companies and management boards; and roles these actors may have in assisting local communities in the REDD+ implementation as well as in supporting the participatory forests/carbon monitoring

<p>processes;</p> <ul style="list-style-type: none"> • <i>Scope out SFCs where assessments</i> should be carried out to inform viability of carbon financing, so lessons can be replicated; • <i>Provide training for SFCs staff</i> on relevant activities that result in reduced emissions, increased removals, and carbon stock stabilization and on measuring, monitoring and verifying the progress and performance of these activities; produce training manuals; • <i>Develop the guidance and tools for SFCs to prepare their business plans</i> on carbon financing for the SFCs (this could have eventual links to the REDD+ carbon fund or other funding sources); • <i>Assess potential options for forest companies and management boards</i> to provide forest extension and REDD+ services to local households and communities, including payment modalities and co-management or community management arrangements. These need to be input/output based models to inform future forest payments • <i>Hold outreach workshops</i> for SFC managers and Government staff on SFC reform and carbon financing 	
<p><u>Component 3: Stakeholder consultation and regional cooperation; and Strategic Environmental and Social Assessment (SESA) in connection with the refinement of national and sub-national REDD+ strategy options.</u></p> <p><u>Description:</u></p> <p>To ensure broad stakeholder participation in all REDD+ processes, including the formulation, implementation and refinement of the NRAP, Provincial REDD+ Action Plan (PRAP), policies and future investment options, the FCPF Grant will support a multi-stakeholder consultation process, regional cooperation and communication activities.</p> <p>As part of the implementation and improvement of the National REDD+ Action Program, a SESA will be carried out to help integrate social and environmental considerations into policy-making processes, leading to sustainable REDD+ strategy options. The steps to follow have been outlined in the detailed ToR for SESA that appear in Annex 4. The SESA provides a participatory platform for stakeholders to build an understanding of current situation/ issues regarding REDD activities already take, and identify future options/</p>	950,000

opportunities. SESA-specific consultation and participation events also help the vulnerable groups and forest-dependent communities (especially ethnic minorities) receive culturally appropriate benefits from future REDD+ activities, while ensuring that the National REDD+ Action Program does not adversely affect these communities. The SESA will be complemented by an Environmental and Social Management Framework (ESMF), which will guide potential investments in REDD+ Demonstration Activities toward compliance with safeguards policies.

Outcome:

- A government regulation and detailed technical guidance on stakeholder consultation to promote full and effective participation of relevant stakeholders, in particular indigenous peoples and local communities as part of the REDD+ process;
- Strengthened regional cooperation on the REDD+ implementation and avoidance of emissions displacement
- Refined REDD+ strategy options at both the national and provincial levels, together with a free-standing ESMF, all of which should be suitable for inclusion in the R-Package for Vietnam
- Drafted framework on safeguards system for the REDD+ implementation at national (in collaboration with other projects funded by BMU and UN-REDD)

Key Activities:

- Multi-stakeholder consultations and participation (including workshops and participatory consultation activities at national, regional and local levels) and communication;
- Community Stakeholders capacity building, including civil society organizations representing or supporting ethnic minorities and other forest dependent communities;
- Establishment/selection of suitable platform and mechanisms for regional cooperation on REDD+ and FLEGT implementation between Vietnam and other countries in the South East Asia, particularly with Lao PDR, Cambodia and Myanmar and sharing experience and lesson learned in REDD+ implementation.

<ul style="list-style-type: none"> • Support for establishment of a national feedback and grievance redress mechanism (a recourse system) for the REDD+ implementation. • Prepare a SESA Work Plan, which will include specifying the consultation and participation activities that are specific to SESA, as a subset of the activities provided for in the master Consultation and Participation Plan; • Review the prioritization of drivers of deforestation that has been prepared, and identify environmental and social issues associated with deforestation and forest degradation in Vietnam, to inform the selection of environmental and social priorities by key stakeholders; • Assess the extent to which candidate REDD+ strategy options address the previously defined environmental and social priorities, while taking into account in their formulation the opportunity cost of forests; • Assess the revised REDD+ strategy options against the adverse environmental and social impacts that they may induce or create during their implementation. Revise the REDD+ strategy options further, as needed, to address the risks involved, while also paying attention to the enhancement of benefits; • Prepare an ESMF that is compliant with applicable World Bank safeguard policies to manage any residual risk that still remains and enhance benefits during implementation of the finalized NRAP and provincial REDD+ Action Plan; • Review social and environmental safeguards in relation to SFC reform and support 	
<p><u>Component 4: Project management and monitoring and evaluation</u></p> <p><u>Description</u></p> <p>This Component is designed to support project management activities in close coordination with the UN-REDD Vietnam Programme and other relevant REDD+ projects to avoid overlap and enhance effectiveness of the support from different development partners. Implementing the grant activities will require dedicated staff to manage and administer the grant as well as support for the Project Management Unit (PMU). In order to enhance effectiveness of the FCPF support, improve the capacities of national staff and encourage the contracted staff to engage in working long term for VRO and maintain the office capacities, it is advised that the</p>	500,000

qualified contracted staff of VRO will be paid by the FCPF grant and shall provide support to Project Management. This component would support a general monitoring and evaluation of the FCPF grant and coordinate with the M&E facilities of the NRAP.

Key Activities:

- Support to Project Management Unit, including full time contracted staff to manage the funds (e.g., Project Coordinator, National Technical Experts, Communications Officer, Staff on Safeguard and Administrative Assistants); and share of the office rent with other REDD+ programs;
- Design and implement the project M&E plan and support for designing and implementation of the M&E system for the National REDD+ Program, including output indicators;
- Carry out independent review at appropriate times

Total: \$3,650,000

Contingency: \$150,000