Ministry of Agriculture and Rural Development
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Forest Carbon Partnership Facility (FCPF)
Carbon Fund

Emission Reductions Program Document (ER-PD)

Annex 8: Adaptive collaborative management approach (ACMA) and benefit sharing Mechanism (BSM)

ER Program

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Introduction to the Benefit Sharing Mechanism

A Benefit Sharing Mechanism (BSM) relevant to the ER-P has been designed and broadly agreed upon by stakeholders both at the national and sub-national level, including at the community level. In general, the BSM is designed to ensure both carbon and non-carbon benefits are captured and shared in an equitable and effective manner with all stakeholders. It has also been designed to ensure that the number of intermediaries is reduced. It is far more likely that stakeholders who will have a direct impact on the ER-P, including most importantly, local forest-dependent communities, will be the real beneficiaries. Assuming that the agreed level of emission reductions is achieved, the monetary benefits will be available for utilization of the Adaptive Collaborate Management Approach (ACMA) through the Forest Management Councils (FMC).

The Adaptive Collaborative Management Approach (ACMA)

The ACMA and FMC entity is centered on the forested areas under jurisdiction and managed by Protection Forest Management Boards (PFMBs), Special Use Forest Management Boards (SUF MBs) and State Forest Companies (SFCs) and especially includes local elected representation down to local villages located inside and around the forest management entities (FME). Leadership of the FMC is committee based and follows legal resolutions from the local District People Committees (DPC). The non-carbon benefits are described in Table 16.1 of Section 16 and the beneficiaries identified (e.g. ethnic minority forest dependent households will benefit from improvements to their livelihoods and more secure land tenure)[1].

Summary of the ACMA

Legal basis for the ACMA[2]

The legal basis for the ACMA in relevant regulations is as follows:

Decision No 106/2006/QD-BNN dated 27/11/2006 of MARD on Management of Village Community Forests has defined that the *"Management of community forests is a form of forest management whereby the village communities, in their capacity as forest owners, participate in activities of forest allocation, elaboration of forest management plans and organization of the implementation of those plans, performance of obligations and exercise of rights, supervision and assessment of forests allocated to communities by the State"*.

[1] The reference here is to production forest land and agricultural cropping land. Consultations revealed that few households are interested in having secure access to protection forest land either an individual or group basis. However, many households would like a secure right to collect NTFPs and wood for non-commercial house building purposes because their cultural preference is to live in houses made either wholly or partially of wood unlike the major ethnic group in Vietnam (the Kinh) who prefer non-wooden houses.

[2] Prepared after the provincial consultation workshop on ERPD organized in Vinh, Nghe An, July 20, 2017

Decision No 186/2006/QĐ-TTg dated 14/8/2006 of Prime Minister has mentioned that *"Organizations and village population communities, which are assigned special-use forests by the State without the establishment of forest management boards by ministries or provincial-level People's Committees, shall be responsible for organizing the management of the assigned forests.* In addition, the Decision has also stated that *"Management boards of special-use forests shall make arrangement for buffer zone residents to participate in the protection, conservation and rational use of forest products and natural resources as well as eco-tourist services so as to contribute to raising their incomes and associating their ways of earning living with activities in the special-use forests."*

The above statements were reinforced by the Decree 117/2010/ND-CP dated 24/12/2010 on organization and management of special-use forest system. In particular, the SUF has responsibilities for involving communities in buffer zones in managing special-use forests and implementing investment projects in buffer zones and coordinating with Commune People's Committees (CPCs) in formulating and implementing investment projects in buffer zones.

Prime Ministerial Decision 126/2012/QD-TTg in 2012 on Pilot Benefit Sharing in the Management, Protection and Sustainable Development of SUFs clearly outlined implementation plans for both collaborative management and benefit sharing. The Decision was limited to three SUFs: Xuan Thuy, Hoang Lien Sapa, and Bach Ma although by the end of 2013 there were 63 similar sites throughout Vietnam. Decision 126 allowed for the inclusion of participatory processes envisaged by the ACMA.

Prime Ministerial Decision 07/2012/QD-TTg later in 2012 introduced policies to strengthen forest protection whereby MARD would take the lead in collaboration with other relevant ministries to further develop policies related to the co-management of forests and benefits that would be shared by all forest managers and users. Decision 07 is explicit about the types of benefits that should be shared: forest products that do not have a negative impact on existing forests, agricultural and forest products originating under the forest canopy, and revenue from forest environmental protection services. Decision 07 identified the three principles for benefit sharing that included the direct and voluntary agreement among stakeholders that decisions of the Management Council would be respected, equity and transparency in actual benefit sharing arrangements, and such arrangements should ensure there are no negative impacts on existing forests.

The first legal reference to the nexus between benefit sharing and co-management (as against collaborative management) was made in the Prime Ministerial 2012 Decision 57/2012/QD-TTg on Forest Protection and Development for the period 2011-2020. The Management Boards of the PFMB, SUFMB and SFC were authorized to enter into co-management arrangements with local communities to co-share the responsibilities of forest protection, management and development and share benefits based on the quantifiable contribution of both the Management Boards and local communities. However, the first explicit legal reference to benefit sharing although not to co-management was made in Prime Ministerial Decree 99/2010/ND-CP, which resulted in the 2011 policy on Payments for Forest Environmental Services (PFES) that requires users of forest environmental services to make payments to the suppliers of these services.[3] The suppliers of the forest environmental services are defined as forest owners (individuals, households, communities or organizations who hold forested titles) or those contracted by the forest owners (can be an individual, household or village or community group. (individuals, households, communities or organizations who hold forested titles). In the ER-P provinces, PFES is based on payments made by hydropower companies that is calculated on the generation output of each facility.[4]

[3] According to Section 5 of the SESA overall 45.1% of respondents considered allowances received for forest management services to be too small, 79.2% that the area of production forest land allocated is inadequate, 98.1% that forest resources are very important to their household, 18.2% that village communities, versus 14.8% of CPCs, 21.2% of FMBs (includes PFMBs and SUFMBs), 3.6% of SFCs (but fewer respondents have had experience with these than with PFMBs and SUFMBs) and 9.5% with FMC structures as being proposed in this Draft BSM. However, it needs to be noted that during the SESA survey interviewers were not able to articulate the principles of collaborative management so were not in a position to explain how such entities could work and elicit informed responses from those householders they were interviewing. Instead it has been during field visits where a variety of tools and techniques were utilized by the BSM Specialists including focus group discussions, forest transects, ad hoc consultations and unstructured key informant interviews that a more qualitative and nuanced understanding of different BSM models were more comprehensively discussed.

[4] The ACMA is not designed to undermine the achievements of PFES and it has to be recognized in the context of the unknown carbon credit payments households currently enjoying benefits under PFES must be permitted to retain their eligibility for PFES.

Prime Ministerial Decision 24/2012/QD-TTg on the Policy for Development Investment for SUFs for the period 2011-2020 provides regulations on how the GoV will introduce policies to support investment and create a benefit sharing mechanism for all village communities involved in the protection and development of SUFs. Specifically this Decision 24 provides from the state budget VND 40 million per annum to villages in the buffer zones of SUFs. The SUF Management Board (MB) manages the fund on behalf of each village in its buffer zone and what interventions are to be funded from this annual grant are made by each village under the tutelage of the CPC and facilitated by the SUFMB. Monitoring of these annual grants is undertaken by each village to ensure they are implemented according to the agreed upon implementation plan.

Prime Ministerial Decision 17/2015/QD-TTg in 2015 issued regulations on Protection Forest Management that are apply to all PFMBs. These regulations included provisions for contracting forest protection activities, implementation of stable and long-term co-management of forests with local village communities and benefit sharing mechanisms. Decision 17 provides for the PFMB receiving the value realized from the sale of NTFPs and sharing these benefits with individuals, households and village communities who co-manage the forests. It needs to be noted that there are no legal mechanisms on management structures or benefit sharing arrangements in Vietnamese laws that in the past provided for SFCs to enter into such arrangements with local villages. However, this does not prevent the type of arrangements here applying also to SFCs and they will be encouraged to adopt similar processes to the SUFs and PFMBs[5].

The most recent decision 419/QD-TTG issued in April 5, 2017 On Approval of the National Action Program on the Reduction of Greenhouse Gas Emissions through the Reduction of Deforestation and Forest Degradation, Sustainable Management of Forest Resources, and Conservation and Enhancement of Forest Carbon Stocks (REDD+) by 2030 states clearly that the GoV supports collaborative approaches to stakeholder engagement in REDD+ based activities. There is no mention of co-management of forest management entities. This most recent decision of the GoV reiterates the form of forest management it is prepared to accept.

Organization of the ACMA

The focus of the ACMA is on the establishment and promotion of the operation of FMC together with the FMEs. The FMC is organized with representatives from MBs and local village communities who are the key players by registering an interest in forest use and co-signing Common Operational Regulations rather than established by PPC/DPC[6]. In addition, members would include the district forest ranger, CPCs and local NGOs should be also included[7]. Depending on specific conditions, a SUF/PFMB is likely to have more than one FMC.

The ACMA, working through the FMCs and the FMEs have a role in monitoring local benefit sharing arrangements as defined in the management plan (developed as part of the ACMA process) of the FMEs. This is also supported by the PFMS (provincial forest management system which works at the village and commune level and provided forest data to the province and then on to FORMIS). For the overall ER-P BSP, this is based on the ACMA performance that would be monitored by the CPMU and PPMU's M&E system, (including M&E on safeguards), and with supporting information coming from the PFMS and MMR.

The ER-P avoids a BSM where the proceeds from the carbon fund monetary payments are made to individual households as the level of payments are unknown at this stage, but are most likely to be very low on an individual household-by-household basis. However, by adopting the ACMA process, a more substantial and sustainable impact would be expected due to support at all levels. The ACMA approach

[5] The Forest Stewardship Council has been providing certification for such companies in the Project area including Than Hoa Forestry Company (which is associated with the Vietnam Paper Company) in Thanh Hoa and Ben Hai Forestry One Member Co. Ltd in Quang Tri. Independent third parties audit these SFCs to assess whether they are complying with the core principles of FSB that are designed to (i) prevent over-logging; (ii) protects at-risk species; (iii) conserves valuable habitats; (iv) protects water resources; (v) minimize erosion from roads; and, (vi) of critical importance is assessed on how community rights are supported including those of ethnic minority groups, women and poor and vulnerable groups. There are other SFCs such as the Trung Son SFC in Quang Binh that are FSC certified but there are real concerns in relation to whether it supports community rights because of its practices including robust restriction of villagers to forests for a range of activities (including NTFP collection, collection of firewood and logging for housing construction purposes). The ACMA being proposed in this Draft BSM could work with such SFCs and local communities to improve relations and ensure FSC criteria are met but also benefit from the Carbon Fund.

[6] As recommended by the representative of Quang Tri FPD in the consultative workshop

[7] Decision 126/2012/QD-TTg, Decision 126/2012/QD-TTg,

incorporates the BSM into a process-driven structure based on collaborative management that is based on the following four important principles[8]:

1. A value-adding approach whereby all people with interests in the forest agree to act together to plan, observe and learn from the implementation of the local forest resource benefit sharing plan;

2. It is characterized by conscious efforts among these groups to communicate, collaborate, negotiate and seek out opportunities to learn collectively about the impacts of their actions;

3. That working with a given group of people involving people operating on other scales (PFMBs, SUFs and SFCs) to produce sustainable outcomes that all stakeholders are able and willing to buy into; and

4. A recognition that effective facilitation can act as a catalyst to empower stakeholder groups, especially those forest-dependent communities or households within such communities where some households have been legally allocated access to forest land or the right to harvest NTFPs to improve their own contributions: human, social, financial, environmental or institutional or ideally a combination of all five livelihood capitals.

The ACMA through the FMCs will deal with ER-P issues related to the local forest management priorities. It will be funded to ensure it can undertake its activities and include small scale livelihood investments to help address the main drivers of deforestation and forest degradation, especially the conversion of forest land into agricultural land, sustainable forest management, to help reduce the over-exploitation of NTFPs, and measures to help address illegal logging. The poorest and most vulnerable households in those villages considered most involved in deforestation and forest degradation, the rationale being that poorer households (also based on evidence from the SESA and the quantitative study) are more likely to be directly dependent on the forests for their livelihoods than non-poor and better-off households[9]. The interventions discussed below are examples most likely to make a modest contribution to poverty reduction in the ER-P provinces and to the targeted more forest dependent communities found in and around the PFMBs, SUFs and SFCs.

The GOV hopes that by linking benefit sharing with collaborative management will go beyond simply incentivizing individuals and communities to sustainably manage and protect their forests through providing equitable and transparent compensation for their efforts[10]. It wants to narrow the divide between the managers (primarily government entities) and users of forests (primarily ethnic minority groups) and recognize the veracity of both “indigenous” and “technical” knowledge. It recognizes that the management of forests cannot be managed in isolation from land not utilized for forestry purposes and that local forest-dependent persons, including most importantly the poorest and most vulnerable of ethnic minority groups, have livelihoods that include both forest and non-forest based resources and land use.

The GoV also wants to facilitate the empowerment of local communities in their relationships with the managers of forests through the greater participation of ethnic minority women and poor and vulnerable villagers that to date have been largely excluded from any meaningful forms of participation that would empower such villagers. Finally, in many development programs such linkages dissipate following the cessation of external financing, but in relation to ER-P insofar as carbon monetary benefits are derived from the Carbon Fund or other purchasers of carbon credits the benefits of ER-P should go beyond simply the implementation phase.

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[8] See the collection of essays on this approach in: Robert Fisher, Ravi Prabhu and Cynthia McDougall (2007), *Adaptive Collaborative Management of Community Forests in Asia: Experience from Nepal, Indonesia and the Philippines*. Bogor, Indonesia: Center for International Forestry Research (CIFOR).

[9] All of these households are most likely to be in villages that have been targeted by Program 135 (aimed at reducing poverty through targeted rural development interventions) and Program 30a (targeting high priority communes with poverty alleviation interventions), although it can also be noted that these programs tend to focus more on physical and social infrastructure development to provide an enabling environment for poverty alleviation/reduction rather than specific social and economic livelihood development interventions targeted at households.

[10] There is some tension between issues associated with effectiveness and equity and in the context of most ethnic minority villages it is often implied that irrespective of one’s individual efforts everyone should be rewarded equally. The ACMA being proposed is trying to steer clear of individual payments to households and instead work through local community groups, as indeed is what many PFMBs are doing at present anyway. Where payments for forest protection activities are made through the ACMA the linkage between equity and effectiveness will need to be resolved but this is more likely than under existing management regimes. See: A.l. Yang, T.T. Pham, T Dieu, G. Wong, N.D. Le, J.S. Tjajadi and L. Loft (2015), *Lessons from the perceptions of equity and risks in payments for forest environmental services (PFES) fund distribution: A case study of Dien Nien and Son La Provinces, in Vietnam: CIFOR Brief No.36*: Bogor, Indonesia, Center for International Forestry Research.

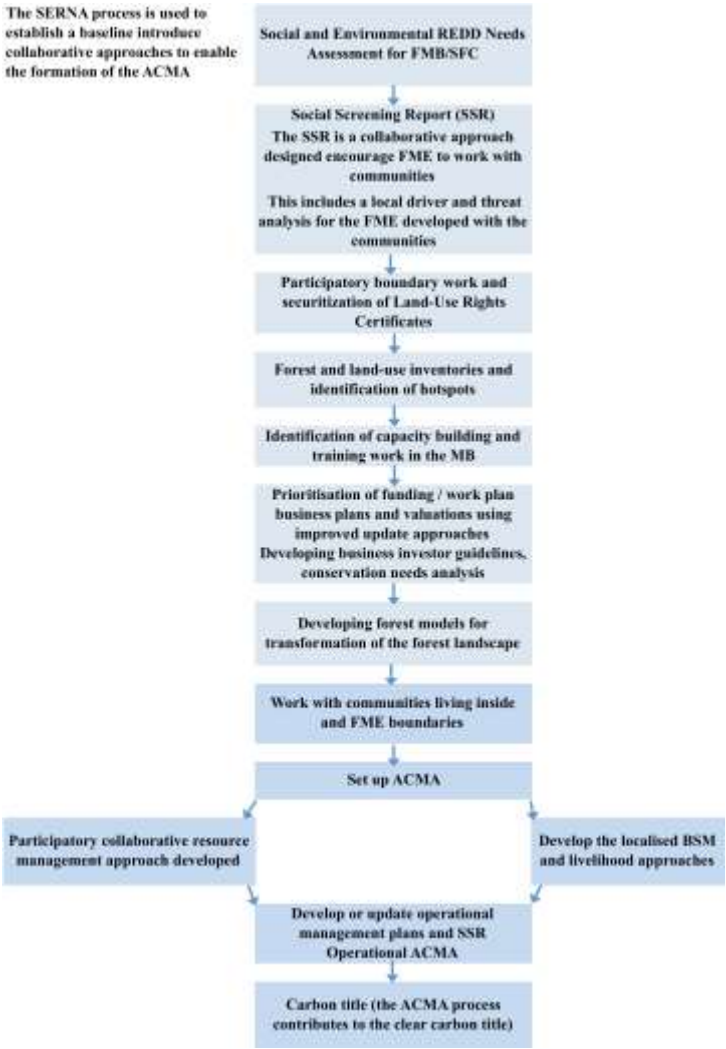
REDD Needs Assessments (RNA) and Social Screening Reports (SSR) as the foundations to the processes to enable the ACMA

The six provincial project management units (PPMUs) in the ER-P area will over the next 12 months explain to FMEs how they can benefit from the ACMA and what processes (a detailed Operational Manual will be developed for the ACMA) they need to follow to ensure that the principles of ACMA will be deeply embedded in improved forest management and BSMs. Eligible and prescribed activities need to be discussed with the different forest management entities. This will be the basis for a REDD+ Needs Assessment (RNA) and the Social Screening Report (SSR) The RNA will review the current forest resources and threats to the forest resources. The SSR will undertake a socio-economic assessment of the local communities both inside the forest management entity and around and identifies forest dependence and hotspots of forest encroachment, leading to forest degradation and deforestation. Agreed permitted activities would include BSM resource surveys and use agreements, participatory boundary demarcation, community communication activities, awareness-raising activities, village-based forest protection teams and small-scale, demand driven livelihood improvement activities that address the major drivers of deforestation and forest degradation.

Each of the FME buying into ACMA will work with the PPMUs through a Provincial REDD+ Coordinator and the local DPCs and CPCs to ensure that the processes described in the next section from the initial land use resource survey to the actual sharing of benefits can be implemented. The Provincial REDD+ Coordinators will be the link between the ER-P at the FMC level and both the provincial and national level. The Coordinator will also be represented on the FMC and would have the power of veto over FMC decisions if they were contrary to the objectives of the ER-P agreed upon by each FMC.

As a first step the FMC will include two to three representatives of the forest management entity including the person responsible for outreach to the villages identified by the CPCs as being most responsible for deforestation and forest degradation it will also include the Provincial REDD+ Coordinator who is the link between the PPMU and each FMC. The FMC is committee based and is legally establish by the DPC Decision and this also defines the roles and responsibilities for each of the participants, as defined in the detailed Operational Manual, this also provides the link between the District People's Committees (DPC), Commune People's Committee (CPC the lowest legal administrative level in Vietnam) the forest management entities, villages and benefit sharing activities and payments[11]. Secondly the FMC will include three representatives of the DPC – the chairperson or his or her nominee, the officer tasked with agricultural and forestry issues, and the cadastral officer – and at least one CPC official (preferably the member with the best "hands-on" experience of deforestation and forest degradation. Working on the assumption based on the average of 10 villages in each of the buffer zones, a woman and man from each of these villages will be elected by other adult villagers. It is planned that mass organizations, especially the Vietnam Women's Union and Fatherland Front together with an Ethnic Affairs Officer (where one exists), will be represented. This means that each FMC will have up to 31 members who will meet at least once monthly or more often if required to discuss and approve ER-P related activities. While a female quota is disavowed given that there will be 10 ethnic minority women representatives from the villages and at least one VWU ethnic minority woman. Such representation of ethnic minority women in forest management activities does not exist at present.

[11] This process has already been developed and tested as part of the implementation of Decision 126.



The chairperson of the FMC will be the DPC chairperson or his or her nominee. Because ER-P activities involve both forestry and agricultural land the DPC has to be involved. Of equal importance if existing forest land is to be allocated to individuals and households at the village level only the DPC, which acts on behalf of MONRE, is legally empowered to issue LURCs. Therefore, the linkage between the FMC and DPC is very important. In relation to the CPC it is also very important because it will identify villages that are most responsible for deforestation and forest degradation and also in terms of payments for forest environmental services it is the lowest administrative entity (unless villages establish legally incorporated cooperatives) that payments from national or provincial government can be made[12].

At the village level, as explained above, a woman and man representative will be elected by other villagers to serve on the FMC. These two representatives will be the link between the FMC and the village and will be mandated to bring to the attention of the FMC the concerns of their constituents in the village and discuss with their constituents, decisions that were made or will be made by the FMC. The FMC will also have at its disposal one participation expert who will spend most of her or his time in each of the 10 villages providing outreach services on matters relevant to ER-P concerns. Villagers will also be able to hold formal or informal meetings with this participation expert to also raise any concerns they have and to consider any feedback this expert might provide. This is actually an innovative approach that ACMA is offering because on an iterative basis it means each of these villages will be regularly visited at least once every 6 to 8 weeks as part of the ER-P. Moreover, it requires that villagers who were less likely to be consulted in the past including most ethnic minority women and other vulnerable persons must be consulted.

The day-to-day activities of the FMC will be managed by the FMEs but they will be bound by the decisions reached at FMC meetings in relation to REDD+ activities that have been agreed upon. At present the PFMBs and SUFMBs can take unilateral action against both individual households within such villages or the whole village. With the ACMA process it is necessary to raise such issues at both the village and the FMC meeting level because based on the individual village BSM it is likely that a benefit sharing arrangement agreement (through a local BSP) had been reached in relation to quotas on NTFP harvesting, a moratorium on wildlife poaching, and under what circumstances is logging permitted.

The FMC will be required to make financial decisions consistent with activities permitted within the scope of the BSM. For instance, the FMC cannot make significant public infrastructure investments such as investments in energy generation, irrigation projects, procure major expense items such as vehicles, generators or air conditioners or pay for basic staff salaries and office running expenses (with the exception of the salary of the participation specialist and expenses directly related to FMC and BSM). The estimated budget for each FMC on an annual basis is about US$10,000 and included on the ER-P financing which includes funding for the participation specialist and costs associated with the monthly FMC meetings that includes participation fees for elected village members and DPC, CPC and mass

[12] Ideally the ACMAs would assist local communities in establishing community-based cooperatives at the village level to ensure payments could be made for such activities directly to the village rather than simply via the commune.

organization's representative's participation fees. These are to be paid in accordance with cost norms that prevail and are also designed to ensure that opportunity costs for village members are included.[13] The last provision is important because otherwise it would be very difficult for poor villagers, especially ethnic minority women who on a seasonal basis spend more time collecting NTFPs than men, to present themselves at the village level for election to the FMC. The FME will also receive a one off payment of USD15,000 to resolve land and boundary issues.

Operational mechanisms of the ACMA

In the form of the FMC, the stakeholders have a mechanism for exchanging information and discussing management issues to establish participatory forest management plans and implement the agreed action plan for forest resource management by mobilizing resources. The FMC has local level decision-making power over issues related to forest management in the forest area in the way that all the issues should be agreed among the stakeholders, particularly the key players.

Role of the FMC tasks and activities in the ACMA

The proposed tasks and activities would be implemented through the operation of the FMC and include the following:

- FMC will agree among the stakeholders where forest degradation hot spots are which are then included into the forest management plan;
- Forest boundary and mapping the forest area;
- Undertake the inventory on the natural resource (NTFPs) within the forest area (forest zoning) to define different functions and zones of forest;
- Propose a local Benefit Sharing Agreement and manage and supervise the implementation of the benefit sharing policy on sustainable management, protection and forest development;
- Develop forest protection and develop regulation in collaboration with concerned stakeholders;
- Establish community forest patrol groups, develop regular collaboration mechanism among participating stakeholders to enhance commitments;
- Propose and implement forest law enforcement at commune level. Develop bonus/ punishment rules to encourage community participation;
- Establish communication networks, to facilitate the exchange of information for all stakeholders to access;
- Financial support for promoting sustainable agro-forestry production models that can be replicated and up-scaled; and
- Organize potential ecotourism areas (for example: ecotourism has been managed by local ethnic minority community for protection of 200 ha natural forest in buffer zone of Phuong Dien Nature Reserve).[14]

Benefits of relevant stakeholders (local people)

- Under the FMC, the FME would comply with the existing regulations (Decision No 106/2006/QD-BNN, Decision No 186/2006/QĐ-TTg) and better forest management and protection with the collaboration of local village communities.
- Local village communities would officially be able access to forest resources and directly benefit from the BSM that will enable the negotiation of specific local BSPs and agreements. More importantly, they would be empowered and actively involved in the forest protection and management in their environment. In addition, the knowledge and skills would be transferred.

[13] Opportunity costs are sometimes difficult to quantify but the criteria ER-P will utilize will be based on what participants would earn engaged in wage labour or other income-generation activities, typically in the order of VND150,000-200,000 on a daily basis.

[14] Appendix 1- ACMA Discussion Note in Provincial Consultation workshop – Nghe An 20 July 2017

Budget for the ACMA

- Prime Minister's Decision No.24/2012/QD-TTg of June 1, 2012 on SUF development investment policies for the 2011-2020 period allows the hiring of temporary staff from adjacent communities for forest protection work up to an amount of VND 100,000.00 per hectare and year (ca. US$ 4.5 per hectare and year). Also, the decision authorizes payments from the protected area budget (regardless of the source) of up to VND 40 million (ca. US$ 1,800) per village per year to support communities settled at buffer zones to engage in production activities: agriculture, forestry, livestock and food processing, housing communication and water infrastructure, in exchange for cooperation in protection tasks.

- PFES is also an important resource, although it needs to be noted that unless it is also expanded to include other impacted environmental investments such as those associated with engineered water supply systems that rely on watersheds in the forests or eco-tourism at least one province – Quang Binh – will not be able to access PFES because it has no hydropower facilities.

- In addition the FMCs in the ER-P would also receive the technical support from ER-P (forest boundary and mapping, forest zoning, forest resource inventory) and the small grant for livelihood development and associated knowledge/skill would also be provided currently it is assumed that USD 41 million of Carbon Fund funding will be used for ACMA (See the description in the Financing Section[15]).

The Benefit Sharing Mechanism and categories of beneficiaries

Carbon benefits can only be paid directly to forest owners and the GOV has agreed in principle, as the owner of the forests on behalf of all people living in Vietnam, that forest carbon rights and the trading and transfer of these forest carbon rights belong to it. However, as per Section 17 there still needs to be clarification of the relationship between the state and those who have the right to use the forests. The overall beneficiary is the Government of Vietnam and its people, but because the ER-P is a performance, results based approach only those either directly involved in achieving these results will be the beneficiaries[16]. The performance of the ER-P will be monitored through the PFMS and MMR forest monitoring process.

[15] The Carbon Fund financing need that Vietnam would like to request is estimated at USD 48 million (15% of total program costs) that will be required to fully cover the estimated costs of the ER-Program. The Carbon Fund is expected to support the financing of component 1 and support of the strengthening of the enabling environment for emission reduction (USD 3.96 million). In the component 2 and 3 about USD 41 million of the Carbon Fund payments are expected to finance [the ACMA] the participatory and collaborative management of forest resource in and around deforestation / forest degradation hotspots and reforestation with native tree species. This will include the operationalization of the ACMA and support the grant mechanisms to support the livelihood development of poor and ethnic minority households and deforestation free value chains of the ER-Program. Component 4 is related to the transaction costs of achieving ER-payments and estimated at USD 2.96 million to be fully financed by the Carbon Fund.

[16] It needs to be noted that during all consultations, but especially at the provincial, district and commune level, and among mass organizations and villagers themselves (especially women from poor households or with large families: some upland ethnic minority households are considerably larger than the national average but this also reflects the kinship structures of these households) have stated they have reservations with participation in the ER-P if they are expected to participate without compensation for time spent on ER-P activities.

Box 1. Importance and Advantages of the Adaptive Collaboration Management Approach

- It promotes pooled social learning among ACMA stakeholders to ensure the benefits of collaboration are sustainable and enables participatory sustainable collaborative management of state forest areas, including the collaborative management of protection forest, special use forest, biodiversity conservation and production forest areas by state agencies with active participation of villages from all ethnic groups. This also helps to empower women, youth, aged, and other disadvantaged forest dependent groups to leverage the accrued benefits of ACMA to transform existing social relations based on gender, age and status.
- It promotes commune and village forestry covering the management of village forests by organized villages from all ethnic groups. Social inclusion of hitherto marginalized ethnic minority groups in the management of natural resources in the ER-P provinces.
- It encourages sustainable management and improved access to NTFPs and forest resources and supports recognition that women are more actively involved in the harvesting and collection of NTFPs than men.
- It supplies opportunities for individual smallholder and cooperative forestry, including allocation of land to households of all ethnic groups for tree planting, in addition to land for agricultural development. Facilitating the enabling environment for forest-dependent communities to reduce poverty on an incrementally modest basis.
- The ACMA provides for strengthening local enabling framework for providing an enabling environment to successfully put into practice the forest area-based themes, 1) strengthening of the legal/regulatory framework, to generate benefits shared by grassroots forest managers from both traditional and approaches associated with REDD+; 2) local capacity building; and, 3) improved knowledge management linking scientific and technical knowledge with traditional knowledge (especially that of ethnic minorities).
- The ACMA supports enabling of local forest-dependent communities to better understand the reasons why policies related to forest management exist and to leverage such knowledge to more effectively manage natural resources that impact upon their livelihoods
- It supports improving forest governance, especially in commune FPD for sustainable forest management and for law enforcement. It assists communities involved FPD activities to accept the legitimacy and rationale for law enforcement.
- It supports improved local knowledge approaches to land use and planning of land use contributions to the carbon title.
- Forest monitoring is supported through contribution to MRV Opportunities for local forest-dependent communities to participate in activities associated with MRV.
- Support is provided to PFES - if it occurs in the locality. Ensure that PFES benefits are distributed in a more

It is intended through the BSM, that the bulk of the benefits will be shared by stakeholders in the FMCs, and will focus on forest dependent villages and the poor households who make up the most important forest users and are often the most vulnerable to food security issues. These stakeholders include: 1) the existing owners and managers of the forests (PFMB, SUF and SFC); 2) the Provincial REDD+ Coordinators; 3) District People's Committees; 4) Commune People's Committees; 5) Mass Organizations (these are found at the commune level and normally include Fatherland Front, Vietnam Women's Union, Youth Union, and Farmers Union); and 6) of equal importance forest-dependent villages that will be part of the FMC and a management plan undertaken by the FMEs that identifies hotspots of forest degradation and the forest dependent villages, usually the poorer villages). Specifically, those villages living inside or in the periphery of FMEs (these are largely expected to be ethnic minority villages) whether legally or illegally will benefit because the ER-P [17] will facilitate the enabling environment to assist these villagers to adopt a more sustainable approach to the use of the forests and for the collection of NTFPs and enhanced food security through improved sustainable forest management and the more productive use of available agricultural land, and where possible, increase the availability of agricultural land. Those potential stakeholders who decline to participate for whatever reason will not be entitled to benefit unless they agree to participate in the ACMA process. How the benefits will be shared will depend on the decisions made by each FMC as explained in the next section, is designed to be a highly participatory and transparent approach to benefit sharing.

Monitoring the Benefit Sharing Mechanism

The BSM will be monitored by the GOV to ensure that it complies with relevant laws, decrees and circulars as per routine governmental monitoring for projects and programs that focus on natural

[17] The ER-P only focuses on those forest entities that own or manage protection forests and local communities that live contiguous with these forest entities and utilize the forests to meet at least a portion of their livelihoods. This excludes 43% of communities, households/ individuals and other organizations who have been allocated protection forest land for forest protection services. The reason for this is that it is unworkable to include this category because it would probably be necessary to make very small payments on a user by user basis and lacks the critical benefit sharing mass that would render ER-P successful. Moreover, this 43% do not have a title (LURC) that could be traded as a carbon benefit and could not legally under Vietnam law be paid for forest protection services from ER-P.

resource management in Vietnam. An independent monitoring team with both experience in the implementation of BSMs and preferably with experience in Vietnam or a country or countries with similar social, political and economic characteristics will be appointed to provide independent and periodic reports (biannually or annually) on the BSM and in line with the safeguard requirements. The independent monitoring team will also undertake spot monitoring on a random basis of the FMCs and will provide feedback and recommendations to both the FMC and the government (also see Section 14). Local village beneficiaries as part of the processes associated with the ACMA will also be encouraging to undertake their own monitoring of the BSM and where they are dissatisfied with any aspect of FMC management or outcomes, such as women beneficiaries being excluded from the substantive decision-making processes at the local level, they will be entitled to make their voices heard and actionable. Such provisions also exist in the FRGM designed for this ER-P in Section 14.3.

Interventions supported through the ACMA to improve livelihoods to help address drivers of deforestation and forest degradation

Box 2. Example of proposed livelihood activities supported by the Benefit Sharing Mechanism through the ACMA

1. Translation of technical documents on agriculture and silviculture techniques for upland areas into user friendly formats particularly understood by ethnic minorities;
2. Improvements to watercourse, improvements to environment and safeguarding against soil erosion and ensuring water quality;
3. Development of NTFPs, medicinal herbs and bamboos selection of good/better prodigals, sustainable honey production etc.;
4. Fodder production;
5. Agroforestry various models climate adapted to the different provincial agro-ecological zones;
6. Improved livestock management (various types);
7. HYV of food crops adjusted to adapt to climate changes - e.g. more drought tolerate;
8. Training on MRV / PFMS to improve forest management;
9. Vegetable production especially important for ethnic minority women;
10. Local benefit sharing plans for local forest resources;
11. Handicrafts with improved value chain;
12. Forest mushroom production various spp.;
13. Rehabilitation of cultural houses;
14. Micro-savings and credit training; and
15. Public health presentation program for malaria and dengue fever.

The drivers of deforestation and forest degradation that will be addressed by the FMC and will be reflected in the local BSPs that will be signed between each of the villages identified as hotspots by the FMEs and CPCs. As indicated elsewhere payments for forest environmental services (not to be confused with PFES but can include widely established Forest Protection Contracts) will be made based on agreements reached between the FMC and individuals, households, groups or even villages. The exact modalities will depend on the FMC and the approach agreed upon by the members of the FMC who will be bound by the stated preferences of villagers based on a combination of inputs and performance based outputs. The BSM does not require a design that is super-imposed upon all FMCs, but rather, the design reflects local conditions that are developed in the FME management plan which in turn is based on the outcomes of the SERNA: this is where the BSM differs from PFES.

However, to ensure that the BSM does address drivers and also is targeted at the poorer and more vulnerable groups that are more likely to be forest-dependent than the non-poor and less vulnerable groups; the BSM will include a small grant mechanism of US$10,000 for livelihoods per management entity per annum over the ER-P implementation period (included in the ER-P financing).

Inside the forests, interventions may include, depending on the locality linking local communities collecting rattan, bamboo shoots, wild yam, forest mushrooms, cardamom, cinnamon, anise, honey, aromatic and medicinal herbs such as ginseng and *stephania*, and plants producing natural vegetable oils more effectively to local markets. At present supply chains are dominated by trading intermediaries who rely on NTFP harvesters knowing little or nothing about actual demand for such products

Outside the forests there are a range of interventions that are likely to work based on work undertaken by IFAD among upland ethnic minority groups in the Northern Mountainous Region of Vietnam. Interventions that are considered most suitable for poor households could include pond fish, artichoke tea, local pigs, black bone chickens, goat-raising, fodder, mushrooms and ginger etc. These activities carry a low risk of failure and are relatively inexpensive to finance. The proposed interventions, even though they also need to be demand driven and based on specific conditions that prevail in each of the impacted villages, are designed to be pro-poor in delivery and it will be the poorer and more vulnerable households that buy into the interventions.

Box 3. Example of a local benefit-sharing plan from Bach Ma NP based on Decision 126/2012/QD-TTg in 2012

To ensure that there would be sustained buy-in from all beneficiaries (all forest users or households with an interest in the forest were requested to register their interest) a series of meetings were convened to discuss such issues as to how the local BSP could be supervised and monitored and what level of reporting would be deemed necessary. During these meetings, it was recognized that conflicts might arise during the implementation of the local BSP and it was considered necessary to discuss the negative impacts (identified during the preparation of the local BSPs as the over-exploitation of NTFPs despite the agreed upon quota, local people or illegal loggers taking advantage of the more "open" policy to undertake logging without permission. Such issues would also be raised and discussed with local BSPs prepared for the ER-P because ACMA is based on the principles of free, prior and informed consent. Beneficiary agreements also required a shared responsibility for avoiding or mitigating negative activities.

One of the essential differences between the BSMs that were prepared as part of the pilot BSMs targeted at the SUFMBs and buffer zone villages is that the ER-P involves not only these SUFMBs but also the PFMBs and SFCs. Additionally, the local BSPs that will be designed as part of the ER-P will also be required to identify the poorer and more vulnerable ethnic minority households that will benefit from the commune-managed livelihood interventions that are also non-forest based. There is a more holistic approach to sustainable forest management based on explicitly recognizing the linkages between agriculture and forestry and why sustainable agricultural activities are also very important to ensure sustainable livelihood developments of forest-dependent households.

Thus, while the local BSPs will be in part based on the templates prepared for the earlier BSMs because they have proved to be very good at quantifying at least in the context of preventing the over-exploitation of NTFPs, the templates will require more detail. This will need to include the names of all individuals and households (and that includes gender, age and ethnicity), what agricultural and forest land they own (defined by the issuance of a LURC) or utilize legally or "illegally", whether they have utilized, exceeded or need to utilize the $10m^2$ forest timber ethnic minority groups are permitted for household construction purposes. The local BSPs will also need to include what forest environmental services beneficiaries are provided, how much they will be paid and when they will get paid.

The local BSPs also need to clearly specify how benefits intra-household will be shared not just on a household-by-household basis. This does vary from ethnic group to ethnic groups with the Ta Oi-Pa Co and Bru-Van Kieu being more socially inclusive than for instance the Hmong. Elite capture at the village level is one important social exclusion issue but gender-capture benefits at the household level is a gendered issue within the context

Linking ACMA stakeholders

The following procedural steps will be followed by the FMEs to link FMC stakeholders and BSM beneficiaries (these include existing owners and managers for the forests, Provincial REDD+ Coordinators, DPCs and CPCs, Mass Organizations and forest-dependent villages and particularly poor households) and are partly based on procedural steps many SUFMBs are aware of based on how managers of the SUFs were linked with village users of the SUFs. The essential difference being is that the emphasis is on collaborative management not co-opted management:

- DPCs and MBs agree to participate in the FMC and identify through the REDD Needs Assessment the communes that are considered to be the hotspots for deforestation and forest degradation. It is unlikely that all DPCs/ MBs will know which, but they generally know which communes are forest dependent or can be considered forest degradation hotspots;

- It is assumed that CPCs (including mass organisations these are found in the commune, and some villages[18]) will agree to participate in the FMC and help discuss and decide villages that are considered to be potential hotspots for deforestation and forest degradation;

- Local villages identified as hotspots for deforestation and forest degradation also need to buy into the FMC and because there are greater numbers of village level stakeholders involved (women and men, aged and young, poor and non-poor, and different ethnic minority groups but also some Kinh ethnic village communities) to secure free, prior and informed consultation (for environmental, displacement and ethnic minority development issues) the most participatory consultations (e.g. such as focus group discussions and village transects) at times convenient for all village people need to be facilitated;

- A forest resource survey (a part of the RNA) and subsequent agreement on issues such as forest boundary demarcation, access to forests by users including whether quotas for collecting NTFPs are necessary and limited logging for housing structure purposes will need to be undertaken. The outcome should involve FME staff in BSM preparation and principles of ACMA for natural resource use, BSM baseline survey on resource needs and existing resource availability that will serve as a forest resource inventory survey, documenting the status of the forest resources and results disseminated through a process of negotiation;

- The SSR (as part of the SERNA) is undertaken to identify the poorest and most vulnerable households based on degree of forest dependency that identifies ethnicity, demographic features, health and education indicators, access to physical and social infrastructure, ownership of agricultural land and income and expenditure patterns;

- Elections in each village community to be facilitated to ensure the two most popularly elected village members (to ensure the participation of at least one-woman representative per village as well) represents the village at the monthly, bi-monthly or extraordinary meetings of the FMC entity;

- Initial local BSP drafted outlining how village households will be compensated for opportunity costs associated with the provision of forest environmental services or rights to collect unlimited quantities of NTFP are foregone, provision of both monetary and non-monetary incentives, how legitimacy and support for conservation will be achieved, reduction in the risk of non-delivery of agreed benefits, fulfilment of obligations and reducing elite capture of benefits;

- Any local BSP that identified monetary and non-monetary benefits should be prepared within 18 months of the establishment of the FMC based on agreed interventions targeted at the poorest and most vulnerable households but in line with the flexible approach of FMC this agreement will include a local BSP and can be amended where necessary on condition that it does not propose prescribed activities; and

- In line with the FMC activities to do with reflection on interventions, the actions themselves and what subsequent actions are necessary is not time-bound, with the exception of the interventions targeted at poor and vulnerable households and will depend on negotiated agreements with all FMC stakeholders.

It is important to stress that the linkages will be maintained on an iterative basis and each forest management entity will participate in/ hold regular meetings of the FMC. Ideally participation should focus on ethnic minority woman and preferably include one from each the villages included in the FMC. Based on consultations undertaken to date this should not be very difficult and even the least culturally integrated ethnic minority group in the ER-P provinces – the Hmong ethnic minority – where gender relations both within the household and community have been asymmetrical thanks to efforts by the government at the local level and the Vietnam Women's Union are somewhat less so than in the past.

[18] Some villages in the upland areas are too dispersed to have all mass organisation representatives e.g. Hmong have quite dispersed villages.

Safeguarding people's livelihoods

It is possible that some of the interventions that will be proposed by the FMCs may result in one or more households be adversely affected by the intent of these interventions. For instance, a possible scenario might be that in the interests of a more sustainable approach to forest management the FMC might agree that hitherto original forest land that has been converted to agricultural cropping uses with, or without the approval of the local authorities, need to be reforested. Individual households, villages or even local authorities who may have consented formally or informally oppose such a move because they believe existing livelihoods will be threatened and the decision made does not reflect the reality on the ground: people and their stomachs before trees and carbon emissions being reduced. This might occur even though the criteria for the BSM excludes such practices. Hence this is an instance where a group of stakeholders do not accept the decision of the FMC and are seeking to overturn its ruling. Conversely a majority might decide that more forest land is required for agricultural cropping purposes because the short-term gains from agricultural cropping outweigh the benefits from longer-term sequestration of carbon emissions.

To ensure that scenarios such as the above if they occur in the ER-P are to be addressed, a Process Framework as described in Section 14 will be prepared to ensure that in instances where households or communities are adversely affected they will be compensated in accordance with the WB's OP/BP 4.12 on Involuntary Resettlement and Government of Vietnam Laws and Policies relating to Involuntary Resettlement. This is important because at the sub-provincial level except where districts have had experience with infrastructure projects involving involuntary resettlement there is very little knowledge of required compensation measures. For instance, there is not much awareness that even if land is illegally utilized and is not able to be legalisable (such as land allocated to the SUFs) those who have utilized the land are eligible to be paid compensation for lost production, but not for the land. Measures outlining the approach to the payment of compensation in such instances are included in the Resettlement Policy Framework (RPF).

Safeguard measures in relation the Free, Prior and Informed Consultation of Ethnic Minorities in the ER-P are included in the Ethnic Minority Policy Framework (EMPF). These measures are deigned to ensure ethnic minority peoples derive as many benefits from ER-P as non-ethnic minority persons although in the ER-P provinces in the upland areas where FMC will be implemented most of the villages in the buffer zones are peopled by ethnic minority groups. Nevertheless, there are some villages that include more than one ethnic minority group and the stated intent of the WB's OP/BP 4.10 on Ethnic Minorities and Vietnam's own Laws and Policies relating to Ethnic Minorities are designed to ensure all ethnic minority groups are included. The principles enshrined in FPIC do not imply that every single stakeholder has to agree with an action or series of actions, but there has to be informed consensus that such actions are acceptable. This also includes ethnic minority women, and poor and vulnerable persons. The Process Framework will be translated into appropriate languages as necessary, and is designed in ways that functionally illiterate and people suffering from physical impairments such as visual or audio impairments will be able to understand.

The procedural processes will be prepared based on the outcome of consultations with all stakeholder groups and will be detailed in the Operations Manual prepared following the conclusion of consultations with stakeholders in early 2018 and also based on several pilot FMCs that are in the process of being established. These procedural processes will embody the principles of social and gender inclusion reflected in the FMC to ensure that ethnic minority communities benefit to a much greater extent than they do under existing forest management regimes