

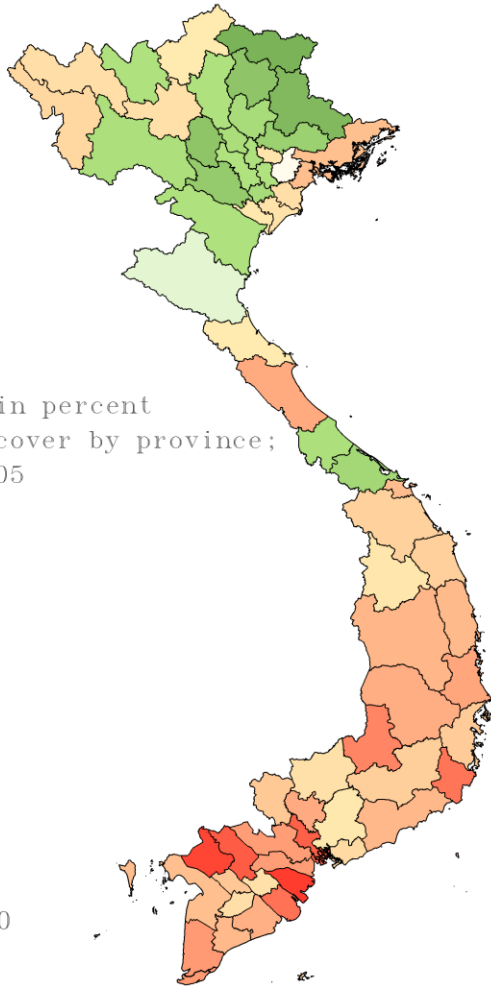
# Designing REDD+ Benefit Sharing Systems in Vietnam

**Pham Manh Cuong**

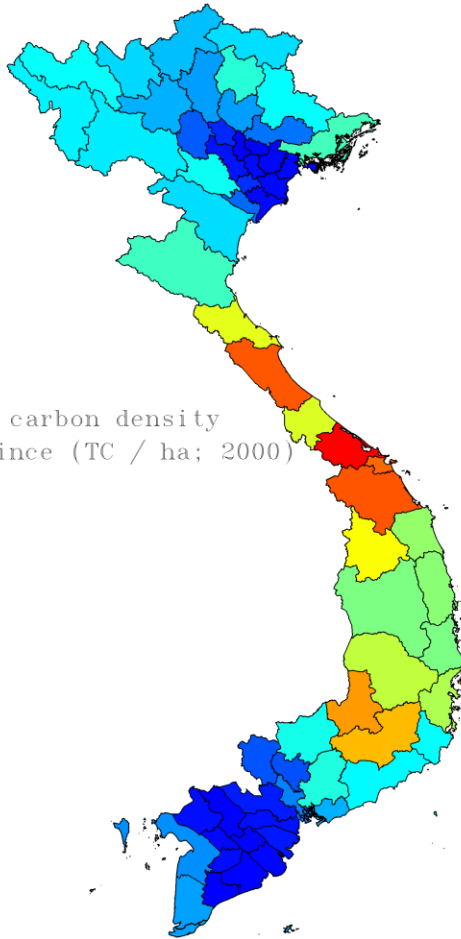
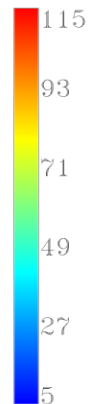
**Directorate of Forestry of Vietnam (VNDoF)  
Ministry of Agriculture and Rural Development (MARD)**

# Deforestation and Carbon density

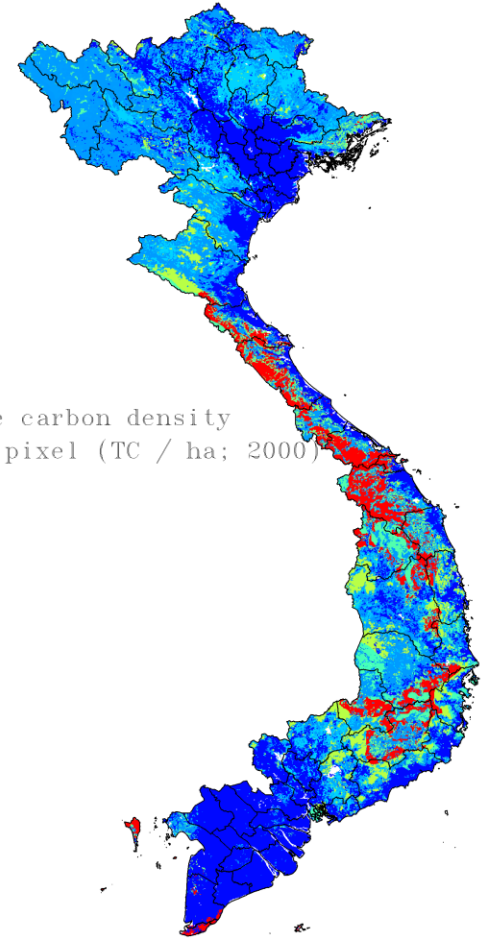
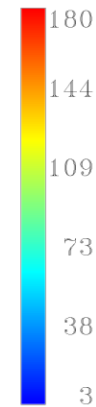
Change in percent forest cover by province; 2000–2005



Average carbon density by province (TC / ha; 2000)



Average carbon density by 1km pixel (TC / ha; 2000)



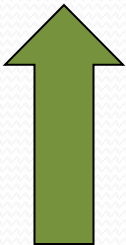
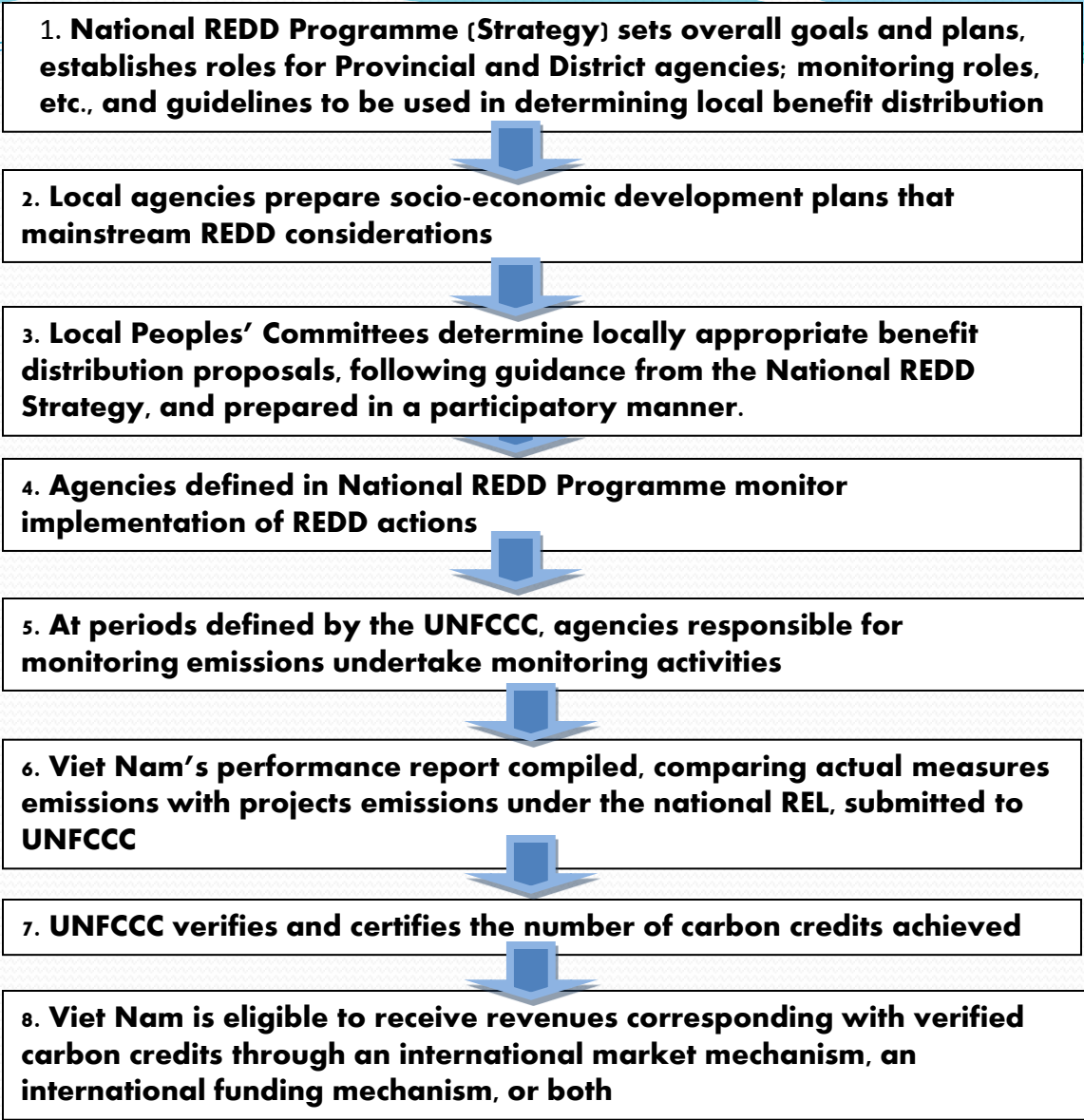
# Benefit Distribution Study (BDS)

- Various policies on forest-related benefit-sharing: Progs 327, 661;
- PES policies: Decision 380 in 2008 and Gov Decree on PES in Sept. 2010;
- The Study was conducted in from Oct-Dec 2009, co-funded by the UN-REDD Program in Vietnam and GTZ;
- Study team: 10 international and national experts;
- Outcomes of the Study:
  - Executive Summary presented at the CoP15
  - Full report is uploaded into UN-REDD website
  - Policy review process & further in-depth analysis
- The study was improved in mid-2010;

| PES   | REDD   |
|---|--|
| Local buyers  | International contributors/<br>buyers                                |
| Prices set by local studies   | Prices set by global market (or<br>fund)                             |
| Weak performance-based<br>conditionality                                      | Strong <b>performance-based</b><br>conditionality                    |
| Monitoring procedures<br>determined by local buyers &<br>national regulations | Monitoring procedures<br>determined by international<br>agreement(s) |
| PES funds can be co-mingled<br>(e.g., water and ecotourism)                   | REDD+ funds should be<br>separated with agreeable<br>safeguards      |
| Buyers (e.g., dam operators,<br>water utilities) can be legislated            | Buyers must be attracted and<br>retained                             |

# KEY CONCLUSIONS

3. Given strong performance link, four criteria will guide GoV response:
  - i. **Performance:** REDD funds are specific and must be managed accordingly;
  - ii. **Additionality:** payments only made for activities that would not otherwise have occurred;
  - iii. **Equity:** the way social and political considerations are matched to performance will be influenced by international expectations;
  - iv. **Transparency:** independent monitoring needed to ensure transparency and credibility



**Planning and Implementation**

## Benefit Distribution

9. Viet Nam receives revenues into a National REDD Fund (stand alone fund, or sub-fund of an existing fund), overseen by a broad-based, multi-stakeholder governing body

10. Staff of National REDD Fund calculate provincial shares of the total revenues based on provincial performance

11. Staff of the National REDD Fund calculate implementations, transaction costs, and opportunity costs incurred by the central government and subtract these amounts from the gross revenues

12. Net revenues are distributed to Provincial REDD Funds (mirrored on the National Fund, and also with participatory governance structures), according to  $R_p$  coefficients

13a. Provincial REDD Fund staff repeat steps 10-12 to determine distribution of net REDD revenues to District Funds

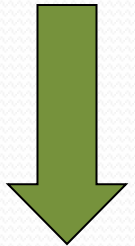
13b. Provincial REDD Fund staff are responsible for disbursement to ultimate beneficiaries

14. Provincial/District Fund staff (depending on Option 1 or 2) determine net revenues to be distributed to ultimate beneficiaries, and deliver payments or other benefits

15. Agencies monitor disbursement activities

16. Agencies responsible for providing recourse in the event of disputes undertake actions to ensure that all beneficiaries are able to register a complaint if desired

18. Staff of the National REDD Fund initiate independent external auditing of National, Provincial, and (if relevant) District REDD Funds



# RECOMMENDATIONS FOR POLICY DECISIONS

- Design and governance of REDD+ Fund;
- Eligibility of beneficiaries;
- Multi-level management of revenues;
- Payment structuring and timing;
- Monitoring
- Recourse mechanism



# POLICY DECISION #1: LEGAL FRAMEWORK FOR REDD

- Recommendation:
  - Pilot REDD in a number of provinces for several years
  - Prepare REDD-specific government legal documents (Decision or Decree) covering rights, and revenue management, etc. and incorporating lessons from pilots

# POLICY DECISION #2: REVENUE MANAGEMENT

- Recommendation:

**A) FPDF sub-fund**, if legal basis can be modified to allow participatory governance;

**B) If (A) is not possible, a new REDD Fund with participatory governance structures**

# POLICY DECISION #3:

## SUB-NATIONAL REVENUE MANAGEMENT

- Recommendation:
  - In pilots, use national and provincial levels for revenue disbursement (provinces responsible for disbursement to beneficiaries);
  - Build capacity to eventually allow district level disbursement too (districts responsible for disbursement to beneficiaries)

# POLICY DECISION #4: REDD MONITORING

- Recommendation:
  - MRV system should consist of both C and Non-C and take into account requirements on SESA and safeguards;
  - Operational MRV: build on existing monitoring capacities;
  - Pilot national and provincial REDD monitoring bodies with governmental and civil society participation

# POLICY DECISION #6: PAYMENT STRUCTURING

- Recommendation:
  - Devolve decision making to local authorities, but with strong checks and balances;
  - Design “R-coefficients” to account for local circumstances during piloting

# POLICY DECISION #7:

## FOREST OWNERS ELIGIBLE TO RECEIVE REDD+ BENEFITS

- Recommendation:
  - Review advantages and eligibility of community beneficiaries;
  - Establish circumstances for PAMBs to be beneficiaries and legal issues affecting SFEs

## **POLICY DECISION #8:**

### **STRENGTHENED LAW ENFORCEMENT FOR PERFORMANCE-BASED DISTRIBUTION**

- Recommendation:
  - Assess experiences with community-based law enforcement and translate into national regulations;
  - Make strengthened law enforcement, with a focus on compliance, a key component REDD+ pilots

# POLICY DECISION #9: PARTICIPATORY MONITORING

- Recommendation:
  - Commit to participatory monitoring;
  - Identify participatory monitoring methods that have a history of effectiveness, and develop principles to be applied for participatory monitoring related to REDD+



# POLICY DECISION #10: DESIGN OF A CREDIBLE RECOURSE MECHANISM

- Recommendation:
  - Commit to establishing an effective recourse mechanism;
  - Undertake an analysis of the institutional structure for a participatory recourse mechanism to meet both national regulations and international requirements



**Thank you very much for  
your attention!**