Ministry of Agriculture and Rural Development
VIETNAM

Forest Carbon Partnership Facility (FCPF)

Carbon Fund

Emission Reductions Program Document (ER-PD)

Annex 2: Determination of reversal set-aside in the buffer

ER Program

Name and Country: Vietnam

Date of Submission or Revision:

October 29, 2017

1. Set-aside percentage

Table 3.1 Determination of reversal set-aside percentage (21%)

Risk factor	Discount	Resulting reversal risk set aside %		Actual Vietnam
Default risk	10%	**Not applicable**	10%	10%
A. Lack of broad and sustained stakeholder support	10%	Reversal Risk is considered high: 0% discount; OR	10%	0%
		Reversal Risk is considered medium: 5% discount; OR	5%	
		Reversal Risk is considered low: 10% discount	0%	
B. Lack of institutional capacities and/or ineffective vertical/cross sectoral coordination	10%	Reversal Risk is considered high: 0% discount; OR	10%	5%
		Reversal Risk is considered medium: 5% discount; OR	5%	
		Reversal Risk is considered low: 10% discount	0%	
C. Lack of long term effectiveness in addressing underlying drivers	5%	Reversal Risk is considered high: 0% discount; OR	5%	3%
		Reversal Risk is considered medium: 2% discount; OR	3%	
		Reversal Risk is considered low: 5% discount	0%	
D. Exposure and vulnerability to natural disturbances	5%	Reversal Risk is considered high: 0% discount; OR	5%	3%
		Reversal Risk is considered medium: 2% discount; OR	3%	
		Reversal Risk is considered low: 5% discount	0%	

2. Risk assessment

Table 3.2. Risk Assessment to determine set a side

Risk Factor	Examples of indicators	Justification for risk assessment
Lack of broad and sustained stakeholder support *(0%)*	Are stakeholders aware of, and/or have positive experience with FGRM, benefit sharing plans etc. or similar instruments in other contexts?	The settlement of land disputes, complaints, denunciations on land must comply with the provisions of the Land Law and other relevant legal provisions. The State encourages the disputing parties to reconcile themselves or have the land disputes settled through a reconciliation process at the grassroots level. In the case land disputes cannot be reconciled by the involved parties themselves, the parties send a document to the commune-level People's Committee for reconciliation. The duration for reconciliation of land dispute is within 45 days from when the commune-level People's Committee receives the document. The reconciliation process is put into minutes with signatures of all parties and certified by the commune-level People's Committee on the results - either a successful or unsuccessful reconciliation. If the concerned parties disagree with the settlement decision, they are entitled to claim to the province-level Chairman of People's Committee (district level) or to the Minister of Natural Resources and Environment (provincial level) or to initiate a lawsuit at the People's Court in accordance with provisions of the legislation on administrative litigation. The authorized persons settling the land dispute as prescribed in clause 3 of this Article is obligated to issue the decision. The legally effective decision on dispute settlements must be strictly observed by the concerned parties. If the parties fail to comply, the decision shall be enforced. Since 2004 there have been a documented 39,004 land disputes so stakeholders are very familiar and actively using this process. The bulk of these disputes are in relation to non-forest land. Some studies have been carried out to understand whether this has led to a beneficial outcomes for all concerned groups. This is described below.
	Have occurrences of conflicts over land and resources been addressed?	In some areas within the NCC there are historical and on-going access to forest and encroachment or land disputes; these particularly centre around the boundaries of the State forest entities - SUFMBs, PFMBs and SFCs. For example most SUFMBs that undertook a detailed Conservation Needs Assessment in the central region (2007-2013) as part of the Vietnam Conservation Fund reported illegal logging and illegal encroachment for agricultural purposes. In most cases the access/encroachment issues are generally resolved locally with a compromise and in many cases the SUFMBs have excised areas of heavily encroached on land from the Nature Reserve or National Park as the biodiversity and conservation values are compromised. SUFMBs are at a particular disadvantage as Forest Protection and Development Law prohibits any collection or removal of forest resources and SUF are often looked upon as a public good; however, in many cases the SUFMB has to accept the inevitable that it cannot

Risk Factor	Examples of indicators	Justification for risk assessment
		stop all NTFP collection. Therefore the MB will often try to arrive at a practical solution with a community of agreeing that no commercial quantities are removed or no further encroachment takes place in return for some NTFP collection. In discussions with the PFMBs and SFC they face similar issues as the SUFMBs, but these are not so well documented and the PFMBs and SFC have an advantage in that NTFP collection is not prohibited. Experience (particularly from the Vietnam Conservation Fund) with the SUFMBs has shown that if collaborative management approaches are adopted, with participatory boundary demarcation, formal agreements on land use and on types and sustainable rates of collection of NTFPs together with focused livelihood improvements the incidents of issues over forest access and land encroachment is much reduced. With respect to actual cases involving forest management units and local communities a study was carried out by Indofur examining conflicts in a number of State Forest Companies in the NCC. This study concluded that the companies had made efforts to prevent and resolve conflicts through redress mechanisms, cooperating with local authorities and communities and transferring back forest areas to local communities. It went on to conclude that: ''to resolve the conflicts between the company and related stakeholders, the existing legal system of Vietnam has already created a legal framework and institutions that are quite sufficient with diversity and flexibility. It is, therefore, not necessary to create a new mechanism to resolve the conflicts of forestry companies. However, the existing redress mechanisms have some shortcomings. To effectively address the conflicts between forestry companies and the stakeholders, especially the communities living near the company's forests, redress mechanism through Commune People's Committee with support of the grass-root reconciliation unit, would be a suitable mechanism. It is a mechanism to ensure the criteria for equitability, transparency, accessibility legitimacy, flexibility, efficiency and sustainability. With the conflicts related to REDD+, the involvement of officers managing forest protection funds are needed to support the Commune People's Committee to come up with appropriate resolutions. For this mechanism to operate effectively, there should be appropriate investments to improve capacity for grass-root reconciliation units and forest management capacity for the commune authorities, along with other basic facilities''. The conclusion from their report have been used to prioritise activities to strengthen the current Greviance Redress Mechanism.
Lack of institutional capacities and/or ineffective vertical/cross	Is there a track record of key institutions in implementing	The ER Program's design draws on a number of recent forest programs which strengthened institutional capacities. These notably include the World Bank-supported Forest Sector Development Project and a series of KfW projects, which were successfully implemented in some of the ER-P provinces. Both programs generally worked with and built on work undertaken

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sectoral coordination *(5%)*	programs and policies?	by Vietnam's Forest Sector Support Program which supported the National Forest Sector Development Strategy (NFDS, 2006-2020). The FSDP had three components: (i) Institutional development aimed to assist GOV in strengthening the enabling environment for sustainable forest management and biodiversity conservation; (ii) support for smallholder plantation forest aimed to establish plantation forests based on different cropping systems in Quang Nam, Quang Ngai, Binh Dinh, Nghe Anh and Thua Thien Hue provinces; and (iii) support for Special Use Forests aimed to improve the conservation in priority SUFs and increase the reliability of SUF funding through the establishment of an innovative financing mechanism. Part of this program was for support to SUFs aimed to improve the conservation in priority SUFs and increase the reliability of SUF funding through the establishment of an innovative financing mechanism. The VCF component was strongly orientated to performance based small grants. Three provinces with the ER-P region (Thanh Hoa, Nghe An and Thua Thien Hue) were part of the FSDP. Therefore it is envisaged that these processes and activities would still be familiar to the DARDs (which implemented the FSDP and would also be responsible for the ER-P). These programs successfully built up the capacity of key institutions to implement policies and programs and has as a highly successful program in VIetnam. The ER Program will build on these past successes.
	Is there experience of cross-sectoral cooperation?	Policy formulation and public actions in Vietnam are articulated by the development vision outlined by the Socio-Economic Development Strategy (SEDS); the most recent of which runs from 2010-20 and expresses a strong commitment to growth, poverty reduction, social equity and forest protection. The specific actions needed to translate the SEDS into reality are described in the constitutionally required five-year Socio-Economic Development Plans (SEDP), as well as five year sector plans. Forest cover and health are a component of these plans, as evidenced by the presence of an indicator in the SEDS on forest cover. Provinces and cities are required to formulate Medium-Term Development Plans every five years, describing policies to implement the SEDS and the SEDP (including the forest indicator). The Ministry of Planning and Investment and MONRE supported the mainstreaming of cross-cutting climate change responses in the formulation of the five-year SEDP for 2016–2020, and budget estimate (post-2015 climate change and green growth financing response). This will direct all sectors and provinces to develop their development plans and make budget allocations in the next five years to operationalize these priorities. Cross sector coordination on issues such as climate change and forest/REDD+ are also advanced through the establishment of National Steering Committee's; for example the National Target Program to Respond to Climate Change; and the National Steering Committee on Forest Protection and Development. These Steering Committees are formulated to

Risk Factor	Examples of indicators	Justification for risk assessment
		support coordination of all efforts and activities across government agencies at central and local levels. For instance, one of the key responsibilities of the National Steering Committee on Forest Protection and Development Plan 2011 – 2020, Chaired by the Vice Prime Minister, is to facilitate cross-sectoral coordination among the ministries, agencies and localities in implementing effectively the Forest Protection and Development Plan. The committee's members include representatives from eleven relevant ministries and agencies (MARD, MONRE, MPI, Ministry of Education, Ministry of Transport, MOLISA, Ministry of Public Security, Committee of Ethnic Minority Affairs, State Bank of Vietnam and VNFOREST). Each Ministry is responsible for development and management of relevant networks under the government administrative areas of that ministry. Participating ministries and agencies are embedded in the formal decision-making processes for forest protection and development and REDD+, which stimulates inter-ministerial communication and allows sectoral perspectives and interests to be integrated into the right direction. This Committee plays an important role in highlighting the role of drivers of deforestation, for example infrastructure on forest targets and the need to introduce new national policies (for example to halt infrastructure development). Such cross-sectoral steering committees also operate at the provincial level. For example Provincial REDD+ Steering Committees have now been established in many Provinces. All ER-P provinces have a Provincial REDD+ Steering Committee, which is due to play a critical central coordinating role in the provinces for the ER-P and in planning the integration of forestry with other sectors. The PRSC is multi-sectoral committee with representatives drawn from most provincial departments (including DARD, DONRE, FPD, DPI, DOF etc.) and is tasked with improving cross sectoral planning, promoting REDD+, coordinating the design and implementation of the PRAPs, monitoring, maintaining and improving forest cover, improving forest governance and improving land use planning. The development of the ACMA at the local level specifically facilitates cross sectoral collaboration and multi-stakeholder involvement at the site level. Collaboration at this level is critical. There are also policies and plans which specifically support cross sectoral collaboration in areas particularly important to the delivery of REDD+. These include land and land use planning, forest land allocation and forest protection. For more discussion see Section 6.
	Is there experience of collaboration between	Vietnam has strong vertical integration, with the Central State having a strong influence on provincial, district and commune matters. With current administration system, the institutional framework for forest governance is extended from national to sub-national level. The overall responsibility for forest

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	different levels of government?	governance is led by MARD. The institution framework for forestry at the central level is VNFOREST, at provincial level is DARD and at district level is District Forest Protection Station and Division of Agriculture and Rural development. According to the Law on Forest Protection and Development 2004, forest governance structures are clearly defined institutional roles from central to local level (Article 17, 18, 19, 20, 21). Forest management is regulated by a legal framework defined by Decree 23/2006/NĐ-CP, which structured forest management into four decentralised levels involving different levels of government agencies and different ministries, mainly MARD and MONRE. Commune level: Commune People's Committees (CPCs) undertake state management of forest development and protection in their localities/ communes. CPC chairpersons are responsible to the DPCs for any mismanagement of forest causing damage or loss of forest cover. Communes appoint special forest staff to carry out their tasks. Although the Forest Protection and Development Law stipulates that communes in areas with forest cover must recruit forest staff, budget constraints may hamper this. Below the commune is the informal system led by the heads of the villages. Heads of villages are important intermediaries between national laws and existing customary law. However there have been examples where provincial policies, in particular to meet economic aspirations have not aligned to national priorities (in particular on forest cover). For example the over development of the rubber sector. In order to further strengthen vertical integration in the forest sector the new Directive 13 from the Prime Minister in 2017 highlights the need to ''strengthen the effective coordination between central and local levels among ministries/sectors to drastically and effectively carry out the examination, inspection, supervision and timely and strictly legal acts of violation of laws''. This and previous Decisions place more control over forest conversion back to the central authorities and more responsibility for any conversion with the sub national authorities. This will further strengthen sub national integration.
Lack of long term effectiveness in addressing underlying drivers (3%)	Is there experience in decoupling deforestation and degradation from economic activities?	Between 1943 and 1993 much of Vietnam's forests were cleared, with forest cover declining from an estimated 42% to 28%. Plantations and natural regeneration have helped to increase the total forest area. This occurred at the same time as the Vietnamese economy went through rapid economic growth. Since 1990, Vietnam's GDP per capita growth has been among the fastest in the world, averaging 6.4 percent a year in the 2000s. This demonstrates that the country has been able to balance the objectives of economic growth and forest protection. Vietnam's commitment to economic growth and forest protection is enshrined in the Socio-Economic Development Strategy (SEDS), the most recent of which runs from 2010-20 and expresses a strong commitment to growth, poverty reduction, social equity and forest protection. The specific

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		actions needed to translate the SEDS into reality are described in the constitutionally required five-year Socio-Economic Development Plan (SEDP) as well as five year sector plans. Provinces and cities are required to formulate medium-term development plans every five years, describing policies to implement the SEDS and the SEDP. Forest cover and health is one component of these plans, as evidenced by the presence of an indicator for forest cover. Constitutionally the government must meet these targets so there will be a continuation of economic growth and forest protection. However an issue remains around the quality of the remaining forests.
	Is relevant legal and regulatory environment conducive to REDD+ objectives?	Vietnam has demonstrated its national commitment to forest protection and development over the past decade through the introduction of far-reaching legislation and policies. This commitment is enshrined in the national constitution, it has the support of the communist party and the Prime Minister. It is mainstreamed into national development plans, and is manifested through action plans and decisions of key ministries. This was evident with the introduction of policies to halt dam development and stop the rampant expansion of rubber in order to address deforestation and forest degradation. High level political commitment has been shown by the incoming Prime Minister Nguyen Xuan Phuc. After taking office one of his first engagements was to visit the Central Highlands region in order to stop the illegal conversion of natural forests. He issued Notification No. 191 dated July 22nd 2016 at the Conference on Solutions for Sustainable Forest Restoration in the Central Highlands in order to cope with climate change 2016-2020. This Notification was further supported country wide by Directive 13/CT-TW dated January 12th 2017 on forest management, protection and development. It specifically highlights the need ''to strengthen mechanisms to manage and closely monitor projects on conversion of forest use purposes, especially for hydropower development projects, mineral exploitation, construction of industrial parks, services and tourism; as well as the need to review and re-assess projects leading to the conversion of forest to rubber plantation''. Another important milestone in Vietnam's efforts to address deforestation and forest degradation and promote forest rehabilitation, sustainable forest management and conservation is the development of the revised National REDD+ Action Plan 207-2030. This Decision replaces Decision No. 799/2012 by the Prime Minister on approving the NRAP 2011-2020. The updated NRAP includes Policies and Measures based on the most comprehensive analysis of drivers of deforestation and forest degradation as well as barrier to ''+'' ever carried out in the country. The new Decision, includes a list of Policies and Measures, has been endorsed by 11 Ministries and was approved by the Deputy

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		Prime Minister in April 2017. The NRAP contains 11 Work Packages as described in Section 4. There are multiple other relevant laws and regulations conducive to REDD+ objectives. In particular related the Law on Forest Protection and Development dated 3rd December 2004; the Land Law dated 29th November 2013; the Law on Environmental Protection dated 23rd June 2014; Decree No. 99/2010/ND-CP September 24, 2010 of the Government's policy on payment for environmental services of forests; Decision No. 2139/QD-TTg December 5, 2011 of the Prime Minister on approving the National Strategy on Climate Change; Decision No. 432/QD-TTg April 12, 2012 by the Prime Minister on approving the strategy for sustainable development of Vietnam in the period 2011-2020; Decision No. 1393/QĐ-TTg dated 25 September 2012 by the Prime Minister on approving the national strategy on green growth and in compliance to Decision No. 01/COP16; and Decisions No. 9,10,11,12,13, 4,15/COP19 of UNFCCC's COP; and the Paris Agreement April 22, 2015 on Climate Change.
Exposure and vulnerability to natural disturbances (3%)	Is the Accounting Area vulnerable to fire, storms, droughts, etc?	Typhoons are a normal part of life in the area. All provinces from Ha Tinh to Thua Thien Hue face high probabilities of tropical depressions or typhoons. Rainfall anomalies also occur, with cases of extreme rainfall (or droughts occurring) and they are expected to double compared to current records with the effects of climate changes. Data shows that fire is historically a minor driver of deforestation and forest degradation, but could increase with climate change.
	Are there capacities and experiences in effectively preventing natural disturbances - or mitigating their impacts?	At the Central level, the National Committee, an inter-ministerial institution serves as a coordinating body for disaster reduction efforts in Vietnam. Its secretariat is provided by the Department of Dike Management and Flood Control of the Ministry of Agriculture and Rural Development. The Central Committee for Storm and Flood Control (CSFC), Ministry of Agriculture & Rural Development formulates all regulations and mitigation measures related to typhoons and floods. Emphasis is on dike protection, surveillance and maintenance. Local emergency work is coordinated by the provincial CFC. This has proved to be highly effective in responding to natural disasters. Decree No. 168-HDBT (May 19, 1990) of the Council of ministers established and outlined the tasks of the Central Committee of Storm and Flood Control (CCSFC), and committees and sectors at all levels (provincial, district and village). Vietnam also has many policies and plans in an effort to prevent natural disturbances. In 2011, the National Climate Change Strategy (NCCS) was issued, outlining the objectives for 2011-2015 and 2016-2050, and priority projects to be implemented in the period of 2011- 2015. The strategy identifies climate change responses that are vital for the development of the country. The National Action Plan on

Risk Factor	Examples of indicators	Justification for risk assessment
		Climate Change Period 2012–2020 was issued in 2012. This sets out objectives and lists 65 programs, projects and proposals. Climate change was also mainstreamed into the National Socio-Economic Development Strategy (2011-2020) and the Socio-Economic Development Plan (SEDP, 2011-2015), and into policies on disaster risk reduction, coastal zone management, and energy supply and use. There have been numerous international projects supporting the capacity of institutions to preventing and natural disturbances and/or mitigating their impacts.