UN-REDD
PROGRAMME

Viet Nam National REDD+ Program: Background document

UN-REDD PROGRAMME

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Abbreviations

ADB	Asian Development Bank
AFOLU	Agriculture, Forestry and other Land Use
APF	Action Plan Framework
AVHRR	Advanced very high resolution radiometer
AWG-LCA	Ad-hoc Working Group on Long-term Cooperative Action under the UNFCCC
BDS	Benefit Distribution System
Bill	Billion
BKHĐT	Ministry of Planning and Investment
BNN	Ministry of Agriculture and Rural Development
BTC	Ministry of Finance
BTNMT	Ministry of Natural Resources and Environment
CBA	Cost Benefit Analisis
CBD	Convention on Biological Diversity
CC	Climate change
CDM	Clean Development Mechanisms of the KP
CEMA	Committee of Ethnic Minorities
CFM	Community - based forest management
CIFOR	Centre for International Forestry Research
CITES	Convention on International Trade of Endangered Species
CM	Centimeters
COP	Conference of Parties (of a convention)
CP	Government
CPC	Commune Peoples Committee
CPV	Communist Party of Viet Nam
CSO	Civil society organization
CTF	Conservation Trust Fund
DARD	Department of Agriculture and Rural Development
DD	Deforestation and forest degradation
DDG	Deputy Difrector General
DG	Director General
DNA	Designed National Authority
DOF	Directorate of Forestry
DOST	Department of Science and Technology
DPI	Department of Planning and Investment
EFI	European Forest Institute
e.g.	Exemplum gratum- for example
EIA	Environmental Impact Assessment
EM	Environenmental Management
etc	Et cetera: and so forth
FAO	Food and Agriculture Organization of the United Nations
FCPF	Forest Carbon Partnership Facility
FDI	Foreign direct investment
FDS	Forestry Development Strategy of Viet Nam
FES	Forest environmental services
FIPI	Forest Inventory and Planning Institute
FLEGT	Forest law enforcement, governance and trade

FLITCH	Project for forestry development and livelihood improvement in the Central Highland funded by ADB
FLMS	Forest Land Management System
FOMIS	Forest management information system
FPD	Forest protection and development
FPDF	Forest Protection and Development Fund
FPIC	Free prior and informed consent
FSIV	Forest Science Institute of Viet Nam
FSSP	Forest Sector Support Partnership
FU	Farmer Union
GDP	Gross Domestic Product
GDLA	General Department of Land Administration
GHG	Greenhouse Gas
GHGI	Greenhouse Gas Inventory
GI	Government Inspectorate
GIS	Geographic information system
GOV	Government of Vietnam
GTZ	German Agency for Technical Cooperation
ha	hectare
HRD	Human resources development
ICD	International Cooperation Department (of MARD)
ICDP	Integrated Conservation Development Programs
IPCC	International Panel on Climate Change
ISPONRE	Institute of Strategy and Policy on Natural Resources and Environment
IUCN	World Conservation Union
JBIC	Japanese Bank for International Cooperation
JICA	Japan International Cooperation Agency
KfW	German Bank for Development
KM^2	Square kilometer
KP	Kyoto Protocol of the UNFCCC
K:TGAL	Kyoto: Think Global Act Local (project of University of Twente
LUC	Land use change
LULUCF	Land- use, land-use change and forestry
LUP	Land –use planning
m^3	Cubic meter
MARD	Ministry of Agriculture and Rural Development
Mill	Million
M&E	Monitoring and evaluation
MOC	Ministry of Construction
MOCST	Ministry of Culture, Sport and Tourism
MOD	Ministry of Defense
MODIS	Moderate Resolution Imaging Spectroradiometer
MOF	Ministry of Finance
MOHA	Ministry of Home Affairs
MOIT	Ministry of Industry and Trade
MOJ	Ministry of Justice
MOLISA	Mministry of Labor, Invalid and Social Affairs
MONRE	Ministry of Natural Resources and Environment
MOT	Ministry of Transport
MOET	Ministry of Education and Training

MOTS	Ministry of Technology and Science
MPI	Ministry of Planning and Investment
MRV	Monitoring, reporting and verification
MTEF	Midterm expenditure framework
MW	Megawatt
NA	National Assembly
NAPA	National Academy of Public Administration
ND	Decree
ND-CP	Government Decree
NFF	National Father Front
NFI	National Forest Inventory
NFIMAP	National Forest Inventory, Monitoring and Assessment Program
NGO	Non-governmental organization
NOAA	National Oceanic Atmospheric Administration
NQ	Resolution
NQ-TW	Central Resolution
NRP	National REDD+ Program
NRS	Mational REDD+ Strategy
NSC	National Steering Committee
NTFP	Non- Timber Forest Products
NTP	National Target Program
NTP-CC	National Target Program to Respond to Climate Change
NWG	National working group
ODA	Official Development Aid
OOG	Office of Government
PAMB	Protected Area Management Board
PAR	Public Administration Reform
PC	People's Committee
PES	Payment for environmental services
PFES	Payment for forest environmental services
PFMB	Protection Forest Management Board
PM	Prime Minister of Viet Nam
PPC	Provincial Peoples' Committee
PCc	People Council
QD	Decision
RAMSAR	The Convention on Wetlands (named after a town in Iran, where it was signed)
RBM	Results-based management
RDC	Democratic Republic of Congo
RECOFT	Regional Centre for People and Forests
REDD	Reduction of emissions from deforestation and forest degradation
REDD+	REDD + forest carbon conservation, sustainable forest management, and enhancement of forest carbon stocks
REL	Reference emission level
RL	Reference level
R-PIN	Readiness Project Identification Note (of the FCPF)
R-PP	Readiness Preparation Proposal (of the FCPF)
RVAC	Ecosystem of forest garden- pond –pen
SC	Steering Committee
SEDP	Social and Economic Development Plan

SEI	Socio Economic Impact Assessment
SFE	State forest enterprise
SFM	Sustainable forest management
SNV	Stichting Nederlandse Vrijwilligers (Netherlands Development Foundation
SoC	State-owned company
SOE	State-owned enterprises
SPP	Species
STER	Volume measure for wood, in particular fuel wood. 1 ster = a cube with 1 m side length
SUF	Special use forest
SUFMB	Special use forest Management Board
tC	Tons carbon
TFF	Trust Fund for Forests
ToT	Training of trainers
TTg	The Prime Minister
QD-TTg	Prime Minster Decision
TTLT	Interministerial Circular
NQ-TW	Central Resolution
TWG	Technical working group
UARD	Unit of Agriculture and Rural Development
UNCCD	United Nations Convention on Combating Desertification
UNEP	United Nations Environmental Programme
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNFF	United Nations Forum on Forests
UNICEF	United Nations Children Fund
UNREDD	REDD- Programmme of the United Nations
US	United States of America
VAC	Ecosystem of garden-pond-pend
VDR	Viet Nam Development Report
VIFORES	Vietnam Forest and Forest Products Association
VN	Viet Nam
VND	Vietnamese Dong
VNFOREST	Viet Nam administration of forestry, MARD
VUSTA	Viet Nam Union of Science and Technology Associations
WWF	World- wide Fund for Nature
WFP	World Food Programme of the United Nations
WB	World Bank
WU	Women Union
YU	Youth Union

1. Introduction

1.1. Background on REDD+

The issue of "Reducing Emissions from Deforestation and forest Degradation" (REDD) was put on the UNFCCC agenda by Papua New Guinea and Costa Rica in Montreal during the 11th Conference of the Parties (COP) in 2005. The most compelling argument to achieve REDD is that 17.4 % of all greenhouse gas emissions, and about 20% of the global CO_2 emissions result from deforestation. Therefore, there was striking agreement between parties to the UNFCCC that ideally the UNFCCC should embrace this source of emission as a concern of all parties and turn it into an opportunity to mitigate climate change, albeit with major challenges. Thereafter, REDD was included at COP 13 of the UNFCCC in the Bali Roadmap.

It was formally expanded to "REDD-plus" at subsequent meetings, which stands for reduction of emissions through the reduction of deforestation and forest degradation and through forest conservation, sustainable management of forests, and the enhancement of forest carbon stocks. REDD+ was included at UNFCCC COP 15 in 2009 in the Copenhagen Accord; an Accord with which many parties have associated themselves with. Viet Nam has fully supported the Copenhagen Accord[2]. It is currently still being debated under the UNFCCC, but piloting of the subject has taken off with considerable interest and finances of the international community, both governmental as well as non-governmental and by civil society. The expectation is that rules, modalities and guidelines that govern REDD+ under a future climate change mitigation regime will be negotiated between now and the COP 17 in Johannesburg in December 2011 to sufficient detail that will allow for integration of the REDD+ in an agreed package deal that is hopefully going to emerge from the Johannesburg COP.

1.2. Outlook on demographic developments and climate change impacts for Viet Nam

1.2.1. Demographic development

During the past 100 years, Viet Nam's population increased rapidly, from about 15 million in the early 19 hundreds to 25 million in 1940, and to 84 million in 2007, with an average density of 254 persons/km2. That is more than five times the average population density of the world (GSO 2007). About 25 million of these live in the mountainous and rural areas. Most mountain people depend in their living on farming, forest resources and forest-based activities. They are often poor due to difficult access to markets, poor infrastructure, poor land quality, subsistence farming, and a low educational level. The poor in mountainous and remote areas have to rely mainly on the harvesting and use of wood and non wood forest products, and on forest land for agricultural cultivation. The high rate of population growth in these areas puts additional pressure on forests and forest land, thus exacerbating poverty.

With an anticipated growth rate of 1.3% for the period 2011 -2020 (for 2001- 2010 it was 1.5%), the population of Vietnam is predicted to reach around 100 million people in 2020.

1.2.2. Climate change impacts

Viet Nam´s National Climate Communication of 2009 provided detailed predictions regarding climate change impacts in Viet Nam[3]:

[2] Letter of VN Ambassador to UN to Executive Secretary UNFCCC, dated 31..03.2010

[3] Institute of Strategy and Policy on Natural Resources and Environment (ISPONRE),2009: Viet Nam Assessment Report on Climate Change, Hanoi.

- Increase of mean surface air temperature between 1.1 and 1.9º C in low and between 2.1 and 2.6º C in high emission scenario by 2070 with more significant increases probable in highland regions;
- Increase in annual maximum and minimum mean temperatures;
- Increase of number of days with temperatures lower than 20º C and higher than 25º C;
- Changes in rainfall patterns;
- Sea level rise between 15 and 90 cm;
- Increase in frequency and intensity of severe climatic events.

The changes in temperature and rainfall will impact agricultural crops and forest species, and lead to an increase in pests and diseases. Increased frequency and intensity of typhoons, floods and droughts will affect the agricultural production, and the latter will favour the development and spread of forest fires. Viet Nam´s long coast line with its remaining mangrove forests, and the rice producing areas in the Mekong Delta are particularly vulnerable to climate change and its impacts[4]. ADB[5] reports that agricultural production and forests in Viet Nam are already affected by climate change in many ways. Sea level rise has already accelerated the speed of coastal erosion, threatening the destruction of mangrove forests, e.g. in the area of the Ca Mau cape (ADB 2009). Climate change impacts also pose the threat of salination, and loss, of land for rice-producing coastal and delta lowlands, and water shortages during dry seasons. This would have a serious impact on people´s livelihoods, on food security, and on the country´s economy as a whole. The loss of agricultural land along the coast and rivers will also lead to an increased pressure on remaining forests.

Consequently, UNFCCC COP 13 in Bali recognized Viet Nam as one of the world's five countries most-affected by climate change.

Options to adapt to climate change impacts on agriculture include:

- Further improve flood forecast capacity;
- Stop deforestation of *Melaleuca spp* and mangrove forests;
- Increase mangrove cover;
- Maintain forests on acid sulphate soils. Studies[6] show that forests help to reduce pollution caused by acidity of soils. Disturbance of these soils, e.g. through forest conversion to other land uses, will increase the acidity discharge[7];
- Stop deforestation and forest degradation on slopes and watersheds;
- Prevent and fight forest fires;
- Increase forest cover;
- Reduce the use of fertilizers, pesticides and herbicides to prevent water pollution;
- Enhance rice varieties, e.g. through varieties withstanding prolonged inundations, and being salt- tolerant;
- Raise dyke levels;
- Increase development of irrigation systems, including water reservoirs to cope with draughts;

[4] WB, 2003: Climate Change and Development in Viet Nam: Agriculture and adaptation for the Mekong Delta Region. Climate Protection Programme

[5] Asian Development Bank (ADB), 2009: The economics of climate change in Southeast Asia: a regional review, Manila.

[6] WB, 2003: Climate Change and Development in Viet Nam: Agriculture and adaptation for the Mekong Delta Region. Climate Protection Programme

[7] idem

- Develop non-farm income opportunities.

1.3. Objectives

The National REDD+ Program (NRP)[8] will contribute to reducing emissions from deforestation and forest degradation (REDD), to promoting forest conservation, sustainable forest management and the enhancement of carbon stocks, jointly comprising REDD+, and at the same time improving the livelihoods of the rural population in Viet Nam[9].

In particular, the REDD+ Program will Increase the

- Benefits to rural people living in and close to Viet Nam´s forests;
- Sustainably managed forest area in Viet Nam;
- Interest of donors and investors to support or participate in the operationalisation of the NRP.

1.4. Legal mandate, rationale and scope

The mandate for a REDD+ program stems from various national legislations, strategies and programs as spelled out in Annex 1.4, 1.5. and 1.6., as well as from international agreements Viet Nam acceded to.

In December 2008, the National Target Program (NTP) to Respond to Climate Change was approved by the Prime Minister[10]. Based on this program, provinces and government agencies, including MARD, where tasked to develop their Action Plan framework for Adaptation[11] to Climate Change. The NTP requires that Government agencies need to decide on measures and integrate climate change issues into their sectoral strategic development plans. As the NTP/CC was largely prepared before REDD+ became a major international issue, most of the sections dealing with the forestry sector relate to adaptation, and the role forests can play in protection against the impacts of climate change, rather than with mitigation.

Though REDD+ is not explicitly mentioned in the text, REDD+ related measures are described.

The NTP also foresees climate change issues to be integrated under the Viet Nam Forestry Development Strategy 2006- 2020[12]. One of this strategy's main principles is the introduction of sustainable forest management as the foundation for forestry development.

At the international level, Viet Nam is signatory to the UNFCCC, its Kyoto Protocol, and the CBD. Viet Nam also embraced the "Non-legally binding Instrument on all Types of Forests of the UNFF. Furthermore, at the regional level, Viet Nam has in 2009 adopted the ASEAN Multisectoral Framework on Climate Change, Agriculture and Forestry towards Food Security, which also contains REDD+ elements.

The Government of Viet Nam will, in consultation with relevant stakeholders develop the legal framework for REDD+ implementation. Given the nature and requirements of REDD+ and the shortcomings in the current legal framework for the administration[13] of Viet Nam's forests,

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8 The National REDD+ Program results from a Decision issued by the Prime Minister of Viet Nam overarching and governing any activity that will be undertaken – irrespective of what Ministry, Department or Institution (MDI) is undertaking it.

9 See also Decision -/CP.16/ UNFCCC.int

10 PM decision 158 on approval of NTP on climate change, December 2008

11 The Action Plan Framework (APF) for Adaptation to Climate Change in the Agriculture and Rural Development Sector for the period 2008-2020 was also launched by MARD in 2008

12 PM decision 18/2007/ QD-TTg dated February 05th 2007,

13 MARD, August 2010; Vietnam R-PP to WB, 'the legal framework is still ambiguous, over-complex and contains loopholes that enable criminals to make easy financial gains with little risk of legal

this legal framework will cover all types of regulations of economic to social and administrative nature, avoid contradictions and solve outstanding issues, as described in the RPP document[14]. The causes and drivers for deforestation and forest degradation in Viet Nam are not only rooted in the forestry sector, but also in other sectors, e.g. agriculture and infrastructure. REDD+ therefore needs to cover different economic sectors and geographic regions with differing development levels and differences in social and geographical features.

Since the reduction of deforestation and forest degradation is a cross-sectoral topic affecting different actors and sectors, Viet Nam has to balance different development objectives and interests. Until recently forests were considered to be in the way of development, having to give way to agricultural expansion, urban sprawl, etc. to boost the GDP.

With the recent evolving interest in REDD+ however, an opportunity has presented itself for forests and forestry to significantly contribute to employment and income generation, and the GDP To benefit from this opportunity, the outlook on the forestry sector requires a change, and Viet Nam' development objectives, strategies and policies to be realigned.

1.5. Guiding principles

- The National REDD+ Program (hereafter NRP) must respect national laws, including traditional, customary and indigenous peoples' rights, promote an equal gender balance; and, respect international treaties to which Viet Nam is a signatory;
- The legal framework shall support the implementation of the NRP and link it to associated processes, e.g. FLEGT. Due to the cross-sectoral character of the NRP, it will need to cover all types of regulations (economic, trade, rural development, administrative, infrastructure, agriculture, etc.), avoid inconsistencies, and balance different development objectives, mainstreaming REDD+ considerations into non-forestry sectors;
- The NRP shall be based on an appropriate land-use planning and zoning approach.
- Viet Nam shall not incur any debt in setting up the institutional system and building the capacity to implement and administer the NRP;
- The NRP must have a clear governance structure that includes an appropriate representation of stakeholder groups and resource owners;
- There shall be no political discretion for decisions made in relation to the NRP and full commitment to transparency, equity, fairness, elimination of corruption, equal gender balance and respect for individual and collective rights;
- The NRP shall be further developed in a participatory and transparent manner through the application of FPIC;
- The PFES system under the NRP shall be fair and transparent and the majority of the benefits shall contribute directly to the welfare, security and sustainable livelihood of local communities, whilst avoiding the full dependence and high expectations of the carbon component of the PFES as the sole source of income for the local communities;
- Agreements on PFES can only be made with legitimate resource owners and must respect the customary system of land ownership and use: at least 75% of the owners of the resource must have indicated their free and prior informed consent;

sanction. Prosecutions are minimal and fines for forest crimes are extremely low in relation to gains that can accrue'.

[14] idem

- Conversion of natural vegetation cover shall not be eligible for PFES and logging and/or forest management permits can only be eligible for PFES if principle 7 is adhered to and if domestic leakage is nullified;
- The NRP shall include a complaint and dispute resolution mechanism; and, activities to build capacities in local supporting/facilitating organizations;
- The NRP shall be supported by the taxation of industrial land uses and operations that diminish the capacity of the land to deliver environmental services recognized in Decree 99/2010/ND-CP; and,
- MRV shall provide estimates that are accurate, reduce uncertainties, are made transparently, and provide time-series consistency.

2. Challenges and opportunities

2.1. Challenges

2.1.1 Poverty

Poverty is still a core issue for Viet Nam's development, and also for its forestry sector. It will be compounded by the anticipated increase in population, and by the predicted impacts of climate change. Poverty drives the rural population to convert or unsustainably use the country's natural forests, and unless alternatives are offered to them, it will be difficult to stop this development. The provision of alternative income opportunities for the rural population is paramount to reduce the pressure on forests.

2.1.2. Illegality

The booming wood processing and export industry drives the high demand for timber, which continues to have a negative impact on Viet Nam's natural forests- one of the responses to the high timber demand is its illegal sourcing from inside and outside Viet Nam, which is still difficult to be controlled. Therefore, measures have to be taken to minimize illegal acts in forestry through strengthening of the legislation and the monitoring and enforcement of its implementation.

2.1.3. Biodiversity

Viet Nam signed various biodiversity – related conventions such as the CBD, CITES, UNCCD and RAMSAR. It also promulgated with July 1, 2008 a new law on biodiversity conservation. In spite of these formal commitments, however, the biological diversity of the country continues to be endangered. Livelihood needs lead to forest conversion for small scale farming. Illegal forest acts such as illegal logging or fire impact further on Viet Nam's ecosystems. Forest biodiversity conservation can only be achieved through integrated and comprehensive approaches which also address poverty and food security.

2.1.4. Institutional reform

The recent ***Regional Conference on Sustainable Forest Development in a Changing Climate***[15] recommended policy and institutional reforms for the forestry sector of Viet Nam in order to: (a) address present difficulties and future challenges (e.g. changes in investment policy and public finance, emerging issues such as climate change, changing roles and tasks of the forestry management system nationwide); and (b) improve the effectiveness and efficiency of policy (through identifying priorities and resources, increasing the capacity of coordination among people, communities, private sector and civil society organizations in the forestry policy making and enforcement as well as forestry program formulation and implementation). Policy and institutional reforms in the forestry sector of Viet Nam should follow the multi-purpose forest management approach.

More resources have to be allocated to implement the ***Forestry Development Strategy 2006-2020***, and the accountability and transparency in implementation of forestry policies/regulations and strategies must be enhanced.

[15] MARD, 2010: Proceedings, Regional Conference on Sustainable Forest Development in a Changing Climate, September 7-8 in Hanoi, in press.

2.1.5. Intra- and inter-sectorial coordination

The role and duties of local sector institutions in the changing context at the central level are unclear. It is essential to analyze roles and responsibilities, gaps and overlaps in the organizational system at central and local levels. Also, the coordination and collaboration between different Government agencies responsible for the sector needs to be strengthened, as well as coordination and collaboration between national, provincial, district and local levels of Government.

2.1.6. Community-based Forest Management

Community-based Forest Management (CFM) is still insufficiently embedded in the institutional structures and processes, which also reflects a weak commitment of partners towards an increased role of CFM. The ***Regional Conference on Forest Development in a Changing Climate***[16] therefore recommended to make legal provisions for community and small scale forestry, under which short, medium- and long term needs of support for households and communities should be addressed.

2.1.7. Capacity building

Capacity building is crucial for the success of sustainable forest management, as well as for successful afforestation and reforestation. There is a lack of adequately trained staff at the field level, and of an enabling environment for their effective work, and there is also a need to extend training to households, communities and other stakeholders. The forestry extension services for production forests, protection forests, communities and owners of small scale production forests need also to be strengthened.

2.1.8. Land-use planning and land and forest allocation

Land-use planning is indispensable to facilitate the successful integration of land-use for agriculture, forestry and conservation, and an effective tool for decision making, conflict resolution and operationalization of bottom-up approaches. At present, there are contradicting objectives in the planning of agricultural and aquacultural expansion on one hand, and the planning for the conservation and expansion of forests on the other. The present land use planning criteria urgently need to be revised, and the land and forest allocation policies be revisited Considering the current plans for road and infrastructure development, an integrated planning and zoning, including an accounting for social and environmental costs, is required to minimize the resulting forest loss.

2.1.9. Data

The lack of available data on forests and their growth and yield will delay the development of reference and reference emission levels as well as MRV. Weak law enforcement will hinder the reduction of deforestation and forest degradation.

2.1.10. Forest Financing

Viet Nam needs a Forest Sector Financing Strategy, which allows the bundling of public and private financing tools. Independently of said strategy, public financing in forestry needs to be increased, focusing on creating an enabling environment for SFM (including public institutions and services, infrastructure, legal environment, research and education, and awareness rising).

[16] idem

In the future, household-scale forestry and community forest management should be provided with stronger financial assistance[17].

To enhance private investment in forestry, the legal and regulatory framework requires revisiting, and simplification. Enabling conditions need to be created to attract more private investment in the sector; bureaucracy to establish and operate business needs to be simplified and reduced, and incentives to be introduced, e.g. through tax breaks.

2.2. Opportunities

2.2.1. Institutional and legal framework

The political will to strengthen the forestry sector, as expressed, amongst others, by Vice minister Nhi at the ***Regional Conference for Forest Development in a Changing Climate***[18], is a great chance for the sector. There are a number of good laws and regulations in place (Annex 1.5., 1.6.), but a REDD+ oriented legal framework is required.

2.2.2. Involvement of households and communities[19]

Where resources were provided, a stakeholder involvement at all levels in participatory planning, decision-making, implementation and monitoring of projects, in particular a demand-oriented and bottom-up village planning has facilitated and stimulated the active participation and ownership at farmer, household, village and community levels. Community and village contributions (e.g. labor or cash), have also shown to increase the ownership with the local population. Project activities have been implemented more efficiently where village development workers were democratically selected. Communities/village clubs and associations, where part of the local culture, played an important role to sustain the development efforts of a project.

An effective co-management between partners at national and provincial levels, but with a decentralized implementation structure increases support and ownership at district, community and village levels.

The provision of short-, medium-, and long-term income opportunities from forest land, and benefit sharing mechanisms for rural population, including ethnic minorities, have proven to be pre-requisites for them applying forest conservation and sustainable forest management practices. For the planning of such income-generating activities, intensive studies of the specific potentials, market conditions and given capacities are required. The application of the "value-chain approach" can increase income at household levels.

The integrated and sustainable management of forests offers environmental and livelihood benefits. However, there are cases where trade-offs between both have to be balanced. When in doubt, the livelihood of people comes first.

2.2.3. International Cooperation

With Viet Nam's vulnerable position to climate change impacts and Government's efforts to cope with this challenge, opportunities for bi- and multilateral support to climate change adaptation and mitigation, disaster risk management, and sustainable forest management have risen. A great asset for Viet Nam's forestry sector is the ***Forest Sector Support***

[17] idem
[18] idem
[19] Idem, Background Document

Partnership (FSSP), which facilitates synergies of donor support to the country. It will be essential for the ***National REDD+ Program*** to closely collaborate with other efforts in the sector through the FSSP.

2.2.4. REDD+ in Viet Nam

The National REDD + Program certainly cannot solve all the pending issues in the country's forestry sector. However, its close linkage with the ***Viet Nam Forestry Development Strategy 2006-2020***, the **National Target Program to Respond to Climate Change,** and other policies and strategies will ensure that it will constructively contribute not only to the development of the forestry sector, but also to sustainable development of Viet Nam as a whole.

3. REDD requirements and other climate change-related issues

3.1. Status of current negotiations

The outcomes for REDD in Copenhagen were incomplete. Although some progress was made, significant weaknesses remain, especially in setting targets. The Copenhagen Accord did set one milestone: it is the first international agreement to recommend that financial resources be raised to support REDD+. Australia, France, Japan, Norway, the United Kingdom and the United States offered a US $3.5 billion funding package for REDD readiness. Since then, additional pledges have been made. The Accord also clarified some technical points that will provide support for countries that are interested in getting experience immediately. But several issues have not been finalized, including reference emission levels and the role of subnational efforts and how to integrate them in national approaches. These are important issues for countries that have large and diverse types of forests subject to different types of pressure – including Viet Nam.

After Copenhagen the political momentum seemed lost for a while but now pressure is mounting again and Parties seem to feel confident that agreeing on a package at the 17th COP to be held in Durban, South Africa in November/December 2011 is doable.

Surprisingly enough, whilst most people thought the Parties were still on the rebound from Copenhagen, the COP in Cancun did yield significant progress. One seasoned negotiator compared the "Cancún Agreements" as they have been labeled, with a stack of empty boxes: we have identified the elements of a balanced package that needs to emerge from Durban and the international community has one year to fill the boxes.

Elements of the Cancún Agreements include[20]:

- "Industrialized country targets are officially recognized under the multilateral process and these countries are to develop low-carbon development plans and strategies and assess how best to meet them, including through market mechanisms, and to report their inventories annually.
- Developing country actions to reduce emissions are officially recognized under the multilateral process. A registry is to be set up to record and match developing country mitigation actions to finance and technology support from by industrialized countries. Developing countries are to publish progress reports every two years.
- Parties meeting under the Kyoto Protocol agree to continue negotiations with the aim of completing their work and ensuring there is no gap between the first and second commitment periods of the treaty.
- The Kyoto Protocol's Clean Development Mechanisms has been strengthened to drive more major investments and technology into environmentally sound and sustainable emission reduction projects in the developing world.
- Parties launched a set of initiatives and institutions to protect the vulnerable from climate change and to deploy the money and technology that developing countries need to plan and build their own sustainable futures.
- A total of 30 billion $ US in fast start finance from industrialized countries to support climate action in the developing world up to 2012 and the intention to raise 100 billion $US in long-term funds by 2020 is included in the decisions.

[20] UNFCCC Secretariat, 11, December 2010: official press release.

- In the field of climate finance, a process to design a Green Climate Fund under the Conference of the Parties, with a board with equal representation from developed and developing countries, is established.
- A new "Cancún Adaptation Framework" is established to allow better planning and implementation of adaptation projects in developing countries through increased financial and technical support, including a clear process for continuing work on loss and damage.
- Governments agree to boost action to curb emissions from deforestation and forest degradation in developing countries with technological and financial support.
- Parties have established a technology mechanism with a Technology Executive Committee and Climate Technology Centre and Network to increase technology cooperation to support action on adaptation and mitigation."

The Cancún Agreements are contained in a series of 'L-documents' (advanced, unedited versions of the decisions as agreed by the Parties during the closing plenary sessions). These L-documents will be converted into final versions and be contained by an addition to the report of the session.

With respect to REDD+, serious progress was made and several thorny issues were dealt with in the last two nights of the COP. In terms of contents, the following is a synopsis of the main decision vis-à-vis REDD+.

The 'plus' in REDD+ is now secured and the five eligible activities are indeed confirmed to be: (a) Reducing emissions from deforestation; (b) Reducing emissions from forest degradation; (c) Conservation of forest carbon stocks; (d) Sustainable management of forest; and, (e) Enhancement of forest carbon stocks. These activities shall be implemented taking the following 'safeguards' into consideration:

i. Actions complement or are consistent with the objectives of national forest programmes and relevant international conventions and agreements;

ii. Transparent and effective national forest governance structures, taking into account national legislation and sovereignty;

iii. Respect for the knowledge and rights of indigenous peoples and members of local communities, by taking into account relevant international obligations, national circumstances and laws, and noting that the United Nations General Assembly has adopted the United Nations Declaration on the Rights of Indigenous Peoples;

iv. The full and effective participation of relevant stakeholders, in particular, indigenous peoples and local communities;[21]

v. Actions are consistent with the conservation of natural forests and biological diversity, ensuring that the five eligible activity categories are not used for the conversion of natural forests, but are instead used to incentivize the protection and conservation of

[21] Whilst implementing the activities, Parties are requested, when developing and implementing their national strategies or action plans, to address, inter alia, drivers of deforestation and forest degradation, land tenure issues, forest governance issues, gender considerations and the safeguards identified above, ensuring the full and effective participation of relevant stakeholders, inter alia, indigenous peoples and local communities;

natural forests and their ecosystem services, and to enhance other social and environmental benefits;[22]

vi. Actions to address the risks of reversals;

vii. Actions to reduce displacement of emissions.

To expedite the implementation of the REDD+ activities, developing country Parties are requested to develop the following:

(a) A national strategy or action plan;

(b) A national forest reference emission level and/or forest reference level[23] or, if appropriate, as an interim measure, subnational forest reference emission levels and/or forest reference levels, in accordance with national circumstances, and with provisions contained in decision 4/CP.15, and with any further elaboration of those provisions adopted by the Conference of the Parties;

(c) A robust and transparent national forest monitoring system for the monitoring and reporting of the activities referred to above, with, if appropriate, subnational monitoring and reporting as an interim measure,[24] in accordance with national circumstances, and with the provisions contained in decision 4/CP.15,[25] and with any further elaboration of those provisions agreed by the Conference of the Parties; and,

(d) A system for providing information on how the safeguards referred to above are being addressed and respected throughout the implementation of the activities referred to above, while respecting sovereignty.

It is clear from the text above that, as an interim, sub-national RELs and/or RLs are allowed too.

The Agreement also invites Parties, when developing and implementing their national strategies or action plans, to address, *inter alia*, drivers of deforestation and forest degradation, land tenure issues, forest governance issues, gender considerations and the safeguards identified above, ensuring the full and effective participation of relevant stakeholders, inter alia, indigenous peoples and local communities.

The AWG-LCA has been requested to explore financing options for result-based REDD+ activities and to report back in Durban in 2011 at COP 17.

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22 Taking into account the need for sustainable livelihoods of indigenous peoples and local communities and their interdependence on forests in most countries, reflected in the United Nations Declaration on the Rights of Indigenous Peoples, as well as the International Mother Earth Day.

23 In accordance with national circumstances, national forest reference emission levels and/or forest reference levels could be a combination of subnational forest reference emissions levels and/or forest reference levels.

24 Including monitoring and reporting of emissions displacement at the national level, if appropriate, and reporting on how displacement of emissions is being addressed, and on the means to integrate subnational monitoring systems into a national monitoring system.

25 The provisions referred to here are monitoring systems that: (i) Use a combination of remote sensing and ground-based forest carbon inventory approaches for estimating, as appropriate, anthropogenic forest-related greenhouse gas emissions by sources and removals by sinks, forest carbon stocks and forest area changes; (ii) Provide estimates that are transparent, consistent, as far as possible accurate, and that reduce uncertainties, taking into account national capabilities and capacities; and, (iii) Are transparent and their results are available and suitable for review as agreed by the Conference of the Parties.

Finally, the COP requested the SBSTA to develop a work plan on the following issues and to report back in 2012 at COP 18:

1. methodological issues related to the estimation of emissions and removals related to the eligible REDD+ activities;
2. modalities for b) and c) above;
3. guidance for d) above; and,
4. modalities for measuring, reporting and verifying (MRV) human-induced emissions and removals, forest carbon stocks, and changes in forest carbon stock and forest area resulting from the eligible REDD+ activities.

3.2. Implications for design of a national REDD system, incl. safeguards and MRV

Following from section 3.1 it is clear that the work plan requested from the SBSTA will address all issues related to REDD+ and MRV. This does not mean that Viet Nam is to sit back and wait for the work plan to be executed, but it is the intention to actively participate in this process to ascertain that any MRV system that will emerge from the work plan is apt to meet the needs of the country.

4. Measures to achieve REDD+

REDD+ comprises 5 categories: reducing emissions from deforestation and forest degradation, forest conservation, sustainable management of forests, and enhancement of forest carbon stocks.

As the negotiations are going now, it is likely that measuring, reporting and rewarding net emission reductions from these 5 categories under a probable future climate change mitigation regime will occur on a national level, against a single national reference emission level (REL). But zooming in, it is likely that countries in practice will have to achieve REDD+ through a package of both policies and measures, and at least in part on the basis of a set of domestic programs and projects.

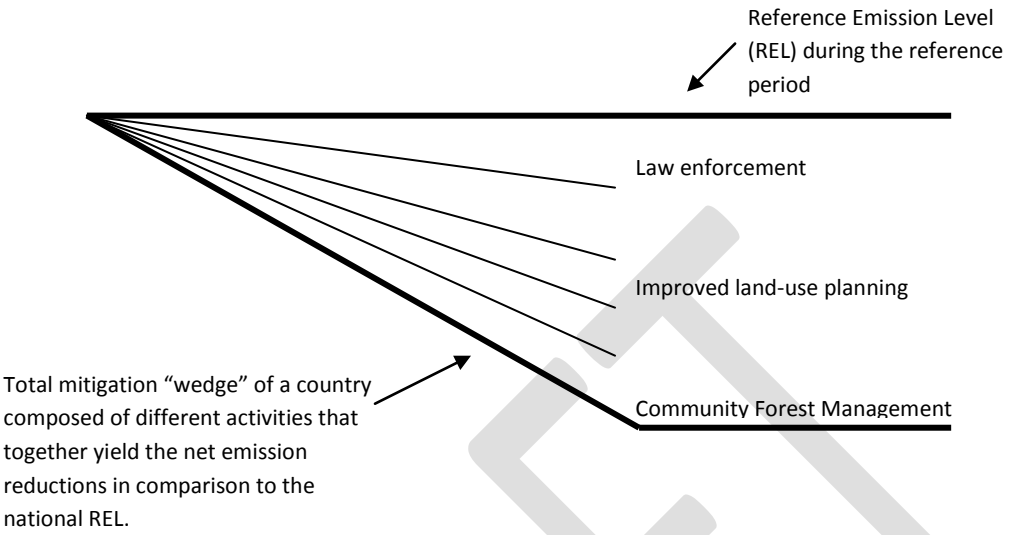
Policies and measures can include, but are certainly not necessarily limited to:

a. Revision of land, agriculture and forest legislation;
b. Development of an integrated land-use policy;
c. Improved land-use planning and integrated conservation and development programs;
d. Shift from traditional forestry practices to Sustainable Forest Management (SFM);
e. Improved farming techniques (less new agricultural land required);
f. Transfer of responsibility for open-access forest to community authorities;
g. Taxation schemes and public awareness campaigns;
h. Establishment of environmental trust funds at national or regional level to channel financial resources from different origins, share risks, and decentralize financial resources to the local level;
i. Increased monitoring and data base capacity in MARD and increased staffing in local forest offices;
j. Development of other income opportunities, e.g. through processing and marketing of non-wood forest products;
k. Market-oriented instruments, including Payment for Environmental Services (PES) and CDM; and,
l. Projects financed by NGOs, bilateral assistance, multi-lateral donor funds.

The net emission reductions achieved on the national level are a composite of the activities all “nested” under a national approach.

This is schematically represented as the “mitigation wedges” in figure 1 below:

Figure 1: Suite of activities jointly reducing net emissions (Trines et al., 2006).[26]



Although by some it is argued that REDD+ can be divided in a) activities that reduce emissions (the original REDD activities); and b) activities that conserve and/or enhance carbon stocks (the '+'), the latter is often the measure to achieve of the former: for instance reducing emissions from forest degradation can be achieved by sustainable forest management which leads to the enhancement of carbon stocks. The divide is therefore, to some extent an arbitrary construct with transcendent boundaries between the categories.

Another approach to categorization of REDD+ measures is splitting them in a category of activities being undertaken a) in the field and, b) a category of emission reductions and enhancement of carbon stocks (hereafter referred to as net emission reductions) achieved through changes in policies and governance structures (e.g. demotion of the responsibility for forest management from a district administrative level to local communities). Again, to some extent this is an arbitrary construct as some changes in governance do lead to different behavior of actors, resulting in the net emission reductions and a hybrid between a) and b) occurs.

For the purpose of this document, the authors have therefore chosen to concentrate on REDD and assume the activities constituting the '+' in REDD+ to be the means to achieve REDD. This leads to an overview of the different drivers of deforestation and forest degradation. See annex 3 for an overview of the drivers of deforestation

Bundling the Measures and Enabling Conditions that are presented in annex 3 the following list of measures arises that can be divided into legislative and governance issues, not prejudging whether they cannot also have knock on effects either way.

Legislative measures:

[26] Trines, E., Höhne, N., Jung, M., Skutsch, M. Petsonk, A., Silva-Chavez, G. Smith, P., Nabuurs, G.J., Verweij, P. and B. Schlamadinger, 2006 Integrating Agriculture, Forestry and Other Land Use in Future Climate Regimes". Report Number 500102002 under the "Climate Change Scientific Assessment and Policy Analysis" Research Fund.

- Improve (forest) legislation on various counts: e.g. protecting forest areas, proper land-use planning including the prioritization of areas for protection and rehabilitation, develop Integrated Conservation Development Programs (ICDPs)
- Enforce forest legislation
- Determine serious national taxes and fines on forest land clearance and ungoverned acts of deforestation and/or forest degradation
- Recognize local communities as legal entities
- Implement a fast track land tenure reform and
- Introduce tax reforms whereby lower administrative levels benefit from environmental protection / receive rewards from national level
- Restrict concessions allowing forest land conversion
- Broad establishment of community tenure rights over forest

Governance measures

- Implement rules and regulations related to land-use planning
- Design and introduce a PES system, possibly bundling various environmental services, including carbon with SFM certification and/or conditional concessions and/or land-use permits. Compensation could be either:
    - output based (tC); or,
    - area based (ha).
- Increase/improve on-the-ground monitoring
- Demote responsibility for area management to rural communities organized as legal entities
- Introduce financial incentives for communities to measure and monitor forest areas and to reduce forest clearance and degradation
- Set up a national PES administrative system (also as part of REDD+ required MRV measures under the UNFCCC)
- Establish local level deforestation and degradation baselines and set-up an open access national database
- Promote/introduce alternative income generating activities for deforestation and forest degradation agents
- Provide/generate alternative employment opportunities in hotspot areas
- Train and register local government and local organizations in particular in support of PES-related activities (including community involvement in carbon measurement and monitoring).

However, even when all of the above measures are properly implemented, there still remain many barriers that REDD+ faces. The barriers can be broken down into five categories [27]

1. Economic barriers (e.g. cost of land, competing land use, continued poverty, lack of existing capacity, (low) price of carbon, population growth, transaction and/or monitoring costs, etc.);
2. Risk-related barriers (e.g. delay on returns, slow system response, 'permanence' issues, leakage, fire, natural variation, etc.)

[27] Trines, E., Höhne, N., Jung, M., Skutsch, M. Petsonk, A., Silva-Chavez, G. Smith, P., Nabuurs, G.J., Verweij, P. and B. Schlamadinger,2006: Integrating Agriculture, Forestry and Other Land Use in Future Climate Regimes. Report Number 500102002 under the "Climate Change Scientific Assessment and Policy Analysis" Research Fund.

3. Political and/or bureaucratic barriers (e.g. lack of political will, slow land planning bureaucracy, complex MRV and/or accounting rules, unclear and/or perceived loopholes, etc.)
4. Logistical barriers (e.g. different or scattered owners/stakeholders, different interests, inaccessible areas, biological unsuitability, etc.); and,
5. Educational / societal barriers (e.g. stakeholder perception, traditional sector, lack of capacity, new/unknown legislation, etc.).

Most mitigation options are hindered by more than one of these barriers, some of which may also be interrelated. Barriers are generally more related to non-climate issues: e.g. poverty and/or lack of capacity. If these barriers persist no significant mitigation will be achieved, even if good policy and legislation is in place. Political will, for instance, may relate to fear that economic growth will be hindered when land-use change is halted; hence, creative solutions are needed which provide economic opportunities as well as conserve carbon. This requires novel ideas whereby the traditional non-paid for benefits of forests are internalized not only in decision making but also in the (monetary) reward/compensation schemes that are required to tip the scales from environmental and social unsustainable behavior to responsible land management that is cognizant of the environmental, social and holistic economic values of the natural resources. Therefore,

1. Policies must be developed that consider all land uses together;
2. Mitigation policies should be developed within the wider framework of sustainable development;
3. To ascertain that the benefits/rewards of good land management make their way to the stakeholders that rightfully are entitled to receive them, a successful PES systems is of paramount importance; and,
4. To achieve meaningful climate change mitigation through the land-use and forestry sectors, the removal of macro-economic barriers (e.g. related to fair trade, agricultural subsidies in industrialized countries and interests on loans and foreign debt) is a prerequisite.

5. Creating the right enabling conditions

5.1. Description of required changes to current practices to address drivers of deforestation and forest degradation

5.1.1. Mainstreaming REDD+

Objectives

- **REDD+ considerations are integrated in all relevant sectoral policy development and planning, including SEDPs, balancing the concerns of agriculture, forestry, infrastructure, aquaculture and of other sectors**
- **Roles and responsibilities of different actors regarding REDD+ are determined and properly regulated.**

The Issue

As described in detail in Annex 1.3.8., mainstreaming REDD+ in Viet Nam would benefit from the following enabling conditions:

a) Political will and commitment from the government

b) The National REDD+ program and Action Plan for REDD+ become both part of the national forestry development plan and program; and are integrated in the national climate change mitigation program (or action plan).

c) The national forest land is clearly assessed for land suitability and is zoned and delineated, especially special use forest and protection forest.

d) Forestry land allocation related policies and laws are guided by clearly identified and defined land tenure (ownership and use rights) and utilization rights, and benefit distribution is agreed and implemented. The rights and responsibilities of both the State and the land owners/users are clearly defined.

e) The right to transfer, lease, offer, and/or mortgage land is based upon land-use right certificates.

f) Forest land allocation policy is combined with other land allocation policies and regulation related to the land users.

g) The coordination framework within and between government ministries, especially MARD and MONRE, is clearly defined and functioning properly and roles and responsibilities are clearly established and allocated. Existence of the capacity to absorb the changes in all layers of administration and non-administrative levels.

h) Long-term predictable finance to carry out some of the activities (mainstreaming and operationalising REDD+ will take years).

REDD+ needs to be mainstreamed at national planning and programming levels, including in the[28]:

[28] Other measures to mainstream Climate issues into the SEDP should be considered, such as: a) Recognize that mainstreaming climate change may receive some resistance from traditionally powerful agencies like finance and planning and use their own development paradigms to convince them of the need to mainstream climate change; b) Start with awareness raising and building a good understanding of the scientific underpinnings of climate change, especially among non-environmental agencies, the private sector, and parliamentarians; c) Conduct training programmes

i) National Socio Economic Planning;
ii) National Policies, Legislation, and Regulations;
iii) National Programs and Development Proposals;

At sectoral levels through
i) Cross-sectoral integration;
ii) Integrated project assessment;
ii) Regulatory and incentive- based strategies;
iii) Development and implementation of REDD+ measures;

Into the national budgets, including in or through
i) National budgetary processes
ii) Securing additional financial resources;
iii) Public-private linkages;

Into Development Cooperation through
- Institutional changes;
- Community participation.

Required legal measures are dealt with under chapter 5.2.

First Step Measures [29]

- Build the capacity to mainstream REDD+ into SEDPs with all planners and technical officials at all levels, using a cross sectoral approach.
- Integrate forestry and REDD+ issues into land-use policies and decisions, SEDPs and other sector development plans.
- Balance the planning for agricultural development with other income opportunities in rural areas.
- Link REDD+ measures with livelihood and food security objectives and measures
- Clarify and regulate roles and responsibilities of government institution and offices in relation to REDD+ at central, province, district and commune levels.
- Decentralize the management of state forests to local governments.
- Foster intra- and intersectoral coordination.
- Clarify and regulate roles and responsibilities of civil society actors at different levels.
- Explore forest degradation and opportunities from REDD+.
- Examine the forest classification and approval processes to determine impacts on forest loss and make recommendations for a revision of the forest classification.
- Assess the ecological and social impacts of forest conversion, focusing on the impacts of conversion of natural forests in the Central Highlands and Southeast Agroecological zones to rubber estates and on the impacts mangrove forest conversion for shrimp farming.

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on climate change mainstreaming for key decision makers; d) Pilot mainstreaming activities and learn by doing, especially in central agencies like planning and finance; taken from the current analysis and the manual of King, P.N., 2010: The Mainstreaming Climate Change – a Guidance Manual for the Pacific Islands Countries and Territories (draft by May 2010).

[29] Partially derived from an early version of the Readiness Preparation Proposal (R-PP), Socialist Republic of Viet Nam, Hanoi, 2010.

- Assess the impacts of shifting cultivation on forest cover in North West, North Central and Central Highlands.
- Assess the environmental and socio economic impacts of the current plans for medium and small scale hydropower plants and make recommendations to reduce impacts on forests, with focus on North Central, North West and Central Highlands.
- Develop and agree upon a concerted action plan to prevent and control deforestation.

Medium Term Measures

- Re-assess forests and forest land
- Assess current sectoral plans (e.g. for agriculture, infrastructure, socio economic development) both at national and provincial levels to identify those likely leading to high forest cover loss.
- Revise criteria for land use classification, including climate change adaptation and mitigation (REDD+) and other environmental criteria.
- Review forest land classification.
- Revise land use planning and zoning based on revised land use criteria, weighing trade-offs between different land –use options.
- Clearly define land planned for forestry use on maps as well as on the ground
- Integrate REDD+ into land use planning (through the forest land use planning) at national level for 2011-2020, and into the future provincial land use plans which are currently under development for 2011-2015, as well as into district and commune plans.
- Develop land use zoning.
- Monitor the implementation of land use planning and zoning.
- Review, revise and complete forest and forest land allocation process.
- Establish a system to supervise and monitor land and forest allocation
- Accommodate traditional cultivation methods in and forest allocation
- Develop a REDD+ monitoring, reporting and evaluation system.

5.1.2. Definition of long-term usufruct rights and a PES/cost-benefit-sharing system between government agencies and potential beneficiaries

Objectives

- **Carbon rights and their transfer are regulated.**
- **The distribution of benefits under REDD + is regulated.**

The Issue

As discussed under Annex 1.7.2 and 1.7.3, the legal basis for a performance-based BDS in principal exists. However, REDD+, forest carbon and the ownership to forest carbon are new to Viet Nam and have so far not been provided for in the legal and regulatory national framework. To provide security and transparency, specific legal provisions and regulations carbon rights and their transfer, and for REDD+ beneficiaries and benefit distribution are therefore required.

Measures required

Since legal reforms require time, three options are proposed:

1. Implement REDD+ by interpreting only existing legal instruments, without legal reform;
2. Enact specific legal instruments to ensure clarity concerning REDD+ and administration of REDD+ revenues, without undertaking broader legal reform;
3. Undertake a broad legal reform which addresses all aspects of REDD+ governance and administration of REDD+ revenues.

First Step Measures [30][31]

- Assess present cost- and benefit system.
- Improve finance policy, management of revenues from REDD+, and REDD+ benefit sharing mechanisms.
- Ensure the participation of multiple parties in the management of REDD+ revenues, and ensure independent auditing.
- Strengthen the use of environmentally sound agroforestry and silvipastoral systems as well, as the sustainable harvesting and processing on non timber forest products to generate income.
- Explore alternatives to forest conversion and forest degradation as well as capacity needs.
- Support the land use rights allocation process to households and communities
- Enforce planning of environmental requirements.
- Build capacity for the development of alternative livelihood options.
- Plan and implement REDD+ pilot projects in a limited number of provinces and districts.
- Prepare a specific Decision by Prime Minister on REDD+, pending the clarification of the international REDD+ legal framework, addressing governance issues associated with international funding of REDD+, to ensure that REDD+ implementation is consistent with Vietnamese law. This Decision should be issued after a pilot phase (over at least 2 years) during which REDD+ modalities would be tested.
- Develop a detailed work plan for addressing the other required legal reforms.
- Develop implementation guidelines for REDD+ interventions and PES, including the relevant definitions, success and review criteria

On the long run, the following measures are required

- Strengthen existing mechanisms to encourage small-scale forestry and community-based forestry.
- Develop a mechanism for benefit sharing from REDD +.
- Ensure that all legitimate REDD+ beneficiaries are recognized, in particular addressing and resolving the legal status of local communities, ethnic minorities, and forest contractors.
- Establish a financial mechanism that allows REDD+ funds to reach the local beneficiaries, including its governance structure, its monitoring, and roles, rights, and responsibilities of major stakeholders.

[30] Socialist Republic of Viet Nam, 2010: Readiness Preparation Proposal (R-PP), Hanoi.
[31] Legal measures are covered in chapter 5.2.

- Define the roles and coordination of actions of the government authorities (in particular of MONRE and MARD) involved with REDD+.
- Accelerate legal reforms in other sectors with REDD+ relevance.

5.1.3. Management culture, efficiency, responsiveness and "learning organisations"

Objectives

- **Planning and implementing procedures are decentralized and /or devolved to district and local levels.**
- **The investment climate for the forestry sector of Viet Nam is improved**
- **Local groups including ethnic minorities participate fully in planning and implementation of REDD+**

The Issue

As described in detail in Annex 1.3.9., enabling conditions include:

- A uniform and consistent approach towards sustainable forest management by the entire government administration.
- A working culture of coordination, collaboration and integration between all stakeholders, particularly between government agencies in horizontal and vertical directions, and between government agencies and civil society.
- Development and maintenance of an atmosphere that fosters inquiry and dialogue, making it safe for people to openly share ideas and information, and to take risks.
- Full and effective local and community participation in the SEDP and forest development and management planning and implementation exercises This requires the enhancement of the planning capacity at district and commune levels as well as the reform of planning procedures [32], through the strengthening and implementation of a grassroots- democracy ordinance.
- Strong accountability of districts and communes via an effective decentralization of authority from provinces to district and to communes.
- Proper, transparent and accountable management of public finances in general and the REDD+ fund in particular. This requires capacity building and the strengthening of law enforcement of executive agencies and external oversight through the National Assembly and the State Auditors;
- Consideration of different social characteristics of ethnic minorities[33] and rights of indigenous people in the development of suitable policies in SEDPs as well in REDD+.

Measures required

- Decentralize and devolve decision making to district and commune levels.
- Coordinate with and integrate stakeholders at all levels in REDD+ planning and implementation.
- Ensure full and equitable participation of local communities and actors in planning and implementation processes.

[32] This reform is on-going with development of new planning degree by MPI.
[33] WB 2009, National Social Analysis- Minorities and Development in Vietnam

- Consider the specific characteristics and traditions of ethnic minorities when planning and implementing REDD+
- Develop and maintain a system to foster a continuous, open and transparent dialogue with all stakeholders.
- Build planning and implementation capacities at district and commune levels.
- Reform the financial management system,
- Make provisions to ensure accountability and transparency at all levels of technical and financial management.
- Fully implement and enforce Decision 30/QD-TTg;
- Simplify investment policies.
- Ensure and monitor accountability and transparency for public investment.
- Review administrative procedures and propose and implement their reduction and simplification
- Delegate/devolve administrative decisions from central to district and commune levels.
- Introduce incentives to attract private sector investment.

5.1.4. Strengthening of EIAs and SEIAs

Objective

- **Social and environmental impacts of forestry-related activities are minimized**

The Issue

Legal provisions are required on the preparation, appraisal and approval of environmental impact assessments and supplemental environment impact assessment reports, as well as on the implementation and monitoring of environment protection activities identified in said reports. Environmental experts, scientists with qualifications and expertise appropriate to the content and nature of the project should be invited to conduct the environmental assessment and strategic environmental assessment reporting and planning; and prepare appraisals on strategic environmental assessment reports. Environmental protection commitments should be made, registered and certified. Public consultation processes on the environmental impact assessment reports have to be introduced, as well as an evaluation process through appropriate forms such as an evaluation council and appraisal services organization (qualified under the provisions law).

Environmental issues need to be integrated into the forestry development plan for each area of specialization (reforestation, forest harvesting, forest products processing and forestry services).

Inspection, control, organizational management and supervision at community level should be enhanced for environmental management. Mechanisms have to be developed to enforce the regulations and procedures on forest products harvesting, especially from natural forests.

To minimize the arbitrary discharge of pollutants from production facilities, strict sanctions for non-compliance with the provisions of the Law on environmental protection have to be regulated and applied. The dissemination of information and education on environmental protection should be increased to raise awareness of the general public, as well as of the private sector.

Measures required

- Integrate EIA processes in REDD+ measures.

- Establish mechanisms to monitor and enforce the implementation of environmental provisions-
- Introduce sanctions for EIA offences.
- Enforce EIAs and related sanctions.
- Educate and train public servants and stakeholders at district and community levels in environmental protection.

5.2. Legal framework for REDD+

Objective

- **A comprehensive legal framework for REDD+ is developed**

The Issue

To accommodate the requirements of the National REDD+ program (Annex 1.10.), the legal framework as described in Annexes 1.5. and 1.6. should be improved, amended, and supplemented addressing the following aspects: (1)-relationship between the rights to represent the ownership of the State and land-use rights, forests, land users, and forest owners; (2) financing policy, management of REDD+ revenues and mechanisms for REDD+ benefit sharing; (3) legal framework related to aspects of technical management of REDD+; (4) rights and obligations of the subjects benefiting from REDD+; (5) responsibilities, the coordination of public agencies at all levels and sectors for the implementation of REDD+; (6) Enhancement of international cooperation.

Measures required

- Examine forest policy, legislative and administrative reform.
- Identify amendments and design the appropriate governance structure and legislation for REDD+, including increased flexibility in regulations.
- Review and revise legal framework, including sanctions on forest management and use, also at the commune level.
- Review laws and policies, and amend them, regarding their contribution to curbing illegal acts in forestry.
- Promulgate regulations on land use, forest use and land use change
- Modify the legal and enforcement framework to provide for REDD+ integration into SEDPs.
- Regulate and strengthen the process of environmental impact assessments through a legally binding process of EIAs, their participatory approval and monitoring.
- Regulate the roles and strengthen the capacities of forest rangers.
- Clarify the relationship between the State's ownership right and land-use and forest-use rights of land users and forest owners.
- Amend and supplement policies for the use of land and forest resources towards further empowering communities to land use and forest-use rights.
- Improve laws and policies on forest and forest land allocation to communities.
- Create and regulate a transparent and stable investment environment.
- Develop and test legislation for the allocation or lease of special use forests to various non-state actors in particular for ecotourism and recreation activities.

- Regulate and ensure clear intellectual property rights, land-use rights, property rights and long term forest-use rights.
- Regulate rules and rights to ownership of land and forests, particularly forest allocation and associated land-use rights and their transfer for all potential beneficiaries.
- Regulate rules governing ownership, transfer and trade of carbon rights and credits, as well as long-term usufruct rights for non-state entities.
- Clearly define and regulate the rights and obligations of REDD+ beneficiaries, including sanctions in case of non-compliance.
- Consider in the legal and enforcement framework the livelihoods of ethnic minorities.
- Recognize and legalize traditional land use rights of people and local communities living in and near forests.
- Create a legal framework for entering the voluntary and compliance carbon markets.
- Regulate the decentralization of forest management to district and local levels.
- Regulate the responsibilities and coordination mechanisms among public agencies at all levels and sectors for the implementation of REDD+.
- Establish a legal framework for the management of technical aspects related to REDD+.
- Continue to comply with international climate change –related agreements and conventions Viet Nam is party of.
- Modify existing national strategies and policies to take into account REDD+.
- Start a phased approach to legal reform, consistent with its commitment to international leadership on REDD+.
- Continuously test and update the legal framework.

5.3. Free prior and informed consent

Objective

- **Concerns and traditions of local people and communities are considered and respected in land and forest allocation process.**

The Issue

The participation of local authorities, the linkages with local communities and non-governmental organizations, consultation with local people during the design and implementation of REDD+-related programs and projects, such as information exchanges on programs and projects should be strengthened (see also Annex 1.10.). Further, a process on adequately informing the local population about REDD+ and related measures has to be established, which foresees their free prior and informed consent to those.

Measures required

- Start an awareness raising and education program to inform people and local communities about REDD+.
- Establish a process to gain free prior and informed consent from people involved on REDD+ measures.

- Ensure the participation of local authorities, communities and people, as well as of non-governmental organizations, in the process of designing and implementing REDD+-related programs and projects.
- Make best use of traditional and local knowledge when designing and implementing REDD+ measures.
- Accomplish village forest protection agreements and benefit sharing.
- Provide capacity building on REDD+ -related issues at village and community levels.
- Develop a process of law enforcement at the community level, involving local people.

The REDD+ program in Viet Nam is currently testing an eight-step process to seek free, prior and informed consent (FPIC) in two pilot districts as part of its overall outcome to increase capacity to manage REDD+ at provincial and district levels.. The experiences from the pilots will help to develop further concrete measure as to strengthening local management.

5. 4. Forest Law Enforcement, Governance and Trade

Objective

- **Illegal sourcing of forest products, both nationally and internationally is minimized.**

The Issue

Illegal acts in forests are a major contributor to forest degradation, and emissions, and thus a field of intervention for REDD+ (see also Annex 1.8.). However, to reduce illegal acts in forestry is also in the very interest of the private sector and the Vietnamese economy, if they want to maintain employment and income from the export of timber products. To deal with illegal acts in forestry, a number of measures both at legal and administrative levels have to be taken.

Measures required[34]

- Address possible intra- national and international leakage in said policies and laws.
- Develop and test clear, transparent, consistent and simple guidelines and a national standard proving the environmental sustainability and legal origin of timber, both from national and international sources.
- Oblige forest users to apply the principles of sustainable forest management, and to have their operations certified
- Introduce a Viet Nam timber legality label and develop a procedure for its issuing.
- Develop and implement an independent monitoring system, including mechanisms to control the timber supply chain from the forest to the millgate, Introduce a verification system for legality of timber in the forest, and a supply chain control.
- Strengthen the process and mechanisms to prevent, detect, and sanction forest violations

First steps

- Revitalize the joint REDD+- FLEGT platform with the FLEGT Working Group to link both approaches.
- Start an awareness raising campaign with forest industries and the general public on the necessity to curb illegal acts in forestry.

[34] For further details see: Proforest, 2009: Joint FLEGT –Vietnam Scoping study, Oxford.

5.5. Human Resources Development and Communication

Objectives

- **A capacity building plan on climate change and REDD+ measures for public servants and civil society is developed and implemented.**
- **An information and awareness raising campaign for the general public is developed and implemented.**

The Issue

REDD+ activities will have to cover all 63 provinces/cities with forests, as well as all related stakeholders and REDD+ beneficiaries. To effectively implement REDD* measures (see also Annex 1.3.9.), a capacity building and information plan has to be developed and implemented, focussing on:

- changing the working culture to one driven by quality service delivery and a results based management, through experience with and exposure to modern management thinking and practices;
- strengthening systems and human resource capacities[35] to learn new work habits, mechanisms and skills for service delivery to beneficiaries;
- providing capacity building on climate change and REDD+ issues to public servants and civil society at all levels;
- developing and implementing an awareness and information campaign on REDD+ issues;
- ensuring an integrated approach, linking interventions at central and local levels within the framework of the national REDD+;and
- provision of appropriate training and an institutional environment for the implementation of the trained skills and knowledge acquired.

Measures required

- Design a comprehensive capacity building system, which not only covers training, but also creates an environment for REDD+ implementation. The training component of such CB plan needs to be develop in connection with the institutional, organisational and management information system development for the REDD+ planning and implementation.
- Develop clear guidelines to empower provinces and districts to increase their absorption and implementation capacities.
- Develop and implement a capacity building plan on climate change and REDD+ measures for public servants at all levels, as well as for the rural population.
- Coordinate between MARD, MOHA, NAPA and others on the implementation of this plan.
- Pilot – test the capacity building plan in the five selected provinces.
- Design and implement an appropriate “train the trainers” program for different target groups (ethnic minorities, public servants, etc).

[35] It should be noted that challenges in improving human resource capacities in developing countries are well documented, and in particular, in Vietnam where resources and incentives are low and opportunities for advancement limited.

- Coordinate between MARD and MOET to develop an education and training system to build national in- house capacity, particularly through curricula development for universities, such as Xian Mai Forest University, the Hanoi UARD, and the potential new University on climate change.
- Develop strategic communication for REDD+ implementation using approaches to achieve social change.
- Coordinate between MARD, MOTC and provincial authorities to develop and implement communication and awareness campaigns with media and the general public as well as to design permanent communication mechanisms and channels with the land users.
- Allocate substantial resources to human resources development and communication.

6. Establishment of REL

6.1. National and sub-national reference emission levels

Objective

- **National RLs and RELs for each eligible activity under the REDD + mechanism are developed**

The Issue

In spite of an increase of Viet Nam's overall forest cover from 9.2 million in 1992 to 13.2 million ha by 31.12.2009., deforestation and forest degradation are still ongoing. To measure the success of future emission reduction efforts, and their eligibility under REDD+, robust benchmarks need to be set. This will be done with the help of Reference Emission Levels (RELs) based on historical data and prospective Reference Levels (RLs) based on extrapolation of past trends and/or modeling-based forecasting. The following work on Rls and RELs is already ongoing:

- Review and quality assessment of the four forest inventory cycles data of the National Forest Inventory Programme since 1991;
- Digitizing of past inventory cycle data which were previously only available in hard copy (including data and maps);
- Review and assessment of methodology for RELs/RLs development;
- Discussion with national and international stakeholders on methodological development of RELs/RLs for Viet Nam, through the Sub-technical Working Group on MRV.

Though it is understood that technical aspects of the assessment of RLs/RELs will be guided by a final decision reached at UNFCCC, stakeholders in Viet Nam have so far agreed to develop RELs/RLs for all carbon related activities within the scope of the REDD+ mechanism being negotiated under the UNFCCC, including deforestation, degradation, forest conservation, sustainable management of forests, and enhancement of forest carbon stocks[i]. This includes the development of RELs for reductions in deforestation and degradation, and that of prospective RLs for enhancement of carbon stocks.

In the process of developing RLs and RELs, national circumstances will be considered. These include national reforestation efforts, in particular the two major national reforestation projects (Annex 1.4.)

The assessment of historical **forest degradation** in Vietnam is very complex due to limitations in availability of data. Therefore, **the option to forego accounting for historical emissions from forest degradation is now being studied**. This option would imply a disregard of current forest degradation, and only an accounting of carbon stock enhancement.

Measures required

- **Develop a retrospective REL based on historical deforestation trends since at least 1991.** This time period was chosen since the change in forest cover trends started in the early nineties. Initial forest activity data for deforestation can be based on full available records or satellite imagery at medium spatial resolution and highest possible

temporal resolution (using MODIS data) and supplemented with existing forest inventory data from 1991. A study is also being undertaken to consider the viability of further backdating, with use of NOAA AVHRR data. Emission factors may be developed with the aforesaid inventory data as well as other research data including that from the Forest Science Institute of Viet Nam.

- Develop **sub-national RELs/RLs based on stratification of the national territory** in approximately 15 **eco-regions**. At a later stage, other secondary and tertiary properties such as forest type and management type may be taken into account for stratification.
- **Develop prospective RELs** for **reduction in emissions from deforestation** based on carbon stock estimates per eco-region from the National Forest Inventory in combination with sub/national level socio/economic conditions per province, using spatial overlay analysis in a GIS**.**
- **Develop prospective RLs** for **carbon stock enhancement** following the processes of first generating a RLs based on bio-physical responses of forests for each of the eco-regions, followed by a process of factoring in sub-national level socio-economic conditions per province, using spatial overlay analysis in a GIS.
- **Develop a single national REL/RL** for each of the eligible activities under the REDD+ mechanism. They will principally be aggregates of RELs/RLs developed for each stratum at the sub-national level.

6.2. Process of review and revision

Objective

- **A process for review and revision of RELs/RLs is established**

The Issue

Responsible for managing the process of RL/REL development will be the Department of Science, Technology and International Cooperation within the Directorate of Forestry (DoF). Development of RELs/RLs for each stratum will require various forestry institutes as well as sub-national level forestry agencies (primarily at provincial and district levels) to be involved, and will entail a continuous consultation process. The Department of Science, Technology and International Cooperation within DoF will also be responsible for the capacity building process.

Measures required

- Engage national and international partners in a **continuous consultation process** for the development of RELs/RLs, to be conducted within the MRV - subgroup of the National REDD Network.
- Develop a **technical manual** on development, reviewing and updating of RELs/RLs – with technical assistance from the UN-REDD Viet Nam Program.
- **Train the trainers** on development, reviewing and updating of RELs/RLs – with assistance from the UN-REDD Viet Nam Program.

First steps

The first steps should be taken in parallel:

- Reach agreement on REDD- related definitions for Viet Nam.

- Define eco – regions.
- Assign RELs/RLs based on bio-physical assumptions per eco-region stratum.
- Assess availability of existing forest inventory data (including data from FIPI, FSIV, etc) according to the eco-region stratum.
- Collect forest inventory and biomass data for each stratum.
- Update/ develop emission factors for each eco-region.
- Allocate RELs/RLs for appropriate administrative unit levels (initially at the provincial level, and applying to the district level in time).
- Identify relevant socio-economic conditions (according to provincial Socio-economic Development Plans etc.), which impact future scenarios, to be factored into RELs/RLs.

7. Monitoring, Reporting and Verification

7.1. Inventory and Monitoring system

7.1.1. Requirements of and compatibility with MRV and REDD+

Objectives

- **A monitoring system on ghg emissions and removals is established**
- **A comprehensive MRV System for Viet Nam is developed and functional**

The Issue

For REDD+ to be effective, there must be a clear and transparent system to monitor, report and account for changes in emissions of carbon stocks[36]. The system must be consistent and allow comparative assessments between countries and over time[37]. A prerequisite for an effective Monitoring, Reporting and Verification (MRV) system is the agreement on clear definitions for the different elements of REDD+ (Chap. 6.1.). Since an international REDD+ mechanism is still under negotiation, definitions under REDD+ are not yet internationally defined. It is therefore suggested for Viet Nam to agree upon its own REDD+ related definitions within the limits of the Marrakech Accord and the IPCC LULUCF forest-related definitions. This refers in particular to the *definitions for forest, deforestation, afforestation and deforestation.* A problem arises with the term *forest degradation*, for which even at the international level no clear definition could be reached.[38]

IPCC[39][40] monitoring guidelines for the first commitment period of the Kyoto Protocol differentiate between different levels of complexity, so-called tiers, in acquiring activity data and assessing corresponding emission factors, and for assessing land-use change inducing activities.

Tier 1: provides all relevant default values, assumptions and methods. While permitting the easiest way to calculate emissions, it contains the highest degree of uncertainty.

Tier 2: builds on national measurement and monitoring data, such as from forest inventories and the monitoring of deforestation, and permits to combine them with IPCC default values, assumptions and methods. It offers therefore more realistic emission calculations than the application of Tier1.

Tier 3: builds on country-specific data, assumptions and methods. This most complex approach offers the highest degree of certainty, but is also the most costly. It requires a detailness and accuracy of data and information, which in most countries is not available as yet.

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36 Commonly accepted are 4 types of Monitoring, which are i) monitoring (C-stocks); ii) monitoring of REDD+ interventions and actions; iii) monitoring of revenue disbursement; and iv) monitoring of financial transactions (auditing).

37 GTZ, 2010: Making REDD work. Eschborn, Germany:16.

38 Simula, Markku, 2009: Towards defining forest degradation: Comparative analisis of existing definitions. Discussion paper. FAO, Rome, Italy.

39 Intergovernmental Panel on Climate Change (IPCC), 2003: Good Practice Guidance for Land Use, Land Use Change and Forestry, Geneva, Switzerland.

40 Intergovernmental Panel on Climate Change (IPCC), 2006; Guidelines for National Greenhouse Gas Inventories; Vol.4: Agriculture, Forestry and Other Land Use (AFOLU). Geneva, Switzerland.

The goal of the GoV[41] is to report emission reductions and removals at IPCC Tier 3 level. However, the current availability of forest inventory data will only allow Tier 2 level reporting, Nevertheless, it is expected that by the time the first report of emission reductions and removals is produced, enough additional data will have been collected to comply with IPCC Tier 3. The volume of basic data would provide statistically robust samples, while the professional surveys and forest research programs will adequately supplement accuracy requirements.

National forest monitoring system for Viet Nam[42]

A comprehensive national forest monitoring and data management system for Viet Nam will be established to comply with the MRV commitments under the UNFCCC, art.4. It will not only address activity data on emissions and removals, but also on other benefits and impacts, as well as the implementation of the National REDD+ Program and its governance. The processes are separate, but interlinked and supporting each other.

The information necessary for the national forest monitoring system will be provided by: a.) the Forest Land Management System (FLMS), which will provide wall to wall activity data and information on land-use and land-use change; b.) the National Forest Inventory (NFI), which will provide forest and biomass data; and c.) the Greenhouse Gas Inventory (GHGI). The NFI will be led by the Forest Inventory and Planning Institute (FIPI) of MARD, responsibility for the GHG I falls under MONRE. Institutional arrangements for the FLMS still require clarification; certainly FIPI and the National Remote Sensing Centre will play key roles, supported by Universities. Further details on the different elements of the MRV system can be found in UN-REDD, 2010.

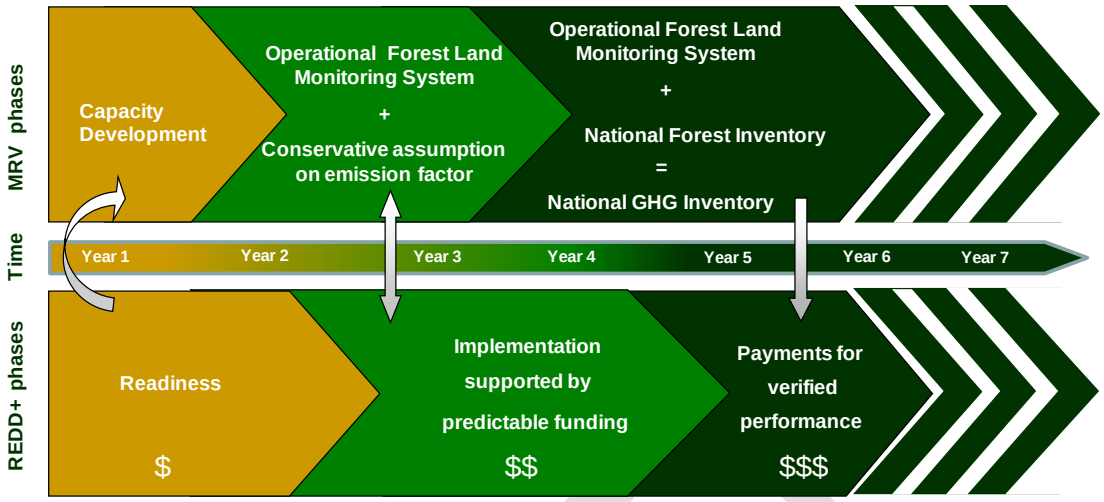
The national forest monitoring system will be set up in three steps (Fig. 2):

1. Development of the MRV including technical support and capacity building;
2. Operationalization and testing of the system with its three elements FLMS, NFI, and GHGI;
3. Functioning of integrated MRV system and provision of information for National REDD+Program

[41] Socialist Republic of Viet Nam, 2010: Readiness Preparation Proposal (R-PP),:Hanoi-

[42] idem

Figure 2: Phased implementation of REDD+ and MRV in Viet Nam[43]



Monitoring of Emissions and Removals[44]

It is suggested to establish a "robust and transparent national forest monitoring system, using a combination of remote sensing and ground – based assessments for carbon inventory. Approaches and the monitoring system should provide estimates that are transparent, consistent, accurate and complete, reduce uncertainties and provide results comparable with those from other countries (hence the need to apply the IPCC methodologies and standards) that are available for review by the UNFCCC"[45]

The monitoring of emissions and removals[ii] will be implemented in a two-pronged approach:

1. Level 1: Collection of basic data by forest owners from a statistically significant number of sample plots;
2. Level 2: Generation of accurate data set on forests through professional forest survey.

The monitoring of forests for generation of Level 1 data will be conducted at the lowest possible level, i.e. that of the forest owner, as they have been described in Annex 1.3.3.

Further details on level 1 data and their collection are given in the Readiness Preparation Plan (R-PP) for Viet Nam[46].

The Level 1 data is in itself not sufficient to estimate biomass, and will be supplemented by Level 2 data. The existing National Forest Inventory (NFI) program and on-going research programs in the Forest Science Institute of Viet Nam (FSIV) will provide the additional data (Level 2) to convert the Level 1 data into biomass estimates.

The Level 1 data will also be supplemented by satellite based monitoring, for accurate assessment of forest areas (activity data). In recent years forest cover mapping has been based

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43 Figure taken from UN-REDD, 2010: The Viet Nam MRV components and specifities, FAO, Rome

44 Monitoring is understood to mean the periodic assessment of forest properties to estimate forest biomass

45 Socialist Republic of Viet Nam ,2010: Readiness Preparation Proposal (R-PP), Hanoi

46 idem

on a variety of data sources, most recently SPOT-5 multi-spectral data at 2.5 meter spatial resolution.

Measures required

- Design overall MRV system, including technical and operational procedures.
- Establish a monitoring protocol, including options for recording and reporting**.**
- Test MRV in pilots
- Develop MRV infrastructure.
- Train users.

7.1.2. Community-based monitoring practices

Objectives

- **Responsibilities for forest management are demoted to community levels**
- **Communities are involved in the monitoring of forest dynamics**

The Issue

One group of agents causing emissions from land-use and land-use change are communities. Emissions from deforestation can relatively easy be monitored. They can be determined by a two dimensional change in forest cover and converted to emissions by using a proxy for the carbon stocks per hectare. But emissions from forest degradation are hard to quantify, let alone the change in degradation rates, as this does require three dimensions to be determined at various moments in time: area and carbon stocks. This for now can only be done by field measurements.

Other reasons for the complexity of quantifying emissions from forest degradation are due to 1) the lack of an agreed upon definition for the term forest degradation; and 2.) the unavailability of baseline data. Two often applied approaches to determine baseline emissions are possible: the determination of change in carbon stocks (two measurements recorded after a particular period of time are sufficient); and the determination of a change in the change in carbon stocks. However, the latter requires at least two baseline measurements – providing the initial rate of change – and two measurements to determine the current rate of change, making things more complicated.

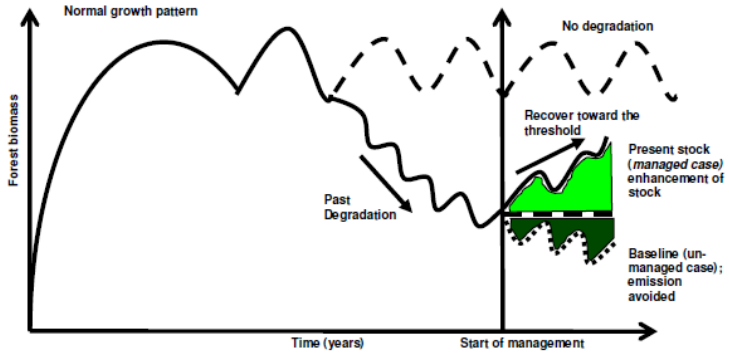
For such collection of field data, affordable labour is necessary. And one of the options to achieve that is the one having been piloted by various programmes in the last decade through community forest management (CFM) whereby the responsibility to manage a particular forest area is demoted to communities, and local people are trained up to measure and monitor the carbon stocks in the forest themselves.

One programme that has achieved remarkable progress in this field is the "Kyoto: Think Global, Act Local" program coordinated by the University of Twente in the Netherlands, under the leadership of Dr. Margaret Skutsch, financed by the Ministry of Foreign Affairs of the Netherlands. This program has trialled CFM in 8 countries on 4 continents and has developed a field guide containing three sections; one for the communities itself, one for trainers of communities, and, one for policy makers[47]. The research conducted on 39 sites showed that once communities are responsible for a forest area and start to manage it, forest degradation

[47] www.communitycarbonforestry.org

is reduced significantly and carbon stocks start to build up in the area. This is visualised by figure 3 (taken from Skutsch and Solis, 2010)[48] below.

Figure 3: Potential community forest management carbon savings



Due to the complexity of quantifying forest degradation as described above, only the enhancement of carbon stocks was quantified and the project showed that in the vast majority of the sites which were under community management (32 in total), a positive gain in biomass (and hence carbon stocks) was registered, indicating that CFM in these areas was effective in increasing the carbon sink[49].

Three ecozones were sampled in the 32 sites and the growth rates in managed degraded dry savannah forests amounted to 3.1 tC ha^{-1} yr^{-1}, whilst regrowth in the temperate mountain forests in the Himalayas equalled 4.3 tC ha^{-1} yr^{-1} and in the tropical rainforests 11.7 tC ha^{-1} yr^{-1}. These are encouraging figures when translated into carbon benefits and PES for the communities.

Measures required

To introduce this concept on a broader scale a number of actions have to be undertaken, some of which are listed here. Changes to legislation and governance are dealt with in chapter 5.2.:

- Identify areas that are suitable for demotion of management responsibility.
- Mobilise communities and train communities to monitor and measure the forest area.
- Introduce CFM plans.

7.1.3. National REDD+ information system

Other aspects to be monitored, e.g. interventions in support of REDD+, disbursement of funds

The Issue

The integration of other relevant data and information in the MRV system will further strengthen the reporting on emission reductions and removals, and at the same provide GoV with basic information to implement its National REDD+ Program effectively, and to plan and implement other priorities related to forests and forest owners. Elements to be integrated are:

[48] Skutsch, Margaret, Solis, Silvia,. 2010 : How much carbon does community forest management save? The results of K:TGAL´s field measurements, Twente, The Netherlands.

[49] idem

- The benefit distribution system for REDD+, which will manage the participation and performance payments to participants in the REDD+ mechanism.
- Information on the safeguards as enumerated by the AWG-LCA[50], in particular those related to ethnic minorities and local communities, conservation of biodiversity, ecosystem services and other social and environmental benefits, risk of reversals and risk of displacement of emissions.
- Monitoring and evaluation of the effectiveness of the National REDD+ Program and its governance, including social and environmental impact assessment.
- Support to the national, provincial and district Socio-economic Development Plans (SEDP), the principal planning instrument of the Government.
- Integration with other forest information systems in use by the Government.

7.1.3.1. Benefit Distribution System

The integration of the Benefit Distribution System (BDS) will e.g., allow the provision of the necessary information to make payments to beneficiaries, based on data extracted from other elements of the MRV system. The design of the MRV system has to be made compliant with any technical or regulatory requirement of the BDS system. Given that the exact regulations governing the BDS system have not yet been established, the MRV system should be flexible both in terms of design and development options.

7.1.3.2. Information on safeguards[51]

The UNFCCC has at COP 16 adopted a number of safeguards that countries implementing REDD+ have to adhere to[52]., such as the rights of Indigenous Peoples and local communities, conservation of biodiversity, ecosystem services and other social and environmental benefits, risk of reversals and risk of displacement of emissions.

A comprehensive REDD+ information system will complement the national forest monitoring and data management system. Its main function will be to provide information on how the REDD+ safeguards are being addressed.

7.1.3.3. Monitoring and evaluation of the National REDD+ Program

The MRV system is one of the principal tools in the monitoring and evaluation (M&E) of the National REDD Program and its governance. Quantitative targets and indicators will be based on information extracted from the MRV system. An important function of the M&E process is to assess the transparency, accountability and equity of the National REDD Program, from the perspective of both participants (forest owners being compensated for their participation and receiving performance payments), GoV, and the international community (fidelity and permanence of the emission reductions and removals, compliance with the safeguards, etc). The MRV system and its open access policies for relevant stakeholders will enable the M&E system to perform these functions in a way that instils confidence in the stakeholders.

The design of the MRV system will allow external parties, such as CSOs or NGOs to participate in parts of the M&E.

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50 FCCC/AWGLCA/2010/, chapter 6

51 idem

52 UNFCCC, 2010: Draft Decision-/CP-.16

7.1.3.4. Support to SEDP development and evaluation

The MRV system will provide guidance particularly to the provincial authorities for developing forestry sector elements of new SEDPs and their annual updates, as well as in analyzing the progress and evaluating the performance of the implementation of the SEDP in the forestry sector.

7.1.3.5. Integration with other forest information systems

The Directorate of Forestry in MARD has a number of other information systems that support other functions of the Directorate, in particular the National Forest Inventory (NFI) and the Forest Management Information System (FOMIS). Linkages of the MRV system with them can be mutually beneficial.

The NFI database will support the conversion of basic forest properties into biomass estimates. Inversely, the MRV system can support the NFI by providing a fine-grained picture of the condition of the forest, which will be instrumental in the design of the sampling system for the NFI.
The FOMIS provides high quality information on forest resources and conditions, management operations and production and processing of timber to forest managers and State authorities. The information generated by the MRV system can provide basic data for forest management decisions to FOMIS, and FOMIS can provide feedback to MRV on the impacts or results of forest management.

Measures required

- Identify the analytical procedures for M&E and monitoring of safeguards.
- Integrate with other forest information systems.
- Analyze the systems and requirements for integration.
- Monitor integration of REDD+ into SEDPs.
- Provide feedback on SEDP integration and experiences to planners.
- Establish quantitative targets for monitoring of REDD+ program.
- Assess REDD+ program performance at annual intervals.
- Assess beneficiaries of REDD+.
- Monitor the distribution of Benefits at annual intervals.

7.2. Reporting and data management

Reporting of basic data by forest owners will be managed through a national data infrastructure for the MRV system. A variety of technological options will be applied to provide forest owners and support organizations to report their data to the national MRV system.

At the central level all data from the forest owners is collated, combined with other sources of information, and analyzed. The analysis will include data quality assessment, estimation of biomass and biomass dynamics, review of stratification of eco-regions, etc). The analysis will result in a report of emission reductions and removals that complies with requirements of the REDD+ mechanism as established by the CoP of the UNFCCC.

Measures required

- Categorize stakeholders.
- Develop or adapt procedures for national data analysis and reporting.
- Develop procedures for statistical analysis.

- Develop data reporting guidelines and mechanisms.
- Design and establish a data storage and management system.
- Evaluate decisions and statements on emissions and removals**.**

7.3. Verification of emissions and removals

The verification of the report on emission reductions and removals will be undertaken both nationally, prior to submission to the UNFCCC, and by independent auditors as required by the UNFCCC.

The GoV will establish a procedure to verify that the reported emission reductions and removals meet the criteria of the UNFCCC. Effectively this implies that the MRV system will integrate the functionality to undertake independent auditing, albeit by the GoV itself. The verification based on the MRV system data will be supplemented by analysis of high-resolution satellite imagery on a sampling basis. For this kind of analysis new analysis protocols have to be developed.

After submission of the report, access will be granted to the independent (international) auditor to review all data in the MRV system, from the basic data supplied by the forest owners over the reporting period, to forest inventory data, analysis procedures for data quality assessment, biomass estimation and reporting, provincial and district Socio-economic Development Plans (SEDP) relevant to REDD+, etc. The MRV system will thus work as the principal repository for all data pertinent to the report on emission reductions and removals.

Measures required

- Develop a national verification mechanism.
- Establish an international auditing process.
- Assess MRV design with independent auditors.

First Steps for entire MRV Program[53]

MRV on emission reductions and removals

- Establish technical and operational procedures for the MRV system.
- Develop data reporting guidelines and mechanisms.
- Develop procedures for national data analysis and reporting.
- Develop a national verification mechanism.
- Test elements of MRV system in the 5 pilot provinces.

Other functions of MRV

- Analyze functionality for M&E and monitoring safeguard.
- Integrate with other forest information systems.
- Raise awareness-in the general public.

[53] Further details for the first steps can be found in the R-PP doc

8. Governance for REDD+ Implementation

8.1. Governance issues

Objectives

- **Effective Governance measures for REDD+ implementation developed, including the strengthening of the policy framework, the decentralization to local communities; the mainstreaming of REDD+ measures in Land-use planning and SEDPs; stakeholder participation, and an effective monitoring and evaluation system**

The Issue

The shortcomings of the present administrative structure and procedures are described in Annex 1.3.10. To overcome these, the following measures are proposed:

Measures required

- Map out all initiatives of REDD+ and NTP-CC to define responsibilities;
- Carefully assign responsibilities/tasks (including new ones) to specific agencies/departments of each ministry/locality based on their current responsibilities, their newly assigned responsibilities under the REDD+, and on the approach of learning organization.
- Apply the approach of results – based management (RBM) on the effective performance of assigned responsibilities.
- Link a REDD+ incentive system to MRV
- Set up an efficient formal mechanism for cross sectoral, horizontal and vertical (between administrative levels) coordination, well equipped with sufficient resources for its implementation.
- Set up a Steering Committee and a Coordinating Committees at national and province levels which ideally should be integrated with the NSC of NTP-CC.
- Include in SC members of the NSC and representatives from different groups, including provincial authorities and private sector
- Establish taskforces at district level and a Community Facilitator for each project/activity.
- Establish a policy dialogue between MARD, donors and investors, to agree on a common set of targets in a policy matrix, and a Joint-Progress Review mechanism.
- Reduce the involvement of central ministries to avoid a silo approach, strengthen their capacity in policy and legal framework development (particularly with the legal issues, policies, and a strategic development framework) while strengthening decentralization to local governance.
- Ensure effective participation of all relevant stakeholders, particularly local communities/beneficiaries in the process of decision making, planning, implementation and monitoring of REDD+.
- Provide guidelines and training to deepen the participatory and decentralized nature of the program implementation process
- Ensure that for any initiative responsibilities are clarified and defined, proper and simple guidelines are provided, human and financial resources are available, and a good action plan with a proper monitoring system is developed.

8.2. Organizational Structure for REDD+

Objective

- **A governance structure is established which creates horizontal and vertical coordination in REDD+ implementation**

Measures

In the **Steering Committee on UNFCCC and KP implementation,** chaired by MONRE**,** MARD is presented by an officer from its Irrigation Department. To stress the importance of REDD+ for climate change mitigation, it is suggested to have MARD also presented by a second officer from DOL.

A **Steering Committee (SC) for the Implementation of the Initiative on REDD+** has been established on January 07., 201154, and confirmed by Prime Minister on January 13., 201155. with the main tasks to

- Propose relevant policies on, and solutions to REDD+ issues and carbon credits in Viet Nam's forestry sector to the Minister of Agriculture and Rural Development (MARD) and the Steering Committee for NTP-CC56.
- Assist the Minister of MARD to steer relevant agencies and units under MARD; collaborate with relevant line ministries, localities and organizations on the management and coordination of, and dealing with inter-sector and inter-provincial major issues relating to REDD+ Initiative in Viet Nam.
- Direct the formulation and implementation of a Viet Nam REDD+ Program; development of relevant strategies and plans, and coordination of international cooperation activities to attract financial resources for implementing the REDD+ Initiative.
- Implement other REDD+ related tasks as designated by the Minister of MARD.

The latter would include provision for the monitoring, control and evaluation of the REDD process implementation.
The SC will be chaired by the Minister of MARD, with the Vice Minister MARD as a first and the DDG VN Forest as the second Vice Chair.

Other SC members are the DG, Department of Planning, MARD; the Director, Department of Science, Technology and Environment, MARD; the DDG, International Cooperation Department, MARD: the Deputy Director, Department of Finance, MARD; the Director,

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54 MARD Decision 39/QD-BNN-TCCB,2011

55 PM letter 282/VPCP-QHQT

56 The recent Regional Conference on Sustainable Forest Development in a Changing Climate in Hanoi, 7-8 September 2010, suggested policy and institutional reform in Forest sector in order to address quite a number of issues among which is to "improve the effectiveness and efficiency of policy (through identifying priorities and resources, increasing the capacity of coordination among people, communities, private sector and civil society organizations in the forestry policy making and enforcement as well as forestry program formulation and implementation). Policy and institutional reforms in the forestry sector of Viet Nam should follow the multi-purpose forest management approach".

56 A detailed description of this process can be found at: http://tinyurl.com/Viet-Nam-UN-REDD-FPIC

Department of Science, Technology and International Cooperation, VNFOREST, MARD; the DDG, Forest Protection Department, VNFOREST, MARD, and the official, Department of Science, Technology and International Cooperation, VNFOREST, MARD.

Other members to be invited will be representatives from the following ministries and ministerial level agencies: Office of the Government; Ministry of Natural Resources and the Environment (National Focal Point of UNFCC and Kyoto Protocol); Ministry of Planning and Investment; Ministry of Finance; Ministry of Science and Technology; Ministry of Foreign Affairs; and National Ethnic Committee.

At the Steering Committee's meetings, the Minister of MARD, Chairperson of the Viet Nam REDD+ Steering Committee, shall invite relevant line ministries and localities to participate in and discuss necessary issues.

It is further suggested to invite representatives from the private sector, e.g. investors, and from NGOs.

Tasks and entitlements of SC members:

1. Specific tasks of each of members of the Vietnam REDD+ Steering Committee shall be designated by the Chairperson; and all the members work on part-time basis;
2. The Chairperson and the first Vice-Chairperson shall be entitled to sign relevant business documents and use the seal of MARD; and the Vice Chairperson shall sign relevant business documents on designated works and use the seal of Viet Nam Administration of Forestry;
3. The Chairperson shall issue operational regulations of the Viet Nam REDD+ Steering Committee;
4. The Viet Nam REDD+ Steering Committee and a Viet Nam REDD+ Office shall be entitled to funds allocated from the State's budget through VNFOREST's operational budget, and from other financial resources through relevant programs and/or projects.

The Viet Nam Administration of Forestry shall be designated to provide secretariat functions for the Vietnam REDD+ Steering Committee.

The VNFOREST Director General will establish the **Viet Nam REDD+ Office** and promulgate its operational regulations.

The Viet Nam REDD+ office will have the following functions:

- Conduct the day-to-day management of the Viet Nam REDD+ Program;
- Assist the Viet Nam REDD+ Steering Committee in performing its tasks;
- Assist the DG VN FOREST in any other matter related to REDD+ in Viet Nam.

The Vietnam REDD+ Office will be placed at VNFOREST Head Office.

The **National Working Group (NWG**) reports to the SC. The NWG consists of different Vice Ministers from mentioned ministries and agencies including Heads of some provincial technical departments (selected on rotation basis). Chair of the NWG is the Vice Minister of MARD, vice chair the Director of DOF in MARD. There is an office supporting work of the NWG. The NWG is in charge of coordinating day by day REDD+ activities and will:

- Propose the legal framework, policies and coordinating guidelines for REDD+ implementation to SC;
- Organize, guide and manage the REDD+ implementation;
- Coordinate inter ministerial (horizontal) and inter administrative (vertical) levels (one of the first tasks is a mapping of actors);
- Oversee the management of interagency- related projects;
- Support agencies (ministries, provinces) to develop their REDD+ action plans;
- Allocate resources to REDD+.

The NWG will be supported by different technical working groups and sub-national working groups which will act like administrative and technical agencies. Additionally, a scientific consultancy, technical committee of national and international experts may be created to provide scientific and technical advice on the REDD+ process.

At the provincial level, a similar structure should be established. At district level and at commune levels, the experience of the UN REDD+ program will help to design an appropriate structure at a later stage, however, commune facilitators for each commune could be considered.

The specific mandates, tasks and objectives of each administrative body are presented in Annex 4.

8.3. Strengthening decentralization of management tasks to lower administrative levels

Objective

- **Decentralized structures for REDD+ governance are developed and functional**

The Issue

Decentralization in Vietnam challenges the uniformity and consistency of the central policy framework. The strengthening of the policy framework in the REDD+ context globally and nationally also means a strengthening of central agencies' responsiveness and flexibility (learning organization approached) to the changing environment and beneficiaries needs and interests. Moreover, the policy and legal framework for REDD+ needs to focus on the essential measures with highest benefits for the society.

The strengthening of local management needs more than increasing the local capacity in REDD+ management. In the Vietnamese context, it is to be ensured that i) there is uniformity and consistency of the central policy framework and its commitment, ii) the intervention of central agencies at local levels is limited ii) the enabling environment is created for local entities to participate effectively in the process, for example by applying the FPIC[57].

Public sector reforms in other countries and Viet Nam's closed working culture also call for a need of setting up indicators which could measure/monitor the level of decentralization (from Ministry to province, from province to district, from district to communes). These indicators should be used as key performance indicators in the payment system for public servants involved. Given a misalignment of accountability with the new arrangement[58], the institutional

[57] A detailed description of this process can be found at: http://tinyurl.com/Viet-Nam-UN-REDD-FPIC

[58] As mentioned in most of the new mechanisms of downward accountability—responsiveness directly to citizens through participation and enhanced transparency—have taken place at the

arrangements need to be strengthened at district and communes levels, for the Government sector as well for mass organisations. For the public sector, more human resources for forestry activities at district and commune levels need to be deployed, and a reform in the planning procedures at macro and provincial levels needs to be introduced. It is necessary to mention the important roles of the village heads in the context of rural culture, particularly that of ethnic minorities, in the REDD+ implementation. Experience has shown that village heads have considerable influence on rural communities, have great optimism in applying new ideas and policies [59], and do play crucial roles of "middle men" and "compromisers" (for mass organization and others civil society) of activities between the local government system and the rural communities.[60]

The strengthening of decentralization will be supported by the effective participation of the local communities.

Measures required

- Deal only with strategic issues and policies at the central government level, and leave the implementation to the local actors;
- Set up key performance indicators to measure the level of decentralization and to use those indicators in the performance payment system for public servants involved.
- Reform planning process at central and local levels.
- Strengthen institutional arrangements at district and commune levels (e.g., increasing staff for planning and forest activities).

8.4. Participation by all stakeholder groups

Objectives

- **Stakeholders at all levels actively participate in planning and implementation of REDD+ measures**

The Issue

Active and effective participation of relevant stakeholders in all aspects of planning and implementing REDD+ programs is crucial to their success. In Viet Nam, it is agreed that in order to have full participation of stakeholders it is necessary to integrate their interests and needs into the Government system.[61] In order to achieve that, "participation needs to be broad and genuine, in particular ensuring that space is provided for vulnerable and marginalized groups.

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commune level, while much of the devolved power has gone to the provinces. One challenge, therefore, is the misalignment of accountability with new arrangements.

[59] According to Frizen. S (2003), the ones influenced most are the ones constrained to anti corruption and are the ones having decided roles in successful implementation of polices and program; and Frizen. S. 2000, Institutionalizing participation: attentive lessons learned and issues need to be strengthened for Vietnam's National Program, UNDP; and the most disturbing problems in implementing: governance, institutions and corruptions in Vietnam, Conferences of Governance, Institutions and Anti Corruption in Asia, Asian Research Institute of New Zealand, 2003

[60] Additionally, Viet Nam is consider a country with a success for the community development driven approach

[61] WB and Counterpart support to poor communes: MPI, 2003- Development with Communities orientation in Vietnam

Transparency of and access to information, and the provision of information in a timely manner, are important to ensure effective participation. The need for sufficient capacity to implement genuine multi-stakeholder processes was noted".

Piloting activities in the five selected provinces will provide some lesson learnt in strengthening decentralization and effective participation of most relevant stakeholders, particularly local communities. Their direct and transparent involvement is essential to build trust and confidence, and thus is an essential prerequisite for REDD+ to succeed[62]. In addition, their active participation will help to ensure that social and environmental safeguards for REDD+ are realized.

Measures required

- Take into account stakeholders particularly the beneficiaries' interests, needs and socio-economic characteristics in the designing of the REDD+ legal and policy framework.
- Strengthen the decentralization, particularly from province to district, district to commune.
- Support capacities at commune levels by different means, like providing a commune facilitator for each commune in REDD+ activities, as well as through human resources development and communication activities.
- Ensure that the feedback from consultations reaches the decision makers in communities and villages- often not identical with the commune governments.
- Ensure transparency and accountability in REDD implementation;
- Report the outcomes of the consultations and supervisions back to the people.
- Provide time for and build planning capacities at local levels.
- Provide a system with transparency of and access to information (especially with REDD+ fund), and provide information in a timely manner;
- Ensure full community participation in REDD+[63].
- Provide participation space for rural poor and ethnic minorities[64]:

8.5. Evaluation of REDD+ implementation

The National Coordination REDD+ Network and the Technical Working Group will establish an Evaluation Plan which ensures that all activities planned under the REDD+ strategy will undergo midterm and final evaluations, which will assess the relevance and effectiveness of the intervention, and measure the impacts of the results achieved on the basis of the initial analysis and selected process indicators. For each activity within the components its relevance and success of performance will be questioned and improvements taken up in the evaluation. Obviously this is an iterative process, as continuously new information will be evaluated and, consequently, activities and related indicators amended[65].

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62 Nguyen Quang Tan, Sikor, T., Vickers, B. and Enters,T, 2010: - People, Forest, and Climate change mitigation- Vietnam: Why REDD+ needs local people, RECOFT, Bangkok.

63 For more details pls see Recoftc, Vietnam: Why REDD+ needs local people

64 The suggestion are based on the current analysis and the manual of " The Mainstreaming Climate Change – a Guidance Manual for the Pacific Islands Countries and Territories by Peter N.King (draft by May 2010)".

65 Viet Nam's RPP, August 2010

9. Financing REDD+

9.1. Development of National REDD Fund, including performance indicators

Objective

- **A fund for the management and disbursement of REDD- revenues is established and functional**
- **Performance indicators for fund disbursement developed**

The Issue

The REDD+ concept foresees compensations to individuals or entities who undertake measures that reduce emissions or enhance removals in any of the five categories identified as eligible under REDD+. Such compensation is to offset their costs incurred, and/or to offset their opportunity costs. Financial resources for these "payments for environmental services" may come from the international donor community, from existing national or international funds, or could be generated through market mechanisms. To manage and disburse these REDD+ revenues to sub national and local levels and to provide confidence to investors and donors, a fund needs to be set up that is compatible with international requirements regarding transparency, equity and performance, follows strict monitoring protocols and is third – party audited.

There are as yet no specific legal provision for such payments and such fund. However, it could principally operate under the *Forest Protection and Development Law* (see Annex 1.5.), which regulates payments for environmental services. Still, it is considered preferable to have a specific legal provision regulating the management of REDD+ revenues and their disbursement. Further, a condition for such a fund to become operational would be the regulation of carbon rights and their transfer (see also chapter 5.1.2).

To comply with the international requirements mentioned above, it would be important to create an "off-budget" mechanisms and ensure that REDD+ revenues are "firewalled" to prevent their mingling with other sources of funding for forestry activities.

In Viet Nam two off- budget mechanisms already managing financial inputs into the forestry sector already exist, namely the

- Forest Protection and Development Fund (FPDF), established under the sake-named Law (2004), which was in part created to manage PES; and the
- Trust Fund for Forests (TFF).

For the management of REDD+ revenues, two options are considered, namely a

- Subfund under the FPDF; or a
- Specific REDD+ Fund

Weighing the options, a recently conducted study on the *Design of a REDD-compliant Benefit Distribution System for Viet Nam*[66] recommended a targeted REDD+ Fund.

[66] UNREDD, 2010: Design of a REDD-compliant Benefit Distribution System for Viet Nam, Hanoi: p.91

A multistakeholder board and a transparent decision making process would provide checks and balances against possible corruption and waste. The principle of transparent governance of REDD+ revenues implies the need for broad participation in the governance of the revenues, broader than foreseen under the provisions of the FPDF[67]. While REDD+ payments are obviously a type of PES, it is therefore still suggested to create a dedicated, legally independent national REDD+ Fund outside the Government structure[68] with its own governance and procedures. This would i.) enhance its participatory approach and transparency, ii.) reduce the danger of mingling its resources, e.g. with other PES, iii) permit the establishing of its own *Benefit Distribution System*, and iv.), thus complying with the recommendations made in the UNREDD study[69]

An important feature of such a fund and its benefit disbursement system has to be that it provides clear, consistent and enforceable rules and processes to enable the equitable, fair and efficient distribution of REDD+ benefits. Hence, the REDD+ Fund has to be designed hand in hand with the development of the Viet Nam REDD+ Benefit Distribution System (BDS)[70]. Details of the BDS are provided in chapter 5.1.2.

The monitoring of the functioning of the REDD+ Fund and its BDS should be part of the general REDD+ MRV (chapter 7.)

The REDD+ funding received at the national level will need to be disbursed to individuals and entities at local levels, particularly people living in and around forest areas, who have undertaken measures that reduce emissions or enhance removals in any of the five REDD+ categories. There are trade-offs to be considered in this regard. The greater the numbers of hierarchical levels at which revenues are managed, the less cost-effective the mechanism is likely to be. It will incur higher implementation costs and a higher risk of rent-seeking and corruption.

It is recommended that for the piloting of REDD+, revenues should be managed at national and provincial levels. However, once experience has been developed, provided the additional transaction costs are not prohibitive, and especially when appropriate capacity has been built at the province and district level, REDD+ revenues should be managed at district levels, i.e. as close as possible to the ultimate beneficiaries.

Over at least two years REDD+ revenue management structures are planned to be piloted and capacities built at province and district levels in 5 provinces[71]. The lessons learnt concerning the costs, efficiency and effectiveness of management of REDD+ revenues at multiple levels help to craft the final REDD+ mechanism and its BDS.

The degree of independence and the well-functioning of the Viet Nam REDD+ Fund will depend on the composition and power of its board. Experiences with Conservation Trust Funds (CTF) established in other countries, revealed that to make the REDD+ Fund really functional it would require a high level of national ownership and highest-level political support[72]. Spergel

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67 Readiness Preparation Proposal, 2010.

68 Spergel, Barry and Michael Wells, 2009: Conservation Trust Funds as a model for REDD+ national financing. In: Realising REDD+- National Strategy and Policy Options, CIFOR, Bogor.

69 UNREDD, 2010: Design of a REDD-compliant Benefit Distribution System for Viet Nam, Hanoi:

70 idem

71 UNREDD, 2010: UNREDD Viet Nam Program Phase II: Operationalising REDD+ in Viet Nam. Hanoi

72 Spergel, Barry and Michael Wells, 2009: Conservation Trust Funds as a model for REDD+ national financing. In: Realising REDD+- National Strategy and Policy Options, CIFOR, Bogor.

et al. (2009) also gathered from CTFs in other countries, that the REDD+ Fund's administrative costs, dependent on its size, could run up to between 10 and 15% of its budget, and that its establishment would take about two years[73]. This time frame would allow to accommodate first experiences gathered in the pilot provinces.

Measures required

- Establish a REDD+ Fund and its Benefit Distribution System.
- Design the governance structure, rules and procedures for the management and the disbursement of revenues.
- Pilot the management and disbursement of REDD+ revenues in 5 provinces.
- Develop the final REDD+ Fund structure and its BDS taking into account lessons learnt from the pilot provinces and other relevant initiatives also abroad.
- Establish performance indicators for revenue disbursement.
- Determine maximum allowable shares from the REDD+ Fund for the various administrative levels (province, district) and the community level.

9.2. Development and management of a transparent and equitable benefit distribution system

Objective

- A transparent and equitable benefit distribution system is further developed building on decree 99/2010/ND-CP
- A management system has been designed to administer the benefit distribution system based on the provisions in decree 99/2010/ND-CP

The issue

Description of decree 99/2010/ND-CP on Policies on payment for forest environment

Decree number 99/2010/ND-CP was issued on the 24th of September of 2010 and regulates the policy for payment for forest environmental services in Viet Nam, including:

1. "Types of environmental service that the users pay to the suppliers subject to this Decree.
2. Suppliers and users of forest environmental services.
3. Management and use of the payment from forest environmental services.
4. Rights and obligations of suppliers and users of forest environmental services.
5. Responsibilities of state management agencies at various levels and of different sectors in implementing payment for forest environmental services."[74]

Environmental services that are recognized include:

1. "Soil protection, reduction of erosion and sedimentation of reservoirs, rivers, and streams.

[73] idem

[74] Article 1 of Decree number 99/2010/ND-CP.

2. Regulation and maintenance of water sources for production and living activities of the society.
3. Forest carbon sequestration and retention, reduction of emissions of green house gases through measures for preventing forest degradation and loss of forest area, and for forest sustainable development.
4. Protection of natural landscape and conservation of biodiversity of forest ecosystems for tourism services."[75]
5. Provision of spawning grounds, sources of feeds, and natural seeds, use of water from forest for aquaculture.

In its article 4.3, the decree determines that: MARD has "to take the lead and collaborate with relevant Ministries and agencies to submit to the Prime Minister for promulgation of the statute governing: target of application, level of payment, method of payment for carbon sequestration and retention services of forest and services for providing spawning grounds, sources of feeds and natural seeds, use of water from forest for aquaculture, for implementation in line with the regulations in this Decree."[76]

The decree also stipulates that payments are entrusted into a "Forest Protection and Development Fund" (FPDF: article 5.3) and that the payments are a "factor of the production costs of products that use forest environmental services" (article 5.4).[77]

Direct payments are based on levels regulated by the GoV but parties are free to negotiate on a voluntary basis other payments provided they are higher than the level set by the GoV. (article 6.1)

For activities for which the GoV has not determined a payment level yet, suppliers and users are free to negotiate their own deal, which is encouraged by the GoV. (article 9.1, last sentence). This implies that the private sector can engage directly with suppliers of environmental services when they are not yet regulated.

Indirect payments are made into the FPDF through intermediary organizations and at a level as determined by the GoV. (article 6.2)

Payments are mandatory (through article 7) for hydropower production facilities, clean water production and supply facilities, industrial production facilities, and organizations and individuals doing tourism services that benefit from forest environmental services. There is an additional sub-article 7.5 that determines that another category of mandatory payers is: "Those having to pay for forest environmental services for carbon sequestration and retention of forest; services for provision of spawning grounds, sources of feeds and natural seeds, use of water from forest for aquaculture are stipulated in clause 3, Article 4 of this Decree" where it is state that MARD as a focal agency in coordination with relevant line ministries and agencies will propose to Prime Minister to issue a regulation on: subject for the payment, payment level, payment modality for the levels of carbon sequestration and retention of forest; services for provision of spawning grounds, sources of feeds and natural seeds, use of water from forest for aquaculture, in according with this degree.

[75] Article 4.2 of Decree number 99/2010/ND-CP.
[76] Article 4.3 of decree number 99/2010/ND-CP.
[77] See also section 3.6, 7 and 10 in Annex I for some more context of the Fund.

Beneficiaries of the payments include forest owners who are allocated forest or leased forest (this can include households and individual forest owners); forest owners who plant forest on allocated land; and, organizations, households, individuals, village communities that have been contracted for long-term forest protection by state organizations. (Article 8)

Revenues of payments for forest environmental services can be spend by the suppliers as they see fit. If the supplier is a government organization, revenues, after costs are covered, are accounted for as income and can be spend in accordance with the normal financial regulations. (Article 10)

Article 11 of the decree determines the payment levels for hydropower production facilities, clean water production and supply facilities, and organizations and individuals doing tourism services that benefit from forest environmental services. In the latter case, Provincial People's Committees have to determine which organizations and individuals are obliged to pay under this provision. MARD is assigned to take the lead to formulate a proposal for adoption by the Prime Minister for industrial production facilities. The category related to carbon sequestration is not specified in this article.

Articles 13 and 14 administer which organizations are entrusted with the payments and how the allocation of funds from the FPDF to those organizations is determined. Article 15 continues with a description how the revenues can be used and central and provincial levels. This article (15.1.a)) for instance determines that at central government level 0.5% of the total can be used for professional operations of the Fund, including: "administrative costs according to entrusting mechanism; activities to receive payment and other activities relating to financial management." The remaining amount is paid to the suppliers of the forest environmental services.

To determine the payment per hectare, Article 16 determines the "K Coefficient". This coefficient is based on four things (Article 16.3):

a) Forest status (the capacity to generate forest environmental services).

b) Type of forest (special use forest, production forest, protection forest).

c) Origin of forest (natural forest, planted forest).

d) The level of difficulty or easiness in forest management (social and geographic factors).

In the case of forest owners, the Provincial People's Committees decide what the K-Coefficient is. If it concerns households contracted for forest protection, the K-Coefficient needs to be calculated on the basis of "regulations of the competent agency" (Article 16.3). The exact calculation of the average payment per hectare is further elaborate in respectively sub-articles 16.1 and 16.2.

In the case of forest owners, the payment per hectare is based on the total revenues (payments minus costs) resulting from a particular service, collected on the total area of a particular forest type and particular forest owner type that has generated the revenues, divided by the number of hectares of the total area multiplied by the K-Coefficient (interpretation of Article 16.1.b)). The article further determines that "a forest supplying many forest environmental services is entitled to the payments for all such forest environmental services." (Article 16.1.a))

In case of households contracted for forest protection the amount received is equal to the number of hectares times the payment per hectare times the K-Coefficient.

Article 17 determines the responsibilities of the Provincial FPDF which include: interacting users of forest environmental services (FES); act as intermediary between users and suppliers of; to receive entrusted money from the national FPDF and users; make payments to forest owners and/or households; act as focal point for state agency that checks delivery of service and payments to FES suppliers and from FES users; and report annually to the PPC and the National FPDF on income and expenditure of PFES. If no Provincial FPDF exists, acting agencies or organizations have to take up these tasks.

Article 18 determines the responsibilities of the National FPDF which include: identification of payers of FES and determination of amount due to be paid; receive the payments and transfer the appropriate sum to the provincial FPDF; allocate revenues collected from users to the provincial FPDF; assist the Forestry Directorate to check payments from users and the use of funds; and, report annually to MARD on the status of the income and expenditure of PFES.

Article 19 determines the rights and responsibilities of users of FES. In terms of rights users have the right to be informed on the activities undertaken in terms of quality and quantity but also about the results of the payments made to forest owners. In addition, they have the right to participate in the checking and monitoring activities and can request the adjustment of payments in case the supplier does not protect the forest or causes forest degradation. In terms of responsibilities, the user has to declare the amount it makes available, and make the payment in time. If that doesn't happen; "appropriate punishment measures shall be applied according to law" (art.19.2.c).

Article 19 determines the rights and responsibilities of suppliers of FES. In terms of rights suppliers have the right to request users to pay for the use of FES, be informed about the value of FES, and participate in checking and monitoring activities related to implementing payments for FES. In terms of obligations, forest owners and/or households must protect the forest area and implement appropriate forest development measures. Payments must be used appropriately and forest destruction and illegal conversion is prohibited. If these rules are violated "punishment measures shall be applied according to law" (Art.20.2.e).

Chapter 4 of the decree outlines the implementation arrangement, stipulating obligations of relevant Ministries and Agencies. **For instance**, in article 21:

1. MARD, MONRE and MOF are assigned tasks, including the obligation "To submit to the Prime Minister for approval a Proposal[78] on implementing the Decree of the Government on the policy for payment for forest environmental services" and "To take the lead and collaborate with relevant Ministries and agencies to mobilize financial, scientific, and technical resources from organizations and individuals within the country and foreign ones for implementing this Decree."; and,

[78] By December 13/2010, proposal/project on implementation of Government Degree 99/2010 on Policies on payment for forest environment services are approved by the PM decision N. 2284. The decision consists of : i) Objective and requirement; ii) Main tasks ; iii) Implementation Measures (Organization- MARD is main implementer of this proposal; Communication, raising awareness; Resources; Technology and Science; International cooperation); iv) Main Activities and v) Working schedule.

2. MONRE is assigned the task "To take the lead and collaborate with MARD and other relevant Ministries and agencies to submit to the Prime Minister for issuance of mechanisms, policies on land allocation, forestry land lease to accelerate the implementation of the policy for payment for forest environmental services".

In article 22 the responsibilities of the PPCs are outlined and instructed to direct the provincial department of Agriculture and RD to submit projects and programs to the PPCs to implement the policy for PFES. The PPCs, through sub-article 6, are given the responsibility "for approving to ensure the stability of areas and functions of forests supplying forest environmental services in the land use planning schemes and forest protection and development planning schemes". Through sub-article 9 the PPCs are instructed to direct the District People's Committees to carry out tasks, including: to assign agencies to act as focal points to conduct handover checks, assess quantity and quality of forest, certify forest owners to form the basis for periodic payments for FES, check and supervise them, and others tasks.

Article 23 determines that funding related to the implementation of the Decree "is ensured according to the current budget allocation mechanism", "aids and support from organizations and individuals within and outside of the country", and "other funding sources".

Article 24 determines that the decree has come into force on 1-1-2011 and that Lam Dong and Son La – subject to the implementation of pilot activities as determined by decision 380/QD-TTg (April 10, 2008) – will shift to the implementation of this decree henceforth.

The final article 25 determines that the implementation responsibility for this decree rests with: "The Minister of Agriculture and Rural Development and the relevant Ministries and agencies; the Chairs of the Provincial People's Committees of provinces and cities under the national government".

Measures required

- MARD has "to take the lead and collaborate with relevant Ministries and agencies to submit to the Prime Minister for promulgation of the statute governing: target of application, level of payment, method of payment for carbon sequestration and retention services of forest and services for providing spawning grounds, sources of feeds and natural seeds, use of water from forest for aquaculture, for implementation in line with the regulations in this Decree."[79]

- MARD, MONRE and MOF "to mobilize financial, scientific, and technical resources from organizations and individuals within the country and foreign ones for implementing" Decree 99/2010/ND-CP (art.21)

- MONRE "to submit to the Prime Minister for issuance of mechanisms, policies on land allocation, forestry land lease to accelerate the implementation of the policy for payment for forest environmental services" (art.21)

- Further detail provisions for the payments for FES for carbon sequestration and retention of forest in accordance with article 7.5

[79] Article 4.3 of decree number 99/2010/ND-CP.

- Determination of the K Coefficient in collaboration with appropriate institutions, organizations and/or Committees, for Lam Dong and Son La provinces, and possible other provinces/areas where REDD+ pilots will emerge in the near future.

9.3. Stacking of Payment for Environmental Services (PES).

Objective

- An arrangement is in place that enables payments for multiple FES provided by one forest.
- An approach for the determination of the level of payment for the recognized FES is defined.

The issue

In line with article 16.1.a that determines that "a forest supplying many forest environmental services is entitled to the payments for all such forest environmental services" an arrangement needs to be developed that enables the "stacking of Payments for Forest Environmental Services".

FES recognized by decree 99/2010/ND-CP include:

1. "Soil protection, reduction of erosion and sedimentation of reservoirs, rivers, and streams.
2. Regulation and maintenance of water sources for production and living activities of the society.
3. Forest carbon sequestration and retention, reduction of emissions of green house gases through measures for preventing forest degradation and loss of forest area, and for forest sustainable development.
4. Protection of natural landscape and conservation of biodiversity of forest ecosystems for tourism services."[80]
5. Provision of spawning grounds, sources of feeds, and natural seeds, use of water from forest for aquaculture.

Only for the carbon sequestration aspect the decree outlines what the level of payment is, namely through the determination of the K Coefficient. For the other FES no approach is outlined yet.

Measures required

- Determine an approach to set the level of payment for the recognized FES aside from the K-Coefficient for carbon.
- Design an arrangement that enables the payment for multiple FES provided by one forest.

[80] Article 4.2 of Decree number 99/2010/ND-CP.

9.4. Private sector involvement in REDD

Objective

- **Private sector actors are actively participating in REDD+ planning and implementation**

The Issue

Private sector stakeholders are involved in REDD+ relevant activities, in particular as concessionaires in natural forests and as companies processing and trading forest products, which affect the REDD+ elements *reduction of deforestation*, *reduction of forest degradation*, *SFM* and *forest conservation*. They should also be involved in REDD+ relevant FLEGT measures; as investors in and managers of planted forests, which affect the REDD+ element *enhancing forest carbon stocks*; and as investors and managers in protected areas and ecotourism, affecting *forest conservation*. Private sector stakeholders can also become REDD+ beneficiaries through generating and trading forest carbon certificates on the compliance and voluntary carbon markets. Finally, the entire voluntary carbon market is a private sector activity.

Private sector also plays an important role in other REDD+ relevant sectors such as agriculture, aquaculture, infrastructure, and mining.

Thus private sector can play a positive role as REDD+ promoter and implementer, but can also play a negative role as originator of forest carbon emissions, or in abusing carbon market – related opportunities ("carbon cowboys").

To minimize private sector's potential negative role and induce and strengthen its positive roles, it is obvious that any REDD+ approach can only be successful if private sector actors are from the very beginning involved in strategizing, planning and implementing REDD+ and its measures, and participates in the Technical Working Group (TWG) on REDD+ and its Sub-Working Groups.

An awareness raising program with private sector has to be implemented, with the aim to identify possible "conflicts of interest" with private sector, and to win private sector "REDD+ champions".

Measures required

- Raise awareness and inform private sector about REDD+.
- Identify REDD-relevant private sector stakeholders, both within and outside the forestry sector.
- Identify and recruit private sector "REDD+ champions".
- Invite identified private sector stakeholders to TWG and subgroups.
- Review and amend legal framework for private sector's role in forestry, and in particular REDD+.
- Regulate REDD+ benefits for eligible private sector actors.
- Regulate carbon ownership and transfer also for private sector actors.
- Define and regulate private sector involvement in MRV.
- Agree with private sector on mechanisms, including a monitoring system, for environmentally sound and legal raw material sourcing.
- Introduce effective conflict resolution mechanisms.

9.5. Financial planning and REDD+ management

Objective

- **REDD+ planning and budgeting are linked**

The Issue

These constraints are i) an extremely short time horizon of the planning cycle particularly for the local participation; ii) limited skills and low capacity of planners and PC[81]. As a result, planning and budgeting are still top-down impositions, particularly to districts and communes; and the planning and budgeting process is complex, overlapping, cumbersome and weakly linked to budget allocation. Planning is seen as the sole responsibilities of the planning sections and units rather than tasks for all officials.[82] This results in minimum inputs from technical units who could play important roles in setting up more realistic plans.

Measures required

- Commission additional staff for REDD+ issues within forest planning at district and commune levels.
- Define a clear mandate and a clear formal mechanism for planners and PC at all levels to cooperate and coordinate with budgeting and other technical agencies on REDD+ issues.

[81] WB, VDR, 2010 noted that limited skills of Departments of Planning & Investment and People's Committee that are mandated to coordinate developmental works at the local level is another constraint towards establishing inter-sectoral linkages.

[82] A case study focusing on Dien Bien, Dong Thap and Ninh Thuan provinces carried by UNICEF

Annexes

Annex 1 - Situation Ex-Ante (current situation)

1.1. Land and forest cover

According to the statistics of the MONRE (Decision 20976/QD-BTNMT dated 29/10/2009), the total natural land area of Viet Nam covers 33,105,136 ha. Of this, agricultural land accounts for 25,13 million ha and non-agricultural land for 3,47 million ha. 4,5 million ha are unused land. The agricultural land includes 14,76 million ha forestland distributed over 57 provinces and cities (production forest lands): 6,58 million ha; protection forest lands: 6,12 million ha; special use forest lands: 2,06 million ha); aquaculture: 0,739 million ha; salt production: 0,014 million ha and other agricultural land: 0,018 million ha. Besides, there are approximately 3, 8 million ha of un-used hilly lands which will be classified and used as forest land in the coming years.

The statistics of the Ministry of Agriculture and Rural Development (Decísion 2140/QD-BNN-TCLN dated 9/8/2010) show that, until 31/12/2009, the total forest area in the country is 13.258.843 ha (forest cover is 39,1%), of which 10.339.305 ha (78%) are natural forests and 2. 919.538 ha (22%) are planted forests. Forests are classified as: (1) Special-use forests: 1.999.915 ha (15,2%) Protection forests: 4.832.962 ha (36,8%); and (3) Production forests: 6.288.246 ha (47,9. According to the survey, assessment and monitoring of the Forest Resources Program for the period 2001 – 2005, the total standing timber volume in Viet Nam reached in year 2005, 811.7 million m^3, with 93.4 % from natural and 6.6 % from planted forests. The standing volume concentrated mainly in three regions North Central, South Central and Central Highlands. According to the Forestry Development Strategy for 2006-2020 by 2010 about 16,24 million ha of forests shall be established, managed, protected, and sustainably used, and about 3.12 million ha of bare land shall be newly planted. This does not include the additional annual bare land area which resulted from legal and illegal timber harvesting and from encroachment for agricultural cultivation.

The national forest cover during the years 2002 to 2009 increased annually by an average of 0.5%. However, it is a common trend that in spite of all efforts the natural forest is declining in quality; primary forests and rich forests can be only found in special-use forests and protection forests in remote areas. About 3.2 million ha of the total natural forest area are production forests. Of this, rich and medium rich forests account only for 21%, poor forest and young forests account for 79% - they are mostly natural regeneration and rehabilitation forests.

In addition to natural causes, impacts resulting from non-sustainable forest activities such as illegal logging, and land-use change continuously influence forest structure both in quantity and quality of forest resources, and lead to their depletion.

The XI Congress of the Communist Party of Viet Nam in January 2011 encouraged more public and private investment into the sustainable development of protection, product ion and special use forests and at the same time the livelihood improvement of people living near in and near forests, and envisaged for 2020 a forest cover of 45 %[83].

1.2. Land-use change: status, trends and drivers and actors

1.2.1. Agricultural crops for domestic use and export

According to the statistics of the Ministry of Agriculture and Rural Development, the agricultural land area increased from 12.644 million ha in 2000 to 13.962 million ha in 2010 of which 11,162 million ha is annual crops (7,3 million hectares of paddy) and 2,8 million ha of perennial crops. By 2015, the land area under agricultural production is expected to reach 14 million ha, of which 11,175 million ha is annual crops (7 million hectares of paddy) and 2.87 million ha of perennial crops. Over the past five years the expansion of industrial crops, in particular coffee, cashew, pepper, and rubber (*Hevea brasiliensis*) has grown faster than planned, increasing from 1.634 million ha in 2005 to 1.886 million ha in 2008.

The annual rice production increased from 32.6 million tons in 2000 to an estimated 39.18 million tons in 2010, i.e. an increase of 20%.

For 2015, the annual rice production is planned to reach 39.87 million tons.

The exports of agricultural products rose from US $ 2.5 billion in 2000 (with 667 million $US from rice) to US $ 7.25 billion in 2010 (with 2.4 billion $US from rice). This indicates an increase of 250 % for agricultural exports. By 2015, the value of agricultural exports is expected to reach 9.5 billion $US, 2.9 billion $US of which are anticipated to be from rice exports.

The area of perennial industrial crops increased in recent years, from 1.634 million ha in 2005 to 1.886 million ha in 2008. Every year, an average of 80 thousands hectares of new perennial industrial crops has been planted. Rubber (*Hevea brasiliensis*) grew fastest, from 483 000 ha in 2005 to 632 000 ha in 2008, with an average annual planting of nearly 50 000 hectares.

Future agricultural policies and plans intend to stabilise the total area for coffee and tea while rubber areas are projected to expand by more than 120,000 ha to reach an area of 800,000 ha; and cashew crops are expected to expand by 30,000 ha to reach a target of 430,000 ha by 2015[84]. About 50 000 ha of fruit trees will be planted to reach by 2015 a total area of 850 000 ha.

Most of the recent expansion of perennial industrial crops has concentrated in two of Viet Nam's agro-ecological zones, the Central Highlands and the Southeast. Consequently, these provinces have over the past 10 years experienced some of the highest levels of deforestation, as highlighted in a number of reports[85][86]. Since these agro-ecological zones are particularly suitable for the production of coffee, rubber and cashew, much of the future expansion is planned here- which will lead to further deforestation.

1.2.2. Shifting cultivation and slash and burn farming

According to the Forest Protection Department (Viet Nam Directorate of Forestry), about 1000 communes in nearly 40 provinces (70 % of the country's provinces) practice shifting cultivation on a total area of over 2 million ha. Rotating cultivation is practiced on about 1.2 million ha, and stationary cultivation on about 0.9 million ha. Shifting cultivation is widely distributed on slopes of 16^0, at altitudes above 300 m, on sites planned for forestry purposes. In 20 provinces the shifting cultivation area, mainly cultivated with low-yield food crops, exceeds 50000 ha. Main causes for shifting cultivation are: (1) Lack of farm land, especially difficult rice cultivation

[84] MARD, 2010: 5 year plan of 2011-2015 Agriculture and Rural Development, First Draft. Hanoi

[85] SNV,2009: Mapping Potential for REDD+ in Viet Nam: Forest cover, forest cover change, and carbon density. Hanoi

[86] MARD, 2010: 5 year plan of 2011-2015 Agriculture and Rural Development, 1rst Draft. Hanoi

conditions; (2) pressure on land resources due to an increasing population; (3) poverty- the livelihoods of mountain people depend on forests; (4) lack of education and training opportunities, leading to a slow cognitive change to conversion from shifting cultivation; and (5) weak agricultural and forestry extension.

The Government of Viet Nam has only recently paid attention to the issue of shifting cultivation and promulgated legal documents guiding the planning of shifting cultivation; supporting upland people to practice sedentary agriculture instead of the traditional shifting cultivation; changing of crops and converting to agro forestry practices; shifting to paddy cultivation on terraced fields, and strengthening the monitoring of shifting cultivation activities. Some shifting cultivation areas were transferred to reforestation and plantation of non-timber forest products, thus contributing to poverty reduction and to a gradual socio-economic development in rural and mountainous areas.

The reversion of slash and burn areas into natural and planted forests significantly reduced the shifting cultivation area.

1.2.3. Management of natural forests, including mangroves

The awareness of the roles of natural forests in Viet Nam has changed during the past 20 years.

A number of laws on forests and forest management were promulgated (Annex 1.2.5), and the implementation of a number of National Target Programs continues to have a direct impact on natural forests (Annex 1.2.4.). These programs mainly aim at protecting the existing natural forests, enhancing their natural regeneration, and planting new forests to supply raw materials to reduce the pressure on natural forests. The Government of Viet Nam also implements some other programs such as food programs, sedentary agriculture and resettlement, poverty reduction, replacement of wood fuels through alternative fuels, market expansion, increased timber imports, development of wood processing and efficient use of timber, and the replacement of solid timber through wood-based panels. Harvesting in natural forests decreased from 1 million m^3 in 2000 to 0.15 million m^3 in 2009. This is the result of regulating the entities permitted to harvest timber in natural forests, more sustainable logging methods, and timber harvesting rotation and sequence. Attention was also paid to regeneration, enrichment and development of natural forests; to the allocation of natural forest land to individuals, households and rural communities for a sustainable and long-term forest use. As of 31.12.2009., natural forests nationwide covered 10.34 million ha, of which 1.7 million ha were allocated to households and individuals.

Sustainable forest management is only in its infant stage. Within the framework of the Forestry Development Strategy for 2006-2008, plans for sustainable forest management are currently considered and piloted in a number of State owned Companies (SoC, formerly called State Forest Enterprises) as the basis for the development of sustainable forest management systems.

The mangrove forest is one of the important forest ecosystems in Viet Nam. As of 2007, coastal wetlands covered an area of 621.162 ha, of which 209.741 ha were forested (mainly with mangroves, with 57.600 ha of natural and 152.131 ha of planted forests). The coastal wetlands also comprised of 226.111 ha of aquaculture and 181.310 ha of unforested wetlands. Mangrove forests are concentrated in the Cuu Long River Delta (128.537ha), in the Quang Ninh province, the coastal provinces of the Red River Delta (37.651 ha), and in the South East (41.666 ha). The mangrove area has been allocated primarily to State institutions for management and use for forestry purposes; forest areas allocated to households and

individuals account for only about 10-12% of the total mangrove forest area. Currently, there are about 20-25% of protection forests not allocated to any entity but under the general management of Communal People's Committees. State institutions (mainly the management boards of protection forests, special use forests, and State forest & fishing enterprises) have contracted mangrove forests for forest protection, forest regeneration and reforestation, as well as for households, individuals and rural communities. For the period of 2008 – 2015, mangrove forests are projected to reach 323.172 ha, with 153.294 ha of protection forests, 41.666 ha of special-use forests, and 128,752 ha of production forests. Due to the planned expansion of aquaculture, however, there is still a trend for mangrove forests to decline in terms of area, standing volume and quality.

1.2.4. Management of planted forests, including bamboo

In the past 20 years, the development of planted forests received particular attention through Program 327 (1.25 million ha planted between 1992-1998) and Program 661 Program (2.22. million ha planted between 1998-2010- see also Annex 1.4.).

The programs focus on technical aspects in order to create breakthroughs in productivity, such as selection, breeding, propagation, improved seedlings, nursery development, intensive forest cultivation models, cultivation of slopes, high yield and well adapted species (*Acacia mangium* and *Acacia* hybrids). Further attention was given to reforestation with some indigenous tree species, fruit trees, oil and resin species, plantations within protection forests, and the establishment of industrial tree plantations to sustain the timber industry (e.g. wood for pulp and paper production, pit props, etc.).

A number of policies have been implemented to promote planted forests, such as on the lease and contract of forests and forest land to households, individuals and rural communities; on preferential credit loans for planted forests, on the development of forest gardens, forest camps, on benefit sharing from forests, on the support of product marketing from planted forests, and on tax exemptions related to forest plantations (agricultural land use tax, land lease charges etc).

Currently, there are about 2.92 million ha of planted forests in the country. The Forestry Development Strategy for 2006-2020 aims at increasing the acreage of planted forests to 4.15 million ha by 2020. However, Viet Nam also faces challenges, such as a low forest productivity compared with other countries in the region and the world (Viet Nam's planted forests produce only up to 15m^3/ha/year), a lack of improved seeds, a still low acreage of industrial forest plantations, and a still insufficient definition of protection and economic functions of planted forests adapted for different ecological sites.

Viet Nam's bamboo forests cover an area of about 1.56 million ha. 0.196 million ha of these lie in special use forests, 0.673 million ha in protection forests and 0.691 million ha in production forests. MARD is formulating a Bamboo Development Plan for 2011-2015, with a vision for 2020. This policy to encourage the development of the bamboo sector will be submitted to Government for consideration in 2011.

1.2.5. Community-based Forest Management (CFM)

According to the Forest Protection Department (now under Viet Nam Directorate of Forestry), up to June 2001, 1,203 communes, 146 districts of 24 provinces and cities have been involved in the management of about 2.35 million ha of forests and forest land, of which about 1.2 million hectares of forest and forest land have been re- allocated for long-term forestry use.

According to the Forest Department (now under Viet Nam Directorate of Forestry), up to 2008, 10,006 rural communities, mainly of ethnic minorities, managed and used 2.79 million hectares of forests and barren hills. 1.92 million ha (69%) of these were forested, and the remaining 0, 87 million ha barren hills. 2.79 million ha have been jointly managed by village communities, and 1.64 million ha have been allocated to local communities for long term forestry use (with decision or certificate of land use rights given). 0, 25 million hectares have been traditionally managed and used by communities, bur were not yet legally assigned by the State. 0,9 million hectares (equivalent to 32.3%) were contracted to communities, with state or private sector agencies as forest owners (through annual forest protection contracts or 50 year's forest land use contracts). About 14 % of the total forest area was managed by communities. The majority of these (96%) were natural forests, the remainder planted forests.

According to MONRE, as of January 1st 2009, about 11.4 million ha of forest land were allocated to institutions, households, individuals, and rural communities for long-term use for forestry purposes. 3.82 million Ha of those were allocated to households and individuals (33.5%), and 2.97 million ha to other economic entities (26%). Currently, over 20 000 employees work in SFEs/forestry companies. 100 000 households or individuals are contracted for forest protection, zoning for natural regeneration and afforestation by SFEs/forestry companies, and by management boards of protection forests and special use forests. In addition, about 10 000 rural communities throughout the country are managing and using forests and bare lands for the establishment and development of forests, attracting thousands of employees in rural and mountainous communities to participate in the management and protection of forests, and benefiting from them.

Communities mainly manage protection forests and special-use forests (71%), production forests account for only 29%. The forest land managed and used by the communities is mainly located in watersheds and remote areas with difficult access. Therefore, the role of the communities in protecting watersheds and the provision of other environmental services is very important. On the other side, the low area of production forests under management of communities limits their income generation from forests.

The area of forests and forest land managed by communities increased between 2001 and 2008 by about 44 000 ha (19 %). Compared with the land area planned for forestry purposes under the Forestry Development Strategy for 2006-2020 (16.24 million ha), communities are managing and using about 17 % of the total forest land in 37 provinces. In spite of the continuing allocation of forests and forest land to rural communities.one of the main underlying reasons of using land beyond its capacity still stems from the still low allocation of adequate forest use rights to the local communities. However, even when communities receive forest land use rights, they are often unable to benefit from them. Therefore, any forest use rights allocation process must be accompanied by assistance to enable the local communities to prosper from their new rights. The forthcoming *study looking at the land allocation process and recommendations to improve the current system to benefit local communities*[87] will provide more concrete recommendations on changes required to address those issues.

Based on experiences gathered in other countries to enhance income generation, a second path to faster rural development should be considered, including income generation that not only stems from agriculture. e.g. the development of off farm job opportunities. To achieve this, within the SEDP process coordination with, and support from other economic sectors is required, such as transport, industry and services. The National Target Program on New Rural

[87] REDD+ Proposal – Vietnam, August 2010

Development, approved by the PM, provides opportunities to implement this second path of measures[88]. Its main objectives, among others, are to integrate agricultural development with the fast development of industries, and to push infrastructure development while at the same time ensuring environmental protection.

1.2.6. Agroforestry

Agro forestry practices such as the traditional farming systems of ethnic minorities and home gardens adapted to different ecological zones exist already for a long time in Viet Nam. Since the 1970s, farmers of the northern mountainous provinces had developed the ecosystem of Garden - Pond - Pen (VAC in Vietnamese), followed by the ecosystem of Forest- Garden – Pond - Pen (RVAC) and hill gardens which then spread throughout the country. Another agroforestry system is the mangrove – aquaculture system developed in the Mekong river delta and the central coastal provinces. Internationally supported projects also introduce the cultivation on slopes in some mountainous provinces.

Since the early 1990s, Government had issued a number of policies to encourage and support the development of agro-forestry systems. Amongst these are policies on land, on investment and credit, on forest and forest land allocation, on forest benefits, tax policies, etc. Further, forestry extension and the encouragement to develop agroforestry models were introduced into the regulations and programs on agricultural extension.

Agroforestry currently accounts for a large proportion of forest land. The agroforestry models are diverse, depending on the conditions of each region and site. Amongst them are traditional farming practices such as hill agroforestry models (annual cash and food crops intercropped with forest trees), medicinal plants under forest canopy, perennial and industrial crops interplanted with forest trees etc, and the combination of forestry and aquaculture in coastal areas.

1.2.7. Aquaculture, including shrimp farming

There has also been a large increase in the area used for aquaculture, primarily shrimp. Between 1991 and 2000, the total area of coastal and marine aquaculture in Viet Nam almost doubled. Since then it further increased by 62 % from 641 800 ha in 2000 to 1.04 million ha in 2009. A particular increase (77%) has been registered for the aquaculture in saline or brackish water, especially in mangrove areas, from 397.100 ha in 2000 to 704 000 ha in 2010. By 2015, aquaculture is expected to increase to a further 1.12 million ha, with an aquaculture production of 3.65 million tons, compared to an estimated 2.6 million tons in 2010.

The planned expansion of coastal aquaculture conflicts with policies and programs targeting mangroves; most notably the project to increase the existing area of mangrove forests until 2015 nationwide from 209,741 ha to 307.295 ha.

1.2.8. Market Development for agricultural and forest products

The exports of agricultural products: rose from 2.52 billion $US in 2000: 2.51 billion, in 2005 to 7.25 billion $US in 2010: about 7.25 billion, and is estimated to increase by 2015 to 9.5 billion $US. The export of natural rubber increased from 804 million $US in 2005 to about 1.12. billion $US, with a projection of 1,8 billion $US in 2015.

[88] Decision 800/QD-TTg/2010 approval of National Target Program on New Rural Development, dated June 4, 2010

The exports of wood products, including furniture, increased from 288 million $US in 2000 to about 3 billion $US in 2010 and is expected to reach $ 4.5 billion $US in 2015. Vietnam's wood products are presently exported to over 120 countries around the world, but mainly focus on three major markets with high quality requirements such as America, Japan, and EU. The round wood supply from natural forests in Vietnam is rapidly declining. In the period of 2001-2005, the volume harvested from natural forests and plantations in the whole country reached an annual average of 2.53 million m^3, of which over 2.5 million m^3 originated from planted forests. Between 2006 and2010, an average of 3.3 million m^3 were annually harvested, with only 300 000 m^3 originating from natural forests. Currently, Vietnam has to import about 3 million m^3 of timber per year with a predicted increase to at least about 4-5 million m^3 per year by 2020.

Viet Nam's seafood exports have increased 4 fold from 1997 to 2007. In 2008, the exports of aquatic products had increased to 4.5 billion $US, and are expected to reach 5 billion $US in 2010. From an almost unknown location on the map of aquatic product export countries, Viet Nam now ranks in the top 10 leading seafood exporters. It is expected that in 2015, exports of aquatic products shall reach 7 billion $US (up 14% compared to 2010).

1.2.9. Other uses of timber

The current annual demand for firewood, building materials and private timber use is estimated at about 25-30 million ster, about 150-200 000 m^3 for pit props, for charcoal production in mangrove areas; for wood and bamboo for pulp and paper, and other enduses. The future timber demand for these products is projected to increase.

1.2.10. Infrastructure development

The most destructive infrastructure measures in terms of forest loss are road building and dam construction. Viet Nam's roads have more than doubled in length since 1990. While the roads facilitate movement of people and goods and thus trigger economic growth, they not only lead to direct forest loss through clearing, but also facilitate encroachment and unsustainable exploitation of natural forests.

Hydropower plays an important role for Viet Nam's electricity generation. By 2010, hydropower is expected to provide 9, 412 MW out of a total 26,209 MW. There are plans to double hydro capacity by 2025 to 10,766MW.[89], The construction of dams along the Dong Nai has already destroyed more than 15,000 ha of natural forest[90]. The estimated impact of 21 planned large scale dams (with a capacity over 4610MW) will lead to an estimated loss of around 21,133ha (including 4,227 ha of natural and 1,367 ha of planted forests). The total resource value of the forest lost (including environmental service functions) was estimated at 72.4 million $US[91]. This study also estimated the indirect impacts on the forested areas from immigration and resettlement of people with an expected 61,571 people being displaced from 21 schemes. In three of the schemes with an already high population density, resettlement was considered a very serious risk to the surrounding forest areas – all in the North West Agro-ecological zone[92]. Besides these large schemes, there are many medium and small hydro

[89] ADB, 2009:, Harnessing Hydropower for Development: A Strategic Environmental Assessment for Sustainable Hydropower Development in Viet Nam: Policy Summary, ADB, Manila

[90] http://www.thanhniennews.com/2010/Pages/20100425172519.aspx

[91] ADB, 2009: Strategic Environmental Assessment of the Hydropower Master Plan in the context of the Power Development Plan VI: Final Report, ADB, Manila

[92] ditto

schemes. Small hydro and pumped storage are estimated to produce 3,860MW up till 2025, having impacts on a smaller area but in many more places[93].

1.3. Government coordination in REDD+: mandates and institutional linkages

1.3.1. System of specialized agencies for forest and forest land management

Two systems of specialized agencies perform the tasks of forest and forest land management jointly:

The land management agency at central level is MONRE with the General Department of Land Administration functioning as the Advisory body The Department of Natural Resources and Environment is an agency under the provincial People's Committee with the function to manage land resources in the province. At the district level, the Division of Natural Resources and Environment under the district People's Committee manages the land within the district on behalf of the state. A communal land administration official helps the commune People's Committees in managing the land. Other public-service organizations in the management and use of land are the land use registration office and consulting organizations active in land management and land use.

The state administration of forests and forest land at the central level is MARD. The Directorate of Forestry is the Agency to advise the Minister on all matters concerning forestry and forest management nationwide, including the administration of mangrove forests. At the provincial level, the Department of Agriculture and Rural Development under the provincial People's Committee manages forest protection and development, and at district level, there is only one official within the Division of Economics who monitors forestry activities. The Forest Protection Station helps district People's Committees in executing the management of forest protection in the district. At the commune level, there are no forestry officials for this task. Some forest rangers, who are officials of the Forest Protection Station, provide assistance to the communal People's Committee in forest management.

1.3.2. Land classification and planning

1.3.2.1. General land classification

The entire land area of Viet Nam is classified into three soil groups[94], as based on the land use classification system regulated under the Land Law (2003):

- Agricultural land
- Non-agricultural land
- Unused land.

Forest land falls under agricultural land.

[93] ADB, 2009: Harnessing Hydropower for Development: A Strategic Environmental Assessment for Sustainable Hydropower Development in Viet Nam: Policy Summary, ADB, Manila

[94] MARD Report on Land Use Classification, Planning and Allocation of Forest Land; Forest Sector Manual,

Table 1[95]: The criteria for differentiating agriculture and forest land are based on sloping grades and soil thickness

Slope		Soil Thickness (cm)	Land use
Grade	%		
> 15º	>27	> 35	Agriculture on terraces
15-18º	27-33	> 35	Terrace fields on contours
18-25º	33-47	> 35	Combined agro-forestry, pasture, industrial trees
> 25º	> 47	All thicknesses	Forestry

It is obvious that the criteria slope and soil thickness do not suffice as a basis for future land use planning. Not all land with slopes above 25º is forest land, and this classification would exclude forests from all areas with lower land slopes, e.g. the low - land forests. Certainly, in some cases agroforestry approaches (as done on some watersheds), forest- rice- fish models or integrated forest and shrimp approaches can combine agriculture and forest land use, but it is obvious that a new land classification system is required.

1.3.2.2. Forest land classification

The Land Law 1993 defines forest land as land with natural forests, land with planted forests, and land used for the purpose of forest development through measures such as reforestation, natural regeneration, enrichment planting, pilot research and experiment (Land Law 1993). The Forest Protection and Development Law (1991), describes forest land as

- land with forest cover; and
- land without forest cover to be planned for afforestation.

The revised Land Law (2003) classified forest land according to its use, namely: *Production forest, protection forest* and *special use- forest.*

Decision 2490/QD/BNN-KL by the Minister MARD, dated July 30, 2003 regulated the forest land classification as follows:

a) Land with Forest cover

A. Natural forest with the categories: wood forest; bamboo forest; mixed forest; swamp mangrove forest and rocky mountain forest. Each category is subdivided into: protection forest, special-use forest and production forest.

B. Forest plantations with the categories: plantations with potential resources; plantations without potential resources; and bamboo. Each category is subdivided into: protection forest, special-use forest and production forest.

[95] Decision 278/QD from July 11, 1975

b) Barren land and degraded hills without forest cover, with the categories

- Grass land: protection forest, special-use forest and production forest;
- Shrub land: protection forest, special-use forest and production forest; and
- Shrub land: with scattered and restored trees with little forest cover (0.1??)

A more specific classification of forest land has been provided by Decision 682 b (QDKT from August 1, 1994, which has been reconfirmed by Minister MARD in 2000 and again in 2005. However, it only refers to land with natural forests and excludes planted forests. Under this Decision, forest land is divided into the following categories (each with a number of subcategories): *Land without forest cover, land for rehabilitation of natural forest, affected natural forest land,* and *scattered natural forest lands that have hardly been affected.*

According to the various classification systems, forest land therefore not only includes land with forest cover, but also land without forest cover. This is important, since due to land clearing during the period of 1943 – 1983 Viet Nam lost about 50 % of its forest cover. While the major part of these forests underwent a land use change, mainly to agriculture, there still remains some forest land which became degraded or fallow land. Under the classifications of Decisions 682 and 2490, it can still be considered forest land.

Directive 38/2005/CT-TTg triggered a process of *Forest Land Reclassification* to reduce the area of protection forest requiring government support in order to increase the area of production forest available for private sector investment. Part of this Directive aims to encourage forest production in degraded forest areas.

However, the current forest classification systems and approval procedures can lead to situations were forests that are healthy and/or are naturally regenerating are converted to perennial crops, primarily to *Hevea brasiliensis* or *Acacia spp*.. The regulation on forest management *Decision 186/2006/QD-TTg* which was followed by the *Circular 99/2009 dated 6/11/2009* describes the criteria of degraded forest and the types of degraded forest which are allowed for afforestation. According to some experts this could affect much of natural forest in the Central Highlands[96]. In addition, the system to carry out the forest inventory and verification of the criteria determining degraded forest and types of forest to be eligible for afforestation are open to influence.

1.3.3. Planning, allocation, contract and lease of forest and forest land

Land-use plans are developed and implemented at communal level for 5 and 10 years periods. Forest land-use, protection and development plans, as part of the general land-use plans, are developed, approved and implemented for a 10 year period. The planning for forest protection and development is done at the communal level. In fact, the planning of forest protection and development is integrated into socio-economic development planning at different levels.

Production forest land and forests can be allocated and leased to State institutions, households, individuals, and rural communities for forestry use, with or without land use or forest use charges. State institutions, thereafter, are encouraged to re-allocate and contract out forests to households, individuals and local communities.

[96] Thai Hoc, 2009: Danger from "legal" deforestation (28/10/2009). [Internet]. [cited 11/5/2010]. Available from http://www.baodatviet.vn/

Protection forest land and protection forests are allocated to Protection Forest Management Boards (PFMBs) for forest management, protection and development free of land use of forest use charges. The PFMBs are entitled to contract forest land and forests to households and individuals in the area for forest protection and development. Forest land and forests not allocated to anyone will be allocated to organizations, households, individuals and communities with needs and the ability for forest protection and development.

Special use forest land and special use forests are allocated to Management Boards of Special Use Forest (SUFMBs), free of land use or forest use charges, for forest management, protection and development. SUFMBs, in return, can contract SUFs to families, individuals and communities in local areas for forests protection and development.

Provincial Committees have the authority to allocate or lease land and forests and grant land – use and forest use rights certificates to institutions. District-level People's Committees have the authority to allocate or lease land use rights certificates to households, individuals, and rural communities.

Thus, the State is the owner and the holder of land, natural and planted forests. Institutions, households and individuals, rural communities are empowered to use land through land allocation and land lease. For each type of forest land there exist different types of ownership, and each ownership confers different rights, terms, land transfer, inheritance, mortgage, lease, sub-lease or contribute capital with the land use rights.

Thus, the State represents the ownership rights and holders of natural and planted forests which are developed under State budget investment; Institutions, households, individuals, and communities are empowered with use rights through forest allocation and forest lease. Each forest type has different types of forest owners and each forest owner has different rights such as the right to exchange, transfer, inherit, mortgage, lease, sub-lease or contribute capital, based on the value of forest use right.

1.3.4 Socio-economic development plans (SEDP) and SEIs

The most important planning tool of the Vietnamese Government are the Socio-economic Development Plans. The national Government and all provincial authorities have to develop SEDPs every 5 years, with annual updates and planning. Currently, the poverty rate is about 14%, mainly in rural and remote areas, where predominantly ethnic minorities live. Although ethnic minorities comprise only 14.5 % of the population, they constitute 44.7 % of Viet Nam's poor and 59 % of the hungry. Their poor living conditions result in pressure to convert land to produce sufficient food for subsistence in order to alleviate poverty, one of the main drivers of deforestation and forest degradation. Poverty reduction has been mainstreamed in the SEDPs at community levels. In many communities, the planting of rubber and other crops, as well as infrastructure development are considered decisive for income generation and poverty reduction.

The economic value of forest products and services is as yet not adequately accounted for by the administration. Another factor to cope with is the weakness of accountable mechanisms for planning and approval of such development projects. Many development schemes have been proposed without adequate assessment of economic, social and environmental impacts - another underlying reason for deforestation and forest degradation.

Various studies[97] show that "too much capital and land is devoted to production agriculture". Rural income multipliers from agricultural growth are 1.5-2.0. Income generation from the

[97] Ian Coxhead, Kim N.B. Ninh, Vu Thi Thao and Nguyen Thi Phuong Hoa, "A robust harvest: strategic choices for agricultural and rural development in Viet Nam, March 2010; Richard Jones, Tran Thi

agriculture sector is likely to be considered a low-hanging fruit (that is the least costs intensive policy option)[98]. A set of reforms is required to reduce policy biases that favour activities where the state directly and/or heavily engages in production agriculture, and increases public investment in agriculture. It is further necessary to convince decision makers that income generation could be achieved through the development of more efficient production methods or consumption patterns, rather than from forest extraction (e.g. by increasing value added of agriculture and forest products.). Forest products could be replaced by raw materials from outside the natural forest, e.g. timber from planted forests, or agricultural residues. The improvement of efficiency in the forestry sector is another requirement. The effective implementation of the recently approved GOV decree on PES[99] will help authorities to consider the ecological services provided in their decision making.

To reduce the underlying causes for deforestation and forest degradation, it has to be ensured that the SEDP process integrates concept and measures of Sustainable Forest Management. The same accounts for the development plans of others economic sectors such as infrastructure, mining and export/import. For that, there is a need to i) modify related strategic policies and regulations; ii) develop and strengthen the horizontal and vertical coordination between government agencies within the sector and with others sectors; iii) integrate REDD+ measures in the SEDP development and implementation, particularly at province, district and communes levels. The systematic coordination and integration between SEDP, REDD + and programs of other economic sectors require the developing MRV[100] to provide information for the planning agencies at all levels"[101]. Given the rapid economic growth and the demands for infrastructure development (normally included in the SEDPs), which ultimately impact on forest areas, the quality of SEIAs will be critical to ensure that proper planning and safeguards are in place. It is necessary to undertake regular checks of the quality of SEIAs to ensure their adherence to high standards, including safeguard policies. It is also important that companies carrying out EIAs are different and independent from those undertaking the respective projects. It would be prudent in key areas to assess current development plans and cancel any plans likely to incur high forest loss.[102] Future studies on *Strategic environmental assessment of the current plans for medium and small scale hydropower dams with recommendation to reduce impact on forests (with focus on key provinces) will help the NRP to provide more specific measures to those issues.*Most important will be a new, more participatory way to work with stakeholders at central and particularly at local levels. For this, changes are required in the legal and enforcement system, in the

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Hanh, Nguyen Anh Phong, Truong Thi Thu Trang, "A mapping exercise poverty reduction programmes and policies in Viet Nam, November 2009, and others

98 Ian Coxhead, Kim N.B. Ninh, Vu Thi Thao and Nguyen Thi Phuong Hoa,:, A Robust Harvest: strategic choices for agriculureal and rural development in Viet Nam. Hanoi, March 2010.

99 Government decree 99 on the Policy for Payment for Forest Environmental Services, dated September 24, 2010

100 The proposed measurement, reporting and verification (MRV) system will closely follow the guidelines defined by the UNFCCC, as well as adopting functions specially pertaining to forest and forest land management, and socio-economic development of provinces, districts and communes. It will be implemented to quantify the actual success in emission reduction and increase of removals, as well as monitoring of REDD+ interventions and actions, revenue disbursement, and financial transactions (auditing) (Viet Nam R-PP).

101 Viet Nam's R-PP, August 2010

102 The weak accountability mechanisms for planning and approval of such development projects open up the process to local level fraud and corruption and there were many such schemes (hydropower plants proposed without adequate assessment of economic, social and environmental impacts (Viet Nam's PP, August 2010).

organisational set-up, in mandates, and in a strengthening of institutions and governance of the current administrative and working culture of Viet Nam. This will be addressed in the following chapters.
Currently, different donors supporting projects including the REDD+ program in Viet Nam and mainstreaming climate change issues into SEDPs with the Ministry of Planning and Investment, are in the process of piloting those measures which will provide lesson learnt and practical experiences for those measures.

1.3.5. Regulations on harvesting and use of forests

For each forest type, specific exploitation approaches and uses are applied. In special use forests, the exploitation of timber products is very limited. Emphasis is given to associated business activities with low intervention level such as landscaping or eco-tourism. In protection forests, the exploitation of forest products is permitted, as long as it does not affect the forest's protective ability. This is done through regulating the harvesting cycle, harvesting age of trees, and other aspects of forest management. In production forests harvesting of timber and other forest products for commercial purposes is permitted, following rules to ensure forest regeneration.

1.3.6. Establishment of Forest Protection and Development Fund

The Forest Protection and Development Fund was established under the provisions of Decree No. 05/2008/ND-CP dated 14/01/2008. The Fund was established as a State financial institution at central and provincial levels - The Decree encourages the establishment of funds at district, commune and village level on the principle of self-cost recovery. The Fund is financed through initial funding from State budget, through proceeds generated under Decree 99/2010/ND-CP on Payments for Forest Environmental Services, further from funding and voluntary contributions from organizations and international organizations as well as national and international individuals; trust funds from international organizations, national and foreign individuals; and from other funds and financial sources.

1.3.7. REDD+ activities

MARD issued Decision No. 2730/QD-BNN-KHCN dated 5/9/2008 on the National Program to Respond to Climate Change in the agriculture and rural development sector for the period 2008-2020. An important element is the reduction of emissions from deforestation and forest degradation (REDD). This Decision emphasizes the implementation of the following forestry activities: (1) Study and project the impacts of climate change on forest ecosystems, wetlands, and propose adaptation measures; (2) Develop mechanisms and policies for management, protection, development and sustainable use of forest resources and forest land; (3) Develop a research and planning program for forest protection and development of protective sea dikes and coastal areas; and (4) Develop a forest plantation program for protection against sea waves.

MARD (Directorate of Forestry) is the focal point and coordinates with relevant agencies to develop a proposal to mobilize international resources for activities on REDD and for the selection of pilot areas. In January 2009, the Ministry of Agriculture and Rural Development sent a mission with Norwegian government representatives and experts from FAO, UNDP and UNEP to work with the Lam Dong Province for a collaborative implementation of a REDD program in the area. Besides, MARD, UNDP, UNEP and FAO have also worked with a number of donors (WB, GTZ, JICA and others) and some other provinces (Dac Nong, Kien Giang, Bac Lieu, Quang Binh, Hoa Binh, Son La, and Bac Kan) on the possibility of integrating REDD activities in some areas of ecological economics to improve the effectiveness of the program and to ensure

that at the end of the first Phase possible REDD implementation in Viet Nam will be defined. After completion, MARD has submitted the proposed Joint Program on "Reduction of emissions from deforestation and forest degradation in Viet Nam" for the program UN- REDD through the UN representative office in Viet Nam. On March 10th 2009, the proposal has been approved by the Executive Board of the UN-REDD Program, and Viet Nam became one of the first nine countries selected to participate this Program.

In August, 2010, Viet Nam submitted its Readiness Preparation Proposal (R-PP) to the Forest Carbon Partnership Facility of the World Bank.

The Joint Program on "Reduction of emissions from deforestation and forest degradation in Vietnam" is an activity within the framework of the National Target Program to Respond to Climate Change and the framework of responding to climate change in the agriculture and rural development sectors in the period 2008-2020.

MARD has established the National REDD Network and the REDD Technical Working Group with the participation of representatives of State agencies, donors, businesses and non-governmental organizations in order to provide technical advices for the Steering Committee of the Program Framework for Responding to Climate Change for the agriculture and rural development sectors in the period 2008-2020. Currently, MARD (Directorate of Forestry), with the help of the UN-REDD Program is developing the "REDD + Program in Viet Nam" and will submit it to the Prime Minister for endorsement in mid 2011.

1.3.8. Mainstreaming REDD+

Forestry is a land-use option and in competition with other land-uses, predominantly agriculture, but also with mining, infrastructure, and, in the case of mangroves, with aquaculture. Deforestation, by definition the result of conversion of forests to other land-uses, is mainly caused by decisions and actions in other sectors of the economy. Forestry thus touches upon many topics. Therefore, it is impossible to address problem areas in the forestry sector without interventions in non-forestry sectors. For example, in situations whereby the forest degradation agents are local communities, improving smallholder agriculture and providing alternative sources of income can contribute considerably to poverty reduction and improving local livelihoods, reducing the need for local communities to generate income from unsustainably harvested forest products, e.g. through charcoal making.

To become effective, non-forest drivers of deforestation and forest degradation must be addressed, including through the strengthening of policies from other sectors, and seek integrated cross sectoral approaches, especially considering the anticipated demographic developments in Viet Nam (the need for agricultural production areas will increase) which will be further compounded by the predicted climate change impacts.

Mainstreaming REDD+ is an issue affecting the entire economy of a country. Losing forest functions also detrimentally affects other sectors; e.g. agriculture through the watershed protection function, aqua-cultures through water discharge and water quality, food production, water supply, food security, economic growth, poverty alleviation (poverty in its turn exacerbate environmental degradation), etc.. All these aspects have an inextricable relationship which, if incorporated into the country's main policies at national, provincial and district levels, including through resource mobilization, will help guard the livelihoods of Vietnamese per se and those of the most vulnerable of society, the rural poor, in particular.

Having said that, unfortunately forests are often considered as an uneconomic land use, as a hindrance to economic growth, and as a land bank from which can be taken infinitely and without ramifications.

The principal idea behind mainstreaming REDD+ in development policies is that the hard drive for economic development puts enormous pressure on the natural environment; and therefore, environmental considerations must be in the forefront of individuals' considerations when designing development policies. Viet Nam is already experiencing environmental degradation resulting from the fast growth of the productive and private sectors. To counter that, rapid, sustainable and broad-based growth is required, which can only be achieved if environmental, food security and poverty considerations (or wealth distribution) are looked at in an integrated way and taken into consideration in all development objectives, policies and measures: REDD+ will assist in inviting clean and durable development initiatives that are interesting both from the economic, as well as from the environmental and social perspectives.

Climate change mitigation measures in forestry offer the great opportunity to, and should be linked with, climate change adaptation measures both for the forestry and other sectors.

Achieving the aspired rapid, sustainable and broad-based growth requires a strong institutional capacity and in the changing environment in which the setting of policy targets is positioned at this point in time, this is not an objective to meet, but rather a continuous process of policy determination and planning – implementation – evaluation – and updating of policies and planning. Putting such a 'system' in place - the learning organization approach – is a challenge in its own right.

Looking at local commune level it has to be taken into consideration that improving livelihoods through commercial activities beyond subsistence agriculture may reduce poverty, but the greater degree of integration of the rural population into the monetary economy may also substantially increase the risk of being adversely affected by economic and political crises. Increased diversification of agricultural production may also influence the division of labor and decision making power within smallholder households and can cause a widening of wealth differentials between households. But before that stage is reached, adoption barriers to new technologies or management/coping strategies may need to be overcome; which may mean that the risks need to be reduced to which the agricultural production will be exposed in the new situation or whilst transgressing to the new practices as deviating from acquired and proven coping strategies may feel like a threat to local communes. In simple terms: even low-cost alternative income generating activities may be rejected if these do not minimize production risk. The risk that food production or income is jeopardized can be so threatening that people prefer to stick to what they know rather than to venture into unchartered territory with but the mere promise that it might be better.

Mainstreaming REDD+, or environmental considerations in general, puts a country on the spot, whereby the central question is whether the importance placed on short term economic benefits of development objectives really outweighs environmental benefits (or even environmental neutrality). This short term gain is often extremely tempting. This in particular since we, as humans, tend to look at the quick gains. In addition, the long-term costs of development strategies that deplete natural resources are often grossly underestimated.

Mainstreaming is one thing, but bridging the distance from the central government – and possibly international support through REDD+ funds – to the grass-root level is another: understandably at grass-root level considerations for environmental issues have to take a back seat compared to considerations for the basic necessities such as food, shelter and clothing.

The complexity of the problem and mainstreaming, combined with the remoteness of the targeted communities adds yet another challenge. Even if the proof of concept is there, scaling up any REDD+ activity to reach larger numbers of communes is bound to run into operational issues and implementation challenges.

To facilitate mainstreaming, a new land-use classification system including approval procedures is required, which additionally to physical criteria includes environmental, climate change adaptation and mitigation, and socio-economic criteria. Planning and zoning need to be adjusted to minimize impacts on the forest areas. REDD+ needs to be integrated into the future provincial land use plans (through the forest land use plan) which are currently under development for 2011-2015, as well as into district and commune plans. Proper monitoring of the implementation of the plans with appropriate third party verification is critical to ensure adherence.

The present land classification and zoning system is described in annex 1-3.

For the formulation of forest and forest land allocation plans a previous updated forest and forest land inventory, the latter including barren land, is required.

Forest and forest land allocation to households and individuals, and village communities should give priority to ethnic minorities and the poor living in and near forests. The process of allocating un-used forest areas and of forests without specific management, which are under general management of the commune-level People's Committees (over 2 million hectares) to the people and local communities for long-term forestry use should be quickly conducted.

Land managed by State institutions (forest companies, management boards of special use forest, protection forest management boards etc) should be reviewed, and un-used or inefficiently used land be transferred to local authorities for allocation to other entities, including local people and rural communities.

Policies to support forest land allocation to households and individuals, and rural communities should be issued, brought into force, and monitored (Capital, technology, market and forestry services).

1.3.9. Management culture and human resources development

1.3.9.1. Management culture

During the last two decades, Vietnam has been undergoing continuous public administrative reform measures aiming to increase responsiveness of public sector to the needs of communities. Those measures include decentralization and devolution to provincial and lower levels of government, to administrative and service delivery units, to the courts and to elected bodies, and to the media and civil society[103]. Through the devolution to companies and households, to lower levels of government and to autonomous service delivery units, the role of Government is gradually being transformed from that of a director to the role of a rule-maker and framework provider, and in this process the role of the central state in bringing uniformity and consistency to the whole government apparatus is becoming more important than ever. The concepts of organizational learning and of participation in decision making are carried out in the country, albeit not in their full meaning, particularly in the forestry sector development[104]. For the forestry sector, the current administration still lacks, amongst others,

[103] WB, 2010: Viet Nam Deveopment Report

[104] Summary from different studies and VDR 2010 by the WB: Main of challenges of the reform are a) mostly reforms measured still stayed inside of the public sectors; b) Most of the new mechanisms of

linking planning, budget and control; to really and fully applying a participatory approach in decision making; and to allocating adequate forest use rights to the local communities.

Given the nature of REDD+, including benefit distribution, the challenges of the reform of Government Agencies, and the strengthening of the responsiveness of district/provincial authorities to the needs of communities, the new approach of local public sectors interacting with communities needs are considered as factors that are of critical importance for the successful implementation of REDD+. Another important aspect is the improved coordination between public agencies and others sectors; as mentioned "for the effective enforcement there needs to be close collaboration of the Forest Protection Department with other agencies".

Although measures to remove red tape, reduce bureaucracy, and simplify procedures (amongst others to improve the investment climate) have shown to be successful in the implementation of the on- going Project 30, [105] aiming at streamlining procedures, a recent evaluation report on the PAR 2001-2010 implementation commissioned by the National Assembly points out that red tape, and bureaucratic attitudes are still prominent among public servants; and that administrative procedures in some areas such as land administration aspects are still cumbersome, creating problems for citizens and agencies alike106. These facts will hamper the implementation of REDD+ whilst there is an urgent need to improve the investment climate in order to attract private and international investment.

1.3.9.2. Human resources development

Concepts of climate change, climate change mitigation, and REDD+, as well as the potential impacts of climate change, and the need to appropriately respond are still not well understood in Viet Nam, except by small communities of experts in Government and civil society, many of them connected with donor–assisted projects. The REDD+ concept is still very new to Government officers in all ministries and public agencies at the different levels. Public servants, at central, provincial and district levels need to acquire new knowledge, skills, attitudes and practices for carrying out REDD+. There is also a need to increase the knowledge of those in the National Assembly dealing with the law adjustment, budgeting and policies for the ethnic minorities. However, convincing central (and local) agencies including finance and planning agencies to participate in training and capacity building exercises may be one of the first obstacles to overcome for the REDD+ implementation. As the BDS and Viet Nam's RPP indicated, provinces and districts will play crucial roles in carrying out REDD+ activities,

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downward accountability—responsiveness directly to citizens through participation and enhanced transparency—have taken place at the commune level, while much of the devolved power has gone to the provinces. In this context, there is a misalignment of accountability with new arrangements; c) Participation in the broader planning process be limited in part by the institutional setup, with planning agencies well established at the national and provincial levels but thin at the district and commune…; lacking or weak of working coordination culture at public agencies; good in law and policy adaptation but weak in implementation due to lack of linking payment based performance, weak of current planning, budget and, controls and monitoring.

105 The Prime Minister had approved Decision 30/QD-TTg, dated January 10, 2007 on a proposal for simplifying administrative procedures for state management areas which will be carried comprehensively from central to local level. The main content of the Proposal is simplifying administrative procedures to ensure publicity, transparency in policies and procedures serving citizens, enterprises, and organisations. This reform aimed at cutting 30% of all administrative procedures of all public agencies, among others.

106 http://moj.gov.vn/ct/tintuc/Lists/ThongTinKhac/View_Detail.aspx?ItemID=4278

particularly in providing technical assistance to lower levels and coordinating with higher ones in REDD+ implementation and REDD+ fund distribution. Additionally, learning organizational approaches together with coordination and integrated working culture need to be acquired as a necessary pre-condition for the REDD+ implementation. This could be done via the 1) development of clear and simplified guidelines for suitable and comprehensive mechanism/regulations for REDD+ implementation and REDD+ fund distribution; 2.) development and implementation of a comprehensive capacity building plan.
REDD+ will directly interface with the people in or near the forest who hold leases for forest management or protection, are thus REDD+ beneficiaries, and are also responsible for collecting forest-related data, as well as data on reducing emissions and enhancing removals (including a participatory monitoring of carbon). However, bringing about the desired changes in attitude with regards to the perception of the forests and their role in mitigating of and adapting to climate change will require more awareness in the general population about the importance of forests in providing ecosystem services that benefit the entire society. For this purpose, the National REDD+ Program will need to apply a communication approach to achieve a change in social behavior, and support an awareness-raising campaign, addressing the general public through a variety of means. The first one could be used for the development of a strategic communication approach for the REDD+ strategy implementation. The second part could include featuring interesting aspects of REDD+ on television or radio broadcasts, placing material on the national REDD+ web site, distributing material to primary and secondary schools, providing information to the mass organizations (Youth Union, Women's Union, Farmer's Union, etc), and granting access to data for research purposes. (See also section 1.b. of Viet Nam's RPP).

The main drivers and causes of forest degradation and deforestation are outside the forest sector, and many of them relate to land users who are the ones directly and indirectly benefiting from REDD+, and influencing the implementation of REDD+ measures. The establishment of permanent communication mechanisms and channels will play a crucial role not only for awareness rising, but also in capacity building, and in the elimination of the main causes for deforestation and forest degradation. Given the broad range of land users related to REDD+ issues, a mutual understanding between the designers of the REDD+ system and its users has to be developed.

The REDD+ activities will have to cover all 63 cities/provinces of the country, with their different types of forest and eco systems. The mainstreaming of climate change, as well as of REDD+ requires an enormous commitment of time and resources from existing institutions. It is commonly accepted that it takes about 5- 7 years for a targeted program to build the capacity in mainstreaming. In that context, and in order to provide sustainable and cost-effective training activities for large groups of trainees, it is necessary to develop a national in-house capacity through the development of an education and training system including curricular development related to REDD+, and through the development of an appropriate training of trainers (ToT). Currently, the GOV is planned to establish a University of Climate Change in which REDD+ issues should become a main teaching topic. The ToT training will have to be designed in such a way that it will need to be suited to different groups of trainers who are dealing with rural people, technocrats, academicians and public servant at the local, regional and national levels respectively.
Currently, different ministries and provinces are in the process of developing an action plan under the NTP - CC. The Ministries of Education and Training (MOET), of Telecommunication and Information (MOTI), and of Home Affairs (MOHA) are in the process of integrating climate change into in their existing education, training, communication and working programs. MARD

needs to work with MOET, MOTI, MOHA, and the National Academy of Public Administration (NAPA[107]), for them to integrate REDD+ into their training, education, and, for MOTI, communication) programs. At the Provincial levels, MARD may need to work with different provincial training institutions which provide training for students and public officials for REDD+ integration into their training programs.

1.3.10. Current administrative system and governance issues

Current administrative system

The public administrative reform and decentralization process during the past ten years has contributed to the simplification of administrative procedures, to the empowering of provincial and lower level authorities, and to a strengthening of administrative and public service delivery by State agencies. Nevertheless, the current administrative system still needs to be further simplified for an efficient REDD+ implementation.

The current organizational structure and governance are characterized by four administrative levels[108] (Figure 4). Its specific feature is that of a "system of dual subordination" where at each subnational level, the technical departments (at province level), divisions (at city/district levels) and officers (at commune level) report to their own level's People Committee, and are also accountable to the next higher level of Government through "vertical" responsibilities to their respective central technical ministries. The complicated dual subordination and silo working approach makes vertical and horizontal coordination ineffective and delays approval procedures[109]. The system resembles an upturned pyramid, with separate offices and staff at the central and provincial levels[110], but very few at the district and commune levels, hindering the effective implementation of central policies and regulations at local levels. [111]

Since the introduction of the new Budget Law (2004), public finance management is characterized by a strong decentralization to provincial levels. Still, transparency and accountability at the lower levels needs to be strengthened[112] , The current planning and budgeting process faces a number of constraints, such as i) an extremely short time horizon of the planning cycle particularly for the provincial and lower levels; ii) a lack of participation of different stakeholders, particularly from technical sectors, spending units and citizens in socio-economic in budgetary situation analysis; iii) low planning capacity at district and commune

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[107] The two latter are the ones in charge of development policies for public servants and for development of and providing public servant's training,

[108] Parallel with the four - level administrative system, there is also a system of mass organizations (Women Unions, Youth Union, Farmers Unions, Father Fronts…) having their network similar to the administrative systems, and even down to village communities.

[109] Incompatible horizontal and vertical instructions can also leave authorities to decide for themselves which instructions to treat as binding, or leave agencies to compete for authority where responsibilities are unclear.

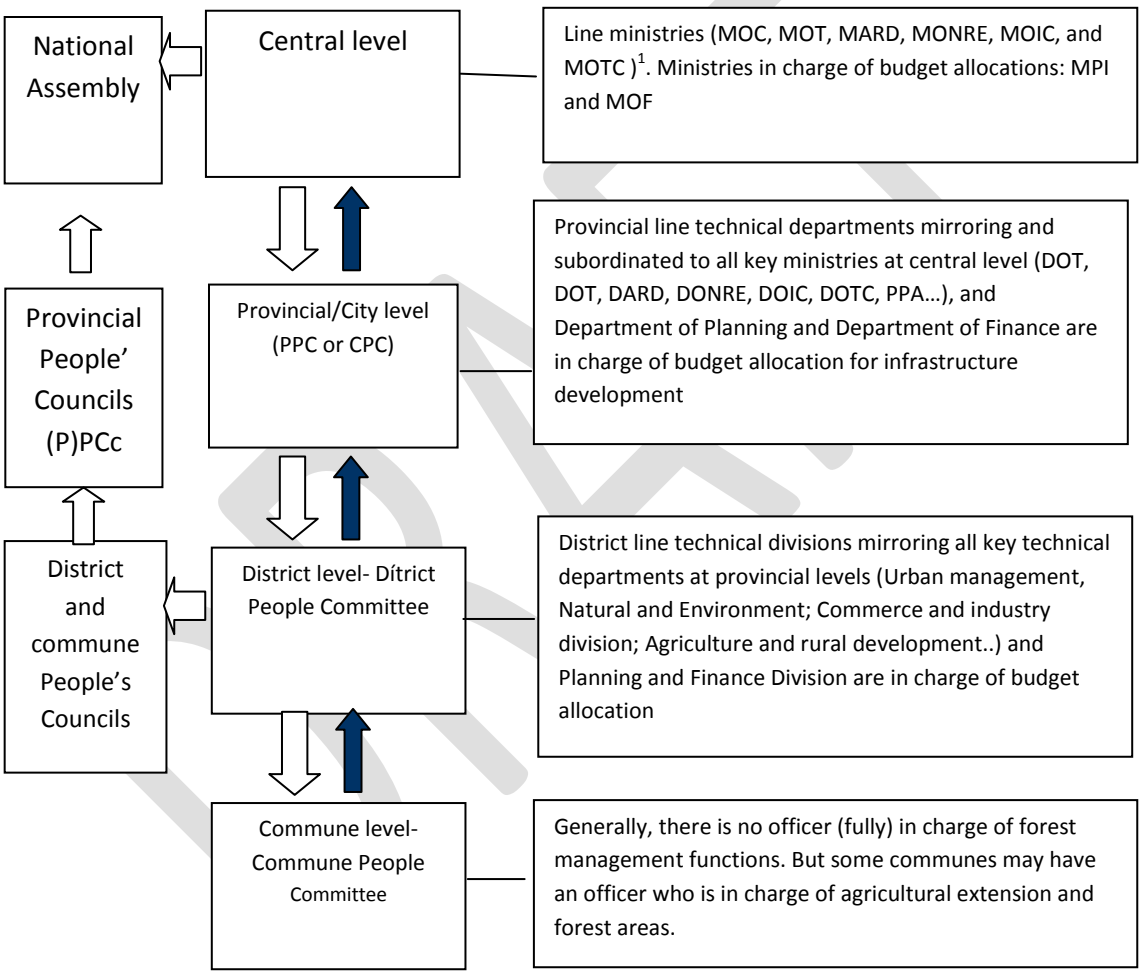
[110] This situation is true for the forest sector as mentioned in the BDS report where at the commune level the same officer is in charge of agriculture, forestry and fishing..

[111] As mentioned by the UN's report on Current Public Administrative reform in Vietnam, 2009, the incompatible vertical organization and coordination together with other factors such as vague recurrent expenditure allocation to official assignments has created an situation that quite a number of policies and regulations are improperly implemented at local level.

[112] WB, VDR, 2010 - Commune level people are having no information on commune budgets and plans. The reasons why information does not meet the people's needs are diverse, including literacy and language issues, education, and the distances needed to travel to get the information;

levels[113], iv) limitation of planning and skills and capacities of provincial departments and Provincial People Committees, v) lack of coordination with other technical agencies to address issues in cross sectoral approaches; and vi) planning and budgeting is still a top-down imposition and planning and budgeting are poorly linked. The weak coordination, combined with the cross-sectoral nature of many environmental problems makes independent and isolated planning by each province inefficient and results in wasteful duplication of efforts[114],[115]-

Figure 4: Current administrative and institutional system for any sector management in Viet Nam (at four levels)



[114] PAR in Vietnam- Current situation and recommendation, 2009, UNDP- also confirmed this statement that experiences in Viet Nam show that Viet Nam makes greater progress in adopting new laws and processes than in implementing them and that there is greater progress when implementation is concentrated in a small group of actors (see also MTR of NPTs , 2009) .

[115] Points are summarized from the WB, 2010, Vietnam Development Report.

Governance issues

Viet Nam runs 13 national target programs[116]. Governance issues and recommendations from the NTPs on poverty reduction, the forest program implementation and the current REDD+ program are still results of the current administrative, planning and budgeting procedures. Below are some listed which should be avoided with the REDD+ program [117]
i) most of the programs address different poverty dimensions in a non integrated way, program components are delivered in isolation through separate line ministry channels; ii) the delivery mechanisms rely upon well established top-down methods of planning, budgeting and implementation and unitary models of delivery are not well suited to areas; iii) unclear co-ordination between the programs bear a high risk of duplication and inefficiency in the use of the scarce resources available; iv) Poverty reduction programs in general are designed to tackle a specific poverty dimension without proper consideration of linkages, which explain the poor's behavior and their inadequate access to a number of economic and social services; v) vertical policies and projects are designed in a "silo" approach, without using complementarities and synergies, and without avoiding possible overlaps and inconsistencies. The confusion created by the silo approach is further enhanced by the gap and mismatch between geographic (commune, district, province SEDPs) and sectoral planning (vertical line ministries).

Among issues highlighted as crucial for successful REDD+ implementation were.[118]

- The existence of clear institutional roles and responsibilities; the need for effective coordination between institutions and across sectors; institutional capacity to implement decisions; transparent systems for the management of budgets and financial flows;
- An effective participation of all stakeholders as key aspect of governance.
- Transparency of and access to information, and the provision of information in a timely manner, are important to ensure effective participation.
- Sufficient capacity to implement genuine multi-stakeholder processes has to be built.

Current budgeting and planning

Central line ministries, sectors and province develop their 5 year and annual SEDPs and state budget allocation plans based on Prime Minister's (PM) Directive on the five year and annual Socio- Economic Development (SED) planning, and based on the MPI and MOF's framework guidelines for planning and budgeting. For all provinces/cities, the SEDP and the state budget allocation plan are two separate documents. Each of these plans is synthesized from sectoral development and budget plans and their sub-local equivalence. Generally, each local

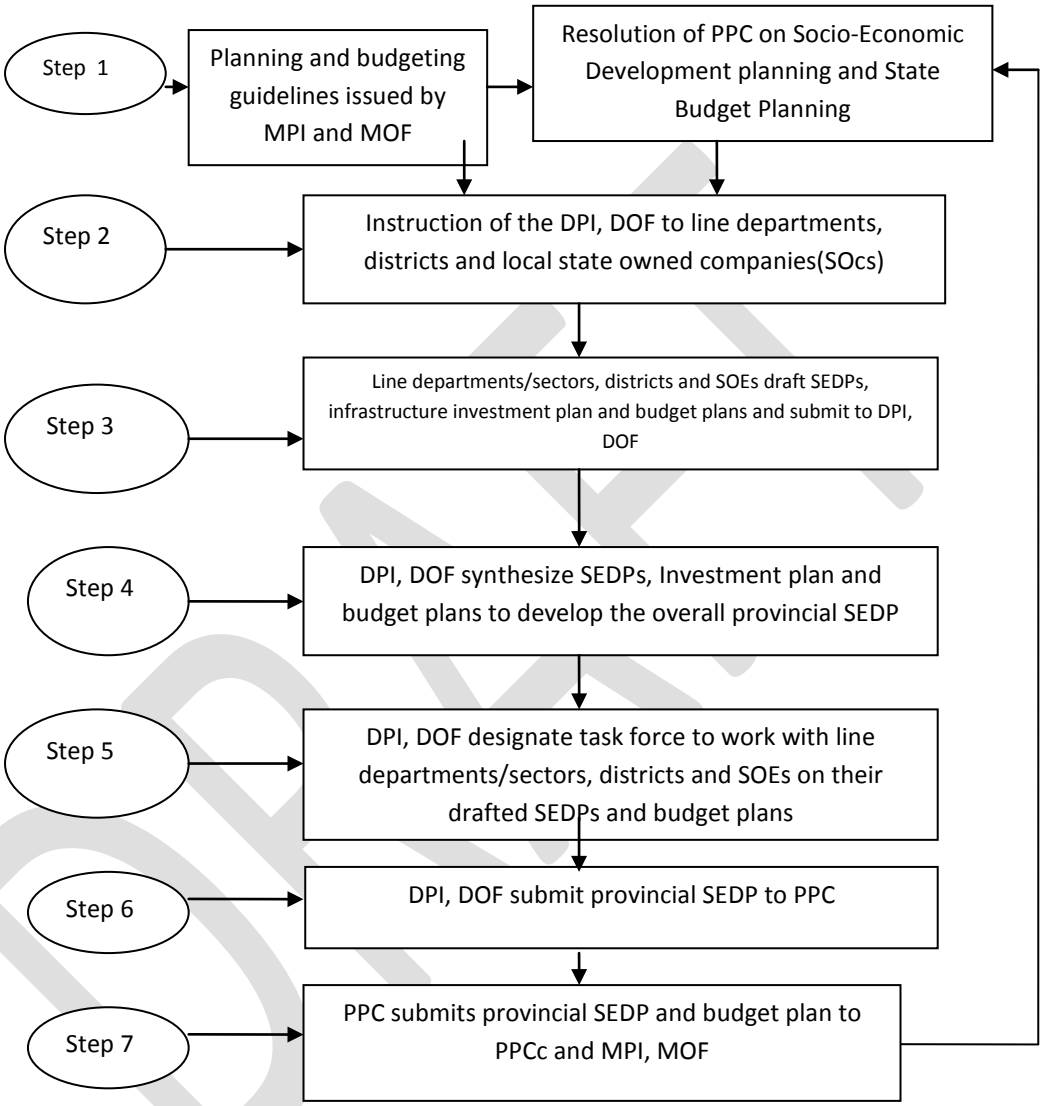
[116] During 2006-2010, the country has about 13 on going NTPs which are i) job creation; ii) poverty reduction, iii)clean water and hygienic environment; iv) prevention from social and others dangerous diseases, v) HIV/AIDS; vi) population, family planning; vii) ensuring food safety; viii) culture; ix) education and training; x) drug prevention xi) crime reduction; xii)using energy economically and efficiently; xiii) response to climate change

[117] All three NTPs have a similar relationship to REDD+ so far as they deal with i) the implementation focusing at local and grassroots levels in rural and ethnic minorities areas, ii) their implementation involving a large numbers of stakeholders including central and local public agencies, civil society and donor agencies and iii) one of them addressing in particular climate change issues (NTP CC).

[118] Chatham house, 2010: UN REDD Program, Monitoring Governance Safeguards in REDD+ Chatham House and UN REDD program Workshop, 24-25 May, 2010

Government carries out the seven step process in planning and budgeting through a period of about 6 months.

Figure 5: Current general planning, budgeting and decision making procedures in Viet Nam



Source*:* Le Viet Thai, paper at the Experience Sharing Workshop in SEDP formulation in Hoa Binh 01/03/2007.

The process starts with the planning and budgeting guidelines issued by the MPI and the MOF in July, and is usually completed in December of the same year, when the PPC approves the local SEDP (Figure 5).

Every July, MPI and MOF organize a planning conference to inform about development directions, plan contents, planning and budgeting methods, updated regulations and policies, as well as on international and domestic economic forecasts, which may influence the SEDP targeting and budgeting for the planning years. Subsequently, the Provincial People

Committee instructs line departments and sub-provincial levels (districts/communes) to develop their SEDPs and budget plans in accordance with the instruction of the planning conference. The Department of Planning and Investment (DPI) and the Department of Finance (DOF) then instruct line departments concerned districts and towns to develop their SEDPs and budget plans. The same process applies from the city/district to commune levels.

At each local level (including as the budget levels), spending units (the line provincial technical departments who are in charge of each sectoral area) draft their revenue forecast and expenditure plan in accordance with the instruction of planning and financial management agencies. Budget plans are sent to planning agencies (for the capital budget) and financial management agencies (for the revenue collection plan and recurrent expenditure budget- a process also noted as *Dual Budgeting*) at the same lev0.el to be combined and submitted to the People Committee and the People Council (PCc) of that level for review and approval.

Then, these plans are submitted to the supervising agencies in the same process. All this needs to be done within one month, i.e. by end August). At central level, MOF combines all development plans and budget plans from ministries, sectors and provinces to be submitted to the central Government. The National Assembly (NA) will make decisions on the overall state budget (usually in November) for central and provincial level budgeting. Based on the resolution made by the NA, the Prime Minister designates SEDPs and state budget plans to provinces. MPI and MOF issue instructional documents on their implementation. The DPI of the DOF advises the PPC, after SEDPs and budget plans are approved by PPCc, to assign SEDPs and budget plans to sectoral departments, district, and towns. The same process is applied from city/district to commune levels.

In principle, the current process provides room for introducing decentralized initiatives into the planning practice and for enhancing participation of communities and mass organizations in planning. However, existing weaknesses in the planning process limit the potential benefits of decentralization, public participation and integration of others National Target Programs, including REDD+ potentially.

The issues mentioned have been addressed by different donors and GOV. About 28 provinces of the country are currently piloting participatory planning and plan linked with budget projects by different donors including UNDP and WB. Since 2006, Viet Nam is also piloting, with support of the WB, the Midterm Expenditure Framework) (MTEF) in 4 ministries and provinces including MARD. The Department of National Economic Issues has the lead to develop a new planning decree, which is scheduled to be approved by the PM next year. The main objective of this decree is to increase the local participation and to link planning with budgeting. It is assumed that in the coming revision of the current budget law, a number of new issues together with the introduction of the MTEF will be addressed.

It is hoped that the mentioned constraints in the planning and budgeting process will be eliminated in the new decree. Given that context, the following actions are required to mainstream REDD+ into the SEDPs.

1.4. Policies and programs influencing land cover, Land-use and land titling

1.4.1. Programs in the forestry sector

1.4.1.1. The Five Million Hectares Reforestation (661) Program

The Program, implemented by Prime Minister's Decision No.661/QD - dated 29/7/1998, started on January 1st 1999, aims at reforestation under the three forest categories (special use

forests, protection forests and production forests). With an investment of 59,162 billion VND, between 1998 and 2005 1,13 million ha of forests were planted, and 2,3 million ha were contracted for protection,

Between 2006 and 2010, 2,5 million ha of special use and protection forests were allocated, 1.09 million ha were newly planted and 0,92 million ha were regenerated. Until 2015, one million ha of new forests are planned to be planted, with 0,125 million ha protection forests, 0, 875 million ha production forests, and 0,4 million ha regeneration and rehabilitation forests, in order to reach a forest cover of 42%. 200 million trees will be annually planted outside forests. 30-50% of the poor natural production forests (0,652 million ha) are to be improved through natural and artificial regeneration after timber harvesting. The enrichment planting of more than 2.5 million ha of poor natural forests and young Vietnam Forest and Forest Products Association forests is planned, including their replacement with new high-yield plantations.

1.4.1.2. Other forest-related programs

The Management of Shifting Cultivation Program: From 2005 to date, the Ministry of Agriculture and Rural Development has directed local authorities to review the area of forest land and shifting cultivation as a basis for the planning of sedentary cultivation of food crops for mountainous households. Currently, MARD is implementing a scheme which supports households in the mountainous areas to plant trees instead of practicing shifting cultivation to assist them in reverting to sustainable cultivation. This program includes the application of soil improvement measures together with the establishment of scattered plantations, industrial crops, fruit trees and fodder crops to create employment, increase income, and forest protection.

The National Program for Combating Desertification: Implementing the National Action Program to Combat Desertification for 2006-2010 and Prime Minister's Decision No 204/2006/QD-TTg dated 09/02/2006, MARD has undertaken the "Survey and assessment of current situation of desertification, causes of desertification and proposed solutions" and the "Development of a database on combating desertification". MARD also completed a project feasibility report on "Sustainable management of forest land in 9 coastal central provinces through natural forest management" under the" National Partnership Program for sustainable management of forest land – Phase I; and developed Combating Desertification Programs for the provinces Ninh Thuan and Binh Thuan, which integrated a financial strategy to implement anti-desertification measures and to respond to climate change.

The Capacity Building on Forest Fire Prevention Program: The Ministry of Agriculture and Rural Development is guiding the implementation of the scheme on capacity building for forest fire prevention which has been approved by the Prime Minister by Decision No. 02/QD-TTg dated 2/1/2007. The program focuses on the prevention of forest fires during dry seasons, professional training and legal advocacy for local people.

The Pilot Program on Community Forestry 2006-2007, funded by the *Trust Fund for Forests*, was implemented in 38 communes and 64 communities in 10 provinces. This Program was started in September 2006 and completed in September 2009. Main achievements of the program are the development of standard operating procedures as a basis for planning and organizing the management of community forests, training courses for local forest rangers and local people; the allocation of nearly 17,000 ha of forests, provision of resources for the establishment of a forest protection fund to 38 communes, and pilot activities implemented in late 2008.

The project on "Promotion of afforestation and greening of barren hills towards closing the entrance to natural forests", which started in 1996, has since 1997 suspended the exploitation of all protection forests, reduced the number of provinces allowed to exploit natural forests, and reduced the number of companies permitted to log natural forests.

1.4.2. Programs in the agricultural sector

The National Food Security Program focused in 2006-2009 on an increase of grain, and in particular rice cultivation (see Annex 1.2.1.).

The Perennial Industrial Crops Program aims at increasing the areas of rubber, cashew, fruit trees and others (see Annex 1.2.1.).

1.4.3. Programs in the fisheries sector

The Comprehensive Fishery Program aims at a rational exploitation of coastal areas and the promotion of offshore fishing. Fisheries production has increased from 1.987 million tons in 2005 to 2.2 million tons in 2009. By 2015, fisheries production is expected to reach 2.35 million tons.

Under **the Aquaculture Development Program**, the aquaculture production area increased from 0.976 million ha in 2006 to about 1.1 million ha in 2010. By 2015, the aquaculture area is expected to reach 1.12 million ha (of which 100 000 ha due to an increase of marine aquaculture). The aquaculture production will from 2010 -2015 increase by 40 % to 3.65 million tons.

1.4.4. Poverty reduction programs

The Program 134, based on Prime Minister's Decision No. 134/2004/QD-TTg dated 20/7/2004 aims with a budget of 4,482.55 billion VND at providing residential land, production land, housing and clean water for ethnic minorities and poor households. Between 2004 and 2010, 373,400 households have been supported; 1,552 ha of residential land were allocated to 71,713 households, 27,763 ha of production land were allocated to 83,563 households, and 198,702 households provided with water supply.

The Program 135 (Phase 2) was implemented based on Prime Minister's Decision 07/2006/QD-TTg dated 10/01/2006, with duration until 2010, and a total disbursement of 5,572 billion VND. More than 1 million households have benefited directly from the programme through provision of seedlings, materials and equipment; 212,000 households received technical training and guidance on how to do business.

The Program for rapid and sustainable reduction of poverty in 61 districts by Resolution No 30a/2008/NQ-CP dated 27/12/2008 is currently being implemented in 61 poor districts.

1.4.5. Other programs

The New Rural Development Program is implemented by MARD since 2007 in 15 villages in 14 provinces with different economic and cultural conditions. Currently, MARD prepares the implementation of the **National Target Program on New Rural Development** on national scale.

The Program on planning and re-organization of residents was implemented between 2003 and 2010, based on Prime Minister's Decision No. 190/2003/QD-TTg dated 16/9/2003.Between 2006 and 2008, with 3.957 million VND, the housing for 118,606 households was stabilized, including 57,725 households in areas with high risk of natural disasters; 14,637 households in particularly difficult areas, 8,578 households of free migration;

674 households in the area of special- use and protection forests; and 7,860 households in border areas.

Under the **Migration and Resettlement Program for Son La Hydropower Plant**, the provinces involved prepared detailed plans for resettlement zones and sites to resettle 20,804 households. By July 2009, 14,539 households have been moved from the hydropower site, and 10 641 households (71.8 %) were allocated 12,438 ha of production land area.

1.5. Policies and legislation impacting land cover and land-use

Viet Nam's overall policy direction for the forest sector, as framed by the Central Communist Party's Strategy for Industrialization and Modernizations, identified five clear objectives to be met by 2010[119]: (i) increasing overall forest coverage to 43 percent of the national land area; (ii) completing the allocation of forest land to households and other entities; (iii) promoting forestry-based livelihoods; (iv) protecting 10 million ha of natural forests through management contracts with smallholder households; and (v) accelerating the development of forest plantations. Subsequent Party resolutions have stressed the need to conserve watershed and coastal-protection forests[120]; and reform State Forest Enterprises (SFEs)[121]. All subsequent laws, decrees, policies and strategies pertaining to the forest sector have been guided by these decisions.

Since the early nineties the National Assembly has passed a number of laws with implications for the expansion of forests, and how forests are owned, managed and used in Viet Nam. Also, a number of laws for the agricultural and fisheries sector have been passed (Annex 1.4.2; 1.4.3; and 1.4.4) with direct implications for the forest cover, e.g. the planned expansion of rice cultivation, of perennial crops, and of aquaculture (which have an impact on mangrove forests).

Land use in Viet Nam, including for forests, is mainly regulated through the Land Law adopted in 1988 and modified in 1993, 2000, and 2003.

The role of forests as resources and assets on forest land are regulated by the 2004 Law on Forest Protection and Development.

The strategic changes to forestry policies and legislation implied also a move from State-owned forestry to people's forestry with participation of different economic actors, and from relying on an exploitation of natural resources to forest enrichment, protection, and development (including replanting).

Originally, forests in Viet Nam were owned and under the management and use of State forest entities (State forest enterprises, management boards of special use forests, protection forest management boards) and co-operatives (collective economy). Now, also households, individuals, and rural communities participate in forest ownership through the allocation and lease of forest and forest land. There exists also mixed forest ownership, e.g. through joint ventures, joint stock companies and forestry companies.

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[119] The 2001-2010 Strategy on accelerating Socialist-oriented industrialization and modernization, building infrastructure base to lead Viet Nam to be an industrial economy by 2020. Social Economic Development Orientation in 2001-2005; CPV IX Congress document 2001; Social Economic Development Orientation in 2006- 2010; CPV X Congress document 2006

[120] Environment Protection in the Period of Industrialization and Modernization (CPV, No.41-NQ/TW, November 15, 2004).

[121] Continue to Restructuring, Reform and Develop State Enterprises In Agriculture And Forestry Sector (Politburo of the CPV, Decision 28/NQ/TW, 16 June 2003).

The thus established nationwide forest owner system had also positive employment and income effects for the rural population.

According to MONRE, (Decision 20976/QD-BTNMT dated 29/10/2009), as of January 1st 2009, about 11.4 million ha of forest land were allocated to institutions, households, individuals, and rural communities for long-term use for forestry purposes (see also Annex 1.2.5.). 3.82 million ha of those were allocated to households and individuals (33.5%), and 2.97 million ha to other economic entities (26%). Currently, over 20 000 employees work in SFEs/forestry companies. 100 000 households or individuals are contracted for forest protection, assisted natural regeneration and afforestation by SoCs and management boards of protection forests and special use forests.

However, although ownership and forest use rights for forests and forest land in general has changed in recent years, state institutions are still major forest owners.

Forest ownership and forest use rights are differentiated as follows (see also Annex 1.3.3).

a.) Forest ownership and forest use rights of special-use forest management boards, management boards of protection forests, armed units and other State organizations. If forests and forest land are allocated to specific entities, communal People's Committees are on behalf of the State responsible for their management.

b.) The ownership and use rights of forests and forest land of households and individuals established through the allocation of forests and forest land for long-term forestry use.

c.) The ownership and forest use rights of communities based on their traditional forest use, or established through allocation of forests and forest land for long-term sustainable forestry use.

According to the Ministry of Agriculture and Rural Development (Decision 2140/QD-BNN-TCLN dated 9/8/2010), until 31/12/2009, of the 13.2 million ha of forests (natural and planted forest), state institutions owned 8.65 million ha, which accounted for 66%. Of these, economic organizations owned 2.04 million ha (15.6%); the protection forest management boards 2.31 million ha (17, 6%), and the special use forest management boards 1.99 million ha (15.2%). About 2.31 million ha (17.6%) may still be allocated to specific management entities and the Communal People's Committees. 4.47 million ha (34%) were under the ownership and/or forest use rights of the non-state sector. 3,28 million ha (25%) of these belonged to households and individuals.

In the coming years, Viet Nam will continue to promote policies to allocate forests and forest to various non-state economic entities (households, individuals, and communities). Thus forests and forest land under state ownership will decrease, and that of the non-state sector will increase.

The forest and forest land allocation policy and other support policies have provided people with land for a long-term and stable use, and with work in the management, protection and development of their forests. These policies will also facilitate the more efficient use of barren land and the protection and development of the forest resources.

The provision of long-term use rights has set free the creativity of millions of rural people in mountainous areas and enhanced their economic autonomy, and thus improved people's income and the economic development of communities.

According to research findings, the annual income from forestry in some mountainous provinces accounts for 15-20% of the total household income. In rich forest areas, the annual income from forestry accounts even for 30-40% of the total household income. Some households have built forest farms on their allocated forest land. In some cases, where the

allocation of long term forest land use rights has been accompanied by technical support, people's participation in forest improvement has contributed to the supply of timber products to industry in the region. As a result, forests are better protected, and illegal acts in forests may be reduced.

With the re-arrangement and reform of State forest enterprises, nearly 2 million hectares of forests and forest land have been transferred to local entities. This also contributed to resolving difficulties on land shortage for mountainous communities.

In 1991, 412 forest enterprises managed 6.23 million ha of forests and forest land, accounting for 18.7% of the natural forest area. By 2002, the number of State forest enterprises had decreased to 368, managing about 5 million hectares of forests and forest land (15.2% of the natural forests). By 2009, the number of State forest enterprises (now called State owned forest companies) had further decreased to 219 with 2.3 million ha of forests and forest land. The three re-organization processes between 1990 and 2009 had thus resulted in the transfer of 2.8 million ha of forests and forest land from State forest enterprises to local authorities, and of about 1,14 million ha to protection and special use forest management boards.

1.6. Policies and legislation on climate change mitigation and adaptation and fund management

Viet Nam has signed or acceded to the UN Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol[122]. The National Strategy on Prevention and Mitigation of natural disasters by 2020 was with Decision No. 172/2007/QD-TTg approved by Prime Minister on 16. 11. 2007. In June 2009, MONRE published the *Scenario for Climate Change and Sea Level Rise for Viet Nam*. This Scenario will be the initial orientation to the ministries, sectors and local authorities to assess the possible impacts of climate change on the socio- economic development and to develop and implement action plans to adapt to and mitigate potential impacts of climate change.

Subsequently, comprehensive legislations and regulations related to climate change mitigation, adaptation and related fund management had been issued, mainly through the central agencies (Table 2). The Prime Minister had issued Directives, a decision on the organization and finance, and a financial plan for the KP implementation. A special decision had been issued to regulate CDM investment projects.

On December 2nd 2008, the Prime Minister approved the National Target Program to Respond to Climate Change with Decision No. 158/QD-TTg., to be implemented by MONRE, as the focal point for UNFCCC, KP and the CDM. The objective of the program is to assess the impacts of climate change for industry, the economic sector and the provinces of Viet Nam, and to provide practical action plans for an effective response to climate change both on the short and on the long term. It includes the use of opportunities for an economic development towards low carbon use, effective use of energy, replacement of fossil fuels with renewables, and the development of green industries. The development of appropriate responses to climate change impacts, particularly to sea level rise, is considered an important task and crucial to achieve long term social and economic development.

At the ministerial and interministerial level, MONRE had issued different regulations and decision regarding the implementation of the UNFCC and the KP, and other related issues. As climate change is a cross cutting issue, the horizontal and vertical interaction and coordination

[122] Vietnam signed the UNFCCC on June 11, 1992 and ratified it on November 16, 1994; Viet Nam signed the Kyoto Protocol (KP) on December 03, 1998 and ratified it on September 25, 2002.

between line agencies and different administrative levels (central and local) need still to be worked out. To achieve that, different interministerial circulars provide guidance on the implementation of actions related to climate change.
An example is the Joint Circular on instructions for the NTP's budget management mechanism, recently issued by MONRE, MOF and MPI. A number of existing regulations are in process of revision and related new regulations are in process of preparation.

The *Scenario of Climate Change and Sea level rise for Vietnam* provides a basis and orientations for ministries, sectors and local authorities to assess climate change impacts and to develop and implement their action plans on climate change adaptation and mitigation.
The National Steering Committee for implementing the UNFCC and KP had been established with participation of about 14 ministries and 18 members. However, table 3 shows that some additional central agencies should also participate when discussing REDD, for example the Committee of Ethnic Minorities (CEMA).
Most regulations have been prepared for the period of 2007 -2010 and mainly operate at central, but not yet at local levels, except for donor-supported pilot projects in some provinces. Also, the legislation governing financing and fund management is considered to be very weak. Therefore, climate change related legislation and regulations require revision and updating, and local implementation needs to be regulated, in particular for REDD+ implementation.

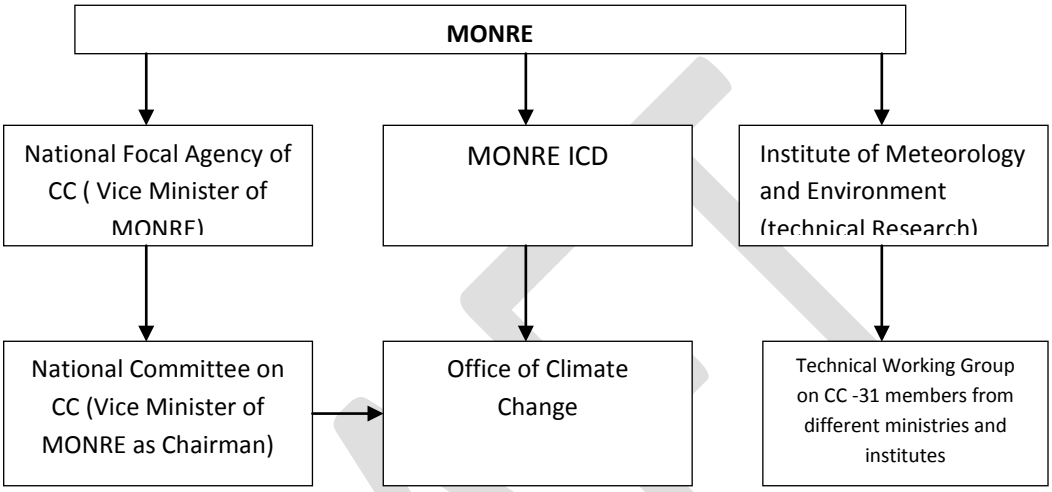
Table 2: Legislation related to climate change mitigation and adaptation and fund management

Authorities and date of issued legislation	***Name and main content of the legislation***
Prime Minister and Government	
PM directive No 35/2005/CT-TTg, 17.10.2005	on organization and financing to implement the Kyoto Protocol under the UNFCCC;
PM decision No 130/2007/QĐ-TTg dated August 02, 2007	Mechanism and policies of CDM investment projects
PM decision No 47/2007/QĐ-TTg, dated April 6, 2007	The action plan on financing and policies for implementating the KP under UNFCC in the period 2007-2010;
PM decision 158, December 12, 2008	Approval of the National Target Program to Respond to Climate Change (NTP-CC)
Government resolution No 60/2007/NQ-CP	Assigned MONRE to take lead in developing the National Target Program to Respond to Climate Change
Ministerial and Inter-ministerial legislation	
MONRE- Circular No 10/2006/TT-BTNMT, dated by December 12, 2006	For the development of CDM projects under the KP framework
Decision on. 1016/QD-BTNMT dated of 04/7/2007	On the establishment of the National Steering Committee NSC for actions under the UNFCCC and KP
MONRE and MOF- Circular No. 58/2008/TTLT-BTC-BTNMT, dated July 4, 2008	On instruction of activities implementing some articles under Decision No.130
MONRE,MOF and MPI Joint circular No. 07/2010/TTLT - BTNMT - BTC - BKHĐT	On instruction of management and use of budget resources for implementing the NTPs

dated March 15, 2010	RCC during 2009 - 2015.

In 2006, the International Support Group of Environment (of MONRE) had established a working group on climate change as a forum of dialogue and coordination to strengthen measures on Climate change mitigation.

Figure 6: Governance Structure on Climate Change[123]



At the UNFCCC- COP 15 in Copenhagen, Vietnam proposed that the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol continue to be the basic legal foundations for the international community to take actions in response to climate change. However, the Kyoto Protocol should be supplemented and amended to add new rules for countries with high emissions of greenhouse gases. Countries most vulnerable to climate change, particularly to sea level rise, including Viet Nam, should receive special financial support and technology transfer, from countries with high levels of emissions, to improve their capacity to respond to climate change.

In its resolution on the Viet Nam Socio-economic Development Plan 2010-2020, in January 2011, the XI Congress of the Communist Party of Viet Nam called for a proactive and efficient response to the impacts of climate change, in particular to sea level rise, and for an incorporation of climate change adaptation and mitigation measures into the efforts towards sustainable development of urban and rural areas[124].

[123] Chaudhry, P. and Ruysschaert,G., 2007: Climate Change and Human Resources in Viet Nam,

[124] CPV XI, 2011.

Table 3[125]: Members of NSC on implementing UNFCCC and KP[126]

General Ministries	Technical Ministries
Ministry of Planning and Investment (MPI)	Ministry of Natural Resources and Environment (MONRE)
Ministry of Finance (MOF)	Ministry of Training and Education (MOTE)
Ministry of Foreign Affairs	Ministry of Construction (MOC)
Ministry of Labor and Social Affairs	Ministry of Transportation (MOT)
	Ministry of Industry and Trade (MOIT)
	Ministry of Technology and Science (MOTS)
	Ministry of Culture and Sport and Tourism (MOCST)

1.7. Participation, benefit sharing and involvement of rural population

Currently live about 25 million people in and near forest areas, about 8 million of which belong to ethnic minorities. Lives of the poor in remote areas mainly depend on the source of goods and environmental services from natural forests. The participation and sharing of benefits from forests for the rural population, particularly in mountainous areas, has been encouraged in the Vietnamese legislation since the early 1990s, such as land and forest allocation policies; forest and forest land contract policies, forest benefits policy etc. The impacts of these policies and programs are described in Annexes 1.2.5., 1.4, and 1.5.

REDD (subsequently REDD+) started with the idea to make performance – based payments, that is, to pay forest owners and users, for measures which reduce emissions and increase removals[127]- basically to pay the opportunity costs for not deforesting or degrading the forests. Such payments for environmental services (PES) provide incentives directly to forest owners and users to better manage their forests, to reduce forest clearing for alternative land uses, and to stop encroachment.

However, who would receive these PES? Who are the carbon rights holders? Land tenure and carbon rights must be clearly defined.

Upon request of the Vietnamese Government, UNREDD undertook in 2010 a study: *Design of a REDD-compliant Benefit Distribution System for Viet Nam[128],* which identified the design of a transparent and equitable Distribution System for Benefits under REDD+. The present chapter builds upon the results of this study.

1.7.1. Land Rights

As carbon rights are by default deemed to be attached to land, the question of land rights arises as a prerequisite to the definition of carbon rights. Unclear land rights, and uncertainty surrounding land titles, are held as "the single most significant impediment to effective

[125] The list of central ministries has been revised according to the restructuring of government agencies during the past five years.

[126] MONRE decision No 743/QD-BTNMT, dated 20.4.09

[127] Angelsen, A. ed., 2009: Realising REDD +: National Strategy and Policy Options; Bogor,:xii.

[128] UNREDD, 2010: Design of a REDD-compliant Benefit Distribution System for Viet Nam

preconditions for a REDD Scheme"[129]), caused by competing interests and conflicts over land and tenure rights that constitute an investment risk[130]. Of critical importance to the entitlement to benefits is the legal framework for land use /spatial planning, forest classification and national models of land and forest ownership. This is defined in Viet Nam by the Land Law 2003 (Annex 1.3., 1.5.).

According to the Constitution of the Socialist Republic of Viet Nam (revised 1992, article 18), all land and forest resources are under the ownership of the people. On behalf of the people, the State entrusts the management of land to land users. According to the Law on forest protection and development (2004), on behalf of the people, the State manages forest resources and legally entrusts the management of forest to specific groups (forest owner). At present, eight different groups are recognized, namely:

1. State-owned companies (SOCs), formerly known as state forest enterprises (SFEs);

2. Individual households;

3. Management boards for Protection Forest (PFMBs);

4. Management boards for SUF (PAMBs);

5. People's committees (PCs), mostly at the commune level (CPCs);

6. Village communities;

7. Joint venture entreprises;

8. Army units.

The first five of these groups account for well over 90% of all forest areas. In terms of tenure arrangements, SOCs, and households are allocated forest for long-term management (typically 50 years) and are entitled to land use certificates that legalize their control.

Ethnic minorities are not specifically mentioned, and their entitlement to REDD+ benefits presents therefore a particular problem. They do not hold registered title and enforceable rights over the land they manage. Spatial planning often fails to account for customary land and tenure rights[131], and when customary rights are recognized de jure, this does not always mean that their de facto rights are upheld[132].

Village Communities are classified as one type of forest owner; however, the civil code does not recognize the legal status of the community, which may inhibit their access to REDD+ benefits as they are not a recognized 'entity' in law.

In 2006, the Department of Forestry introduced the Community Forest Pilot Program (CFM), which should be broadened to include elements of REDD + and be linked with the National REDD +Program. To achieve this, clear guidelines and a comprehensive approach for integrating aspects of CFM into land use planning, forestland allocation, benefit sharing arrangements and forest management plans need to be introduced. Given the conflicts which

[129] Covington and Baker Mc Kenzie, 2009:Background Analysis of REDD Regulatory Frameworks, New York, UNREDD.

[130] White,A., and Martin,A. 2002:Who owns the World's Forests? Forest tenure and Public Forests in Transition. Washington,D.C.

[131] idem

[132] UNREDD, 2010: UNREDD Viet Nam Program Phase II: Operationalising REDD+ in Viet Nam, Hanoi.

often accompany issues around land allocation and use rights, it is critical that there is an appropriate independent body to resolve land conflicts and disputes.

1.7.2. Forest use rights and carbon rights

Providing forest use rights to households or communities will provide incentives for them to conserve the forests in their area (see also Annex 1.3.3.). REDD+ will only work if forest-using communities have real and reliable incentives to conserve forests. Ensuring forest use rights to local groups must therefore be an element of the National REDD+ Strategy. However, the relationship between forest use rights and carbon rights still requires clarification.

As mentioned above, and in conformance with the Constitution, the State allocates land and forest resources to organizations and individuals for "stable long-term use". The 2003 Land Law says that "*The State shall grant land use rights to land users via the allocation of land, lease of land, and recognition of land use rights for persons currently using the land stably*" (article 5, see also Annex 1.3.3.).

The resulting *Forest Land Allocation Programs,* however*,* have tended to be hampered by a lack of funding and the overlapping mandates of MONRE, which oversees land allocation, and MARD, which is in charge of forest land[133]. Coordination and execution between MARD and MONRE on land and forest area allocation needs therefore to be strengthened, as well as more support and investment provided to enable local communities to better understand how to benefit from forest use rights.

By 2006, only 55 % of land classified as forest land had been allocated to households based on land use rights certificates, as compared to 81 % of all agricultural land.

The 2004 Forest Protection and Development Law recognizes the principle of buyers purchasing forest goods and services with payments delivered to those who protect and regenerate the forests to reduce deforestation and degradation. Decision 178/2001/QD-TTg (November 12, 2001) specifies the ways in which land can be allocated, leased, or contracted to households and individuals to manage or protect forest and the payments that they can receive for these services. While the FPD Law and Decisions 178/2001 99/2010/ND-CP **theoretically allocate reduced carbon emissions and related payments to individual households and communities,** the 2005 Law on Environmental Protection states that the "transfer, buying, and selling of greenhouse gas emissions quotas between Viet Nam and foreign countries shall be stipulated by the Prime Minister" (Article 84). In other words, while individuals and organizations may have the right to benefit from carbon emission reduction credits, transactions with international buyers (as is envisaged under a REDD+ regime) would require approval by the Prime Minister. Beneficiaries cannot have direct contractual relations with foreign entities, implying that sub-national implementation would be legally problematic for Viet Nam.

1.7.3. REDD+ Benefit Distribution System

A REDD+ compliant Benefit Distribution System (BDS) is a crucial element of REDD+. BDS describes a system which addresses the principles and meets the expectations of the international community in terms of equity, transparency; additionality and performance, while managing REDD revenues in an effective and efficient manner. It will be critical how such

[133] UNREDD, 2010: UNREDD Viet Nam Program Phase II: Operationalising REDD+ in Viet Nam, Hanoi.

a Benefit Distribution System (BDS) is designed and works. UNREDD has recently published a study which describes a REDD – compliant BDS for Viet Nam.[134].

A best practice national legal framework for a REDD+ BDS is defined as one that provides for clear, consistent and enforceable rules (rights, obligations and responsibilities) and processes to enable equitable, effective and efficient (the 3 E criteria) distribution of REDD+ benefits.

Equitable entitlements to REDD+ revenues, whether they are granted to individuals, households, communities, or some other entity, and irrespective of the form they may take (cash or in-kind benefits), will need to be secure. This will require formalization of the rights and responsibilities attached to these benefits as legal agreements or contracts.

Since forest contractors are not recognized as forest owners, their entitlement to REDD+ benefits may be compromised. The legal status of such forest contractors is unclear. Contract duration can vary, from one to many years. Long term contractors will have the opportunities during the contract period to invest in carbon stock management, but their rights to benefits are unclear.

A lack of legal status of the different REDD+ partners on the ground risks impeding the entitlement to benefits.

The scope for securing revenue from carbon conservation depends on the forest type.

Special Use Forest (SUF), which comprises all of Viet Nam's protected areas, is under exclusive government control. There are no legal provisions for community or household participation in SUF management. Consequently, to the extent that SUFs meet the additionality criterion under REDD+, it would only be the Protected Area Management Boards (PAMBs) which are eligible to receive REDD+ revenues generated by SUFs.

On the other hand, protection and production forest can be allocated to households, communities, or State - owned Companies (SOCs). Household and communities holding entitlements ("Red Books") to such forests would therefore be eligible to receive REDD+ revenues. However, the SOCs are government - owned and, by law, all forest management operations are paid for by government, so if they were eligible to receive REDD+ income, their subsidy would be reduced by the same amount.

The government has issued several legal documents regulating benefit sharing from forests. These include Decision 178; Inter-ministerial Circular 80/2003/TTLT/BNN-BTC (September 3, 2003) by MARD and MoF on the implementation of Decision 178; Decision 661/1998/QD-TTg (July 29, 1998) on the 5 Million Hectare Reforestation Programme; Decision 100/2007/QD-TTg (July 6, 2007) amending some articles of Decision 661; and Decision 147/2007/QD-TTg (September 10, 2007) on the development of production forest.

These decisions mainly deal with public-funded projects, and with forest products including timber, fuelwood, non-timber forest products (NTFPs), agricultural products, and tourism services. Carbon, as a new commodity, is not referred to. Decisions governing benefit sharing have also been issued for specific projects funded by the WFP, WB, JBIC, and the ADB-funded FLITCH project. Decision 166/2007/QD-TTg (October 30, 2007) on FLITCH benefit sharing states, for example, that households should receive US$7/ha/year for forest protection,

[134] UNREDD,2010: Design of a REDD- compliant Benefit Distribution System for Viet Nam, Hanoi.

US$15/ha/year for forest regeneration, and US$500/ha/year for plantations. Again none of these decisions address carbon.

Decision No. 390/QD-TTg dated 04/10/2008 issued by the Prime Minister on Policy on Payments for Forest Environmental Services has been piloted in the two provinces Lam Dong and Son La over since 2008. On September 24, 2010, Government issued Decree No. 99/2010/ND-CP on Payments for Forest Environmental Services which will become effective on January 1, 2011. The Decree establishes payments for forest environmental services that include water supply; landscape beauty and soil conservation. The decision defines income from these services as non-state budget. Carbon sequestration will be regulated by the Decision of the Prime Minister in the coming year. Government only retains revenues sufficient to cover transaction costs.

The decree specifies payments for the use of forest environmental services as follows: hydropower facilities pay 20 dong/1kwh of the electricity generated, and for clean water production and supply 40 dong/m^3 of water supplied are paid. Organizations and individuals running travel services and benefiting from forest environmental services shall pay to use this service by 1% to 2% of their revenue in a certain period of time. Subjects, payment scale, and payment methods for forest carbon storage and for reduction of emissions from deforestation and forest degradation shall be defined in another legal document by the Prime Minister in the near future. The proceeds generated under Decree 99/2010, will be allotted to the Forest Protection and Development Fund (Annex 1.3.6.) Payments for forest environmental services shall be transferred and managed by the Forest Protection and Development Fund at national and provincial levels. The legal framework for the Forest Protection and Development Fund at provincial level shall regulate payments to beneficiaries. The major beneficiaries are forest owners contractors with State forest owners. Since local conditions vary, the forest owners applying forest management have different characteristics. The value creation for environmental services from forests also differs. To ensure fairness in the payment of services, the Decree has defined the basis for determination of a “K Coefficient”, and has assigned the provincial People's Committee to identify the specific K factor applied to their locality.

1.8. Forest Law Enforcement, Governance and Trade (FLEGT)

The main cause for forest degradation is unsustainable logging, either as the result of legal logging applying poor management and harvesting practices, or as the result of illegal timber harvesting. The latter can be caused by logging companies as well as by rural households and /or communities.

Considering the role of illegal forestry acts for forest degradation, and to a lesser extent for deforestation, it is paramount that the REDD+ Strategy is linked with Forest Law Enforcement, Governance and Trade (FLEGT) approaches.

Illegal practices are considered an important driver for the loss of forests in Viet Nam. According to recent statistics in 2009 there were 25,817 violations of state regulations (with 48,605m^3 of timber of all types confiscated) in respect to illegal logging, timber and forest products trade.[135] However, due to a lack of monitoring, poor case handling and incentives which discourage local authorities to provide accurate and complete reports, it is likely that

[135] MARD, 2010: Forest Sector Development Report prepared for the FSSP Annual Review meeting on February 2nd, 2010

considerably more violations go undetected and unreported.[136]. Some forest crimes are committed by local households driven by poverty and desperation, while much is driven and controlled by criminal gangs and networks.

Viet Nam has become a major furniture exporter with wood products Viet Nam's fifth largest export earner (see Annex 1.2.1.).[137] This development has driven the demand for tropical hardwoods, both from inside as well as from outside the country. *Already beset by problems of inefficiency, low productivity and an unsupportive financial environment, the industry now faces demands for assurances of the legality and sustainability of its raw material supply*[138], if they want to export to the US or Europe. Failure to give such assurances will mean lost market access and share. With stricter requirements to show proof of legal provenance (e.g. national public procurement policies, the *US Lacey Act*, the *EU FLEG-T* initiative, and the new EU *Due Diligence Regulation*) there is a growing need for Viet Nam to stamp out the use of timber from illegal sources, if it wants to continue and increase its exports of wood-based products to European and US markets[139]. At present, Viet Nam's wood processing industry imports the bulk of its timber from Malaysia, Indonesia, Cameroon, RDC and Papua New Guinea[140]. Even with the planned ambitious replanting program it will still have to rely for quite some time on timber imports. A recent study[141] revealed that although about half of the stakeholders interviewed had not heard of FLEGT as yet, 95%, many of them organized in the Vietnam Forest and Forest Products Association (VIFORES), agreed that MARD should take up efforts to discuss and communicate FLEGT issues.

The Government has made considerable efforts to introduce new legislation to tackle the problem, such as the *Law on Forest Protection and Development*, revised 2004. However, the legal framework continues to be insufficient. The deficiencies were clearly highlighted elsewhere: '*the legal framework is still ambiguous, over-complex and contains loopholes that enable criminals to make easy financial gains with little risk of legal sanction. Prosecutions are minimal and fines for forest crimes are extremely low in relation to gains that can accrue'.*[142] One such loophole is the current legal constraints to inspecting sawmills and wood processors for the use of illegal timber; another is that proof of legal provenance is not required for imports of species other than those listed under CITES. This leads to a situation where wood imports are deemed legal even though they may have been illegally exported from elsewhere, also from countries with log and sawn wood export bans (in particular from Laos and Cambodia).[143] This is underpinned by the absence of a standard definition and verification system for legal wood, sourced nationally or internationally. Under any REDD+ scheme possible leakage will need to be taken into account. If forest protection simply leads to the

[136] World Bank, 2010: Viet Nam – Forest Law Enforcement and Governance, World Bank Rural Development, Natural Resources and Environment Department East Asia and Pacific Region April 2009 -DRAFT

[137] The Forest Carbon Partnership Facility (FCPF) Readiness Plan Idea Note (R-PIN) for Viet Nam

[138] Le Khac Coi and Nguyen Ton Quyen, 2009: National FLEGT Stakeholder Analysis for Vietnam, VIFORES, IUCN and WWF Global Forest & Trade Network, Hanoi.

[139] Proforest, 2009: Joint FLEGT –Vietnam Scoping study, Oxford.

[140] idem

[141] Le Khac Coi and Nguyen Ton Quyen, 2009: National FLEGT Stakeholder Analysis for Vietnam, VIFORES, IUCN and WWF Global Forest & Trade Network, Hanoi.

[142] World Bank, 2010: Viet Nam – Forest Law Enforcement and Governance, World Bank Rural Development, Natural Resources and Environment Department East Asia and Pacific Region April 2009 -DRAFT

[143] idem

displacement of forest conversion or forest degradation into other countries supplying Viet Nam with timber, then this will impact on the amount of credits Viet Nam is entitled to.

The current enforcement strategy focuses on catching perpetrators violating forest laws in the proximity of the forest or subsequent transportation of the illegal timber. Such a strategy is highly resource intensive requiring a large number of forest guards. Their low wages and remote locations make them particularly vulnerable to bribes, a problem which is abound in many countries[144]. This strategy entails high costs and has low impact, mainly affecting the local households dependent on the forest for their livelihood and/or the foot soldiers for organised gangs, often poor households, hired to extract the timber. Those who benefit most from forest crime, businessmen and local officials, often go unpunished. The establishment of the Forest Protection Department Task Team will go some way in tackling this.

For effective enforcement there needs to be close collaboration of the Forest Protection Department with other agencies. Recognising the need for inter agency co-ordination various directives (most notably the Prime Minister's *Directive 08/2006/CT-TTg*) have been introduced. Even with these efforts there continue to be obstacles to improving inter-agency co-operation, most notably a lack of financing, conflicting legislation, policies or guidelines and a lack of human, physical or financial resources.[145]

Apart of the mentioned drivers for illegal logging there are also more general factors within the forestry sector leading to unsustainable wood extraction. These include some of the current forest policies and programs. Examples include the forest land classification process which opens up possibilities for the unnecessary removal of natural forested areas, the current logging ban in some Provinces' and the setting of the harvesting quota system at such low levels it encourages the illegal extraction of timber. This harvesting quota system needs to be replaced with a system to maximise the amount of timber which can sustainably be procured.[146]

Another key issue is the current administration of the forest sector. It has to be ensured that those involved in implementing activities, e.g. under the *661 Program,* are different to those monitoring it.

To address illegal acts by households and communities, it is paramount to involve the latter in any FLEGT activities. The ongoing process of decentralization has the potential to bring greater benefits to the local communities. However, unless this process is carried out in a participatory manner it can further marginalise the poor while empowering the local elites, and fostering illegal forest acts.[147]

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144 Tacconi, L.,Downs,F, and Larmour,P.,2009: Anto-corruption policies in the forest sector and REDD+. In:Realising REDD+. National Strategy and Policy Options. CIFOR, Bogor.

145 World Bank, 2010: Viet Nam – Forest Law Enforcement and Governance, World Bank Rural Development, Natural Resources and Environment Department East Asia and Pacific Region April 2009 -DRAFT

146 idem

147 Holland, T, Diem, D and Hung, T.M., 2009: Monitoring forest governance in Viet Nam: Scoping study and recommendations for developing an indicator set, Hanoi

1.9. Forestry sector taxes, public and private financing

1.9.1. Forestry sector taxes

The taxes in the forestry sector include the:

- Annual tax revenues (stable revenue) levy on land use activities.
- Agricultural land use tax, which is collected annually from individuals and organizations using land for agricultural purposes, including forest land. The tax rate is 4% of the total productivity value. Since 2005 a tax exemption and reduction policy has been applied for agricultural land, including forest land.
- Land lease, which is collected annually from organizations and individuals that have leased forest land for production. The tax rate is 0.5% of the land price, depending on the type of land-use (excepted are some cases with lower land leases).
- Resources tax levied on natural forest products. The tax rate for timber lies between 10 and 35%, depending on the timber category; that for bamboo between 10 and 15%; that for firewood at 1-5%.
- Income tax from transfer of land-use levied on organizations, households and individuals who transfer their land-use rights to others. For households and individuals, the law of land-use right transfer tax, calculated on the total value of the land-use right transfer, runs up to 2% for agricultural land, including forest land. This tax is levied only once when land use rights are transferred.

1.9.2. Public and private financing

Table 4 and figure 7 show the structure and trend of forestry sector financing during 2001-2005 and 2008-2010. State investment accounted for the major share of the investment, following by ODA (ODA financing includes donors and NGOs). Both together accounted for more than 55%-75% of overall investment. The remainder with around 45-24 % stems from FDI, credits/loans, private sector and households.

While public financing (State and ODA) has during 2008-2010 has increased to almost 20% in comparison to 2001-2005, non-public sector financing decreased by the same percentage.

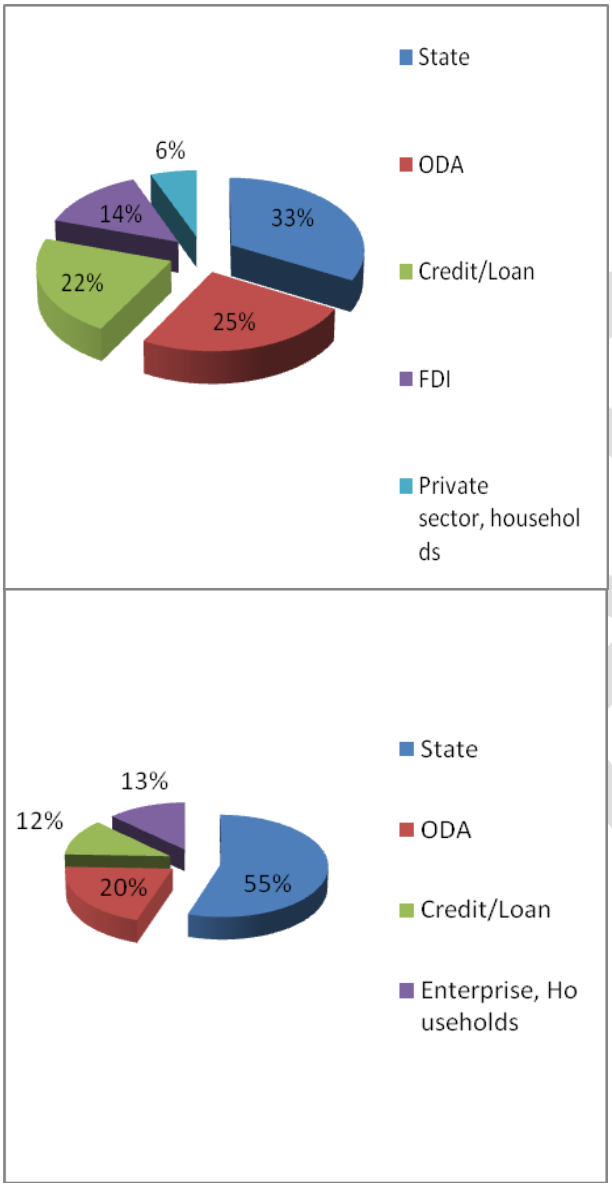
The State budget is mainly used to finance the development of protection and special use forests, seedling supply and infrastructure development in the forestry sector. State investment covers also the investment from the provinces/local budget, as well as the revenue from the forest.

Table 4: Structure of Forestry Sector Investment 2001-2010

	2001-2005	2008-2010
Total Investment (Bill. $ US)	1	1
Distribution in %		
State	33	55
ODA	25	20,6
Credit/Loan	22	11.7
FDI	14	12.7
Private sector, households	6	

During the same period, about 20-25% of the investment results from bi- and multilateral, and NGO financing. The main bi- and multilateral donors are Finland, Sweden, Norway, Netherlands, Australia, Germany (through GTZ and KfW), Japan (through, JICA / JBIC), WB, ADB, United Nations, FAO, and the EU. NGOs have supported Viet Nam mostly at province, district and commune levels.

Figure 7: Structure of Forestry Sector Financing for 2001-2005 and 2008-2010



Source: Ministry of Agriculture and Rural Development, 2010

Forestry sector investment is currently mainly made through programs and projects. State financing falls under the provisions of Prime Minister's Decision No. 100/2007/QD-TTg on 6/7/2007 and No. 147/2007/QD-TTg dated 10/9/2007.

Donors and NGOs implement their forestry investment through separate and independent projects; each project has its own management board (Government Decree No 131/2006/ND-CP dated 9 / 6 / 2006 on management and use of official development assistance). In 2010, ODA has contributed 44 million $US to the forestry sector. However, ODA has decreased from

68 million $US in 2008, and is expected to only reach about 20 million $US in 2012.[148] International funding focuses on the following areas: (a)-sustainable forest management; (2)-promotion of forest certification; (3)-biodiversity conservation; (4) capacity building and implementation of REDD and forest environmental services. The latter will help the forestry sector to receive continued support from international organizations for the protection and sustainable management of forests, as well as for climate change mitigation and poverty reduction.

According to the Forestry Development Strategy for 2006-2020, Government will still play major role in financing and management (table 5), particularly for SUF and Protection Forests, while other stakeholders, including the private sector, communities and individuals will play major roles in production forests.

With the serious national budget constraints, and the shortcomings of current forestry administration, the reducing trend in ODA financing for the forestry sector, the mentioned strategy of forestry sector financing (table 4) needs to be rethought. The suggested mobilization of non-public investment, in particular for special use forests would improve the sector coverage.

Table 5: Structure of Forestry Sector Financing according to the FSD, 2006-2020 (%)

	State Finance	SOCs, Individuals, communities, Cooperatives, including Private sector
Special Use Forest	85	15
Protection Forest with National Importance and Large scale	70	30
Production Planted Forest and Natural Forest	25	75

Source: Forestry Development Strategy, 2006-2010

1.10. Requirements for a REDD+-enabling legal framework

A stable national forest area of 16.24 million ha (47% forest cover) by 2020 should be established by law, including special-use forests: 2.16 million ha, protection forests: 5.68 hectares and production forests: 8.4 million ha.

1.10.1. Forest and forest land allocation to communities

The Land-use and forest policies should be amended and supplemented towards further empowering land use and forest use rights to the holders of land and forest owners of all economic sectors, in which State institutions should mainly focus on long term management and use of special-use forests and protection forests (concentrated protection forests and watersheds). Some natural production forest and remaining forest areas should be allocated or leased to different economic sectors for long-term sustainable forest management, giving special priority to households, individuals, and village communities.

[148] MARD 2010

The legal basis for allocation or lease of special use forests for various non-state actors such as communities, especially for ecotourism and recreation activities should be developed and tested.

Land-use and forest-use rights should be institutionalized (the right to transfer, lease, inherit, mortgage or contribute capital with the land-use rights and forest use rights), to facilitate people, who are allocated forests and forest land, to exercise their rights in production and business activities in line with the requirements of the commodity economy; and as a source of capital for forestry development.

The policy on allocation and contract for protection of special use forests and protection forests should be amended and supplemented to permit direct benefits from forest and other incomes, including revenues from forest environmental services to gradually replace contracting with money from the State budget.

Land under traditional agriculture should be reviewed and included in land use planning.

Traditional land-use rights of the people and local communities living in and near forests should be ensured and recognized, specifically:

A forest area of 250000 ha, traditionally managed by local communities, is associated with faith, religion, customs, water conservation and supply of wood for ethnic minorities. Forest ownership and forest use rights have not yet been legally regulated, but in fact are moderated in an unofficial way by traditional village regulations and customs. Government needs to legalize these forests and forest land areas in the sense of legally transferring these areas to rural communities for long-term and sustainable use for forestry purposes.

Where land and forests have not been allocated as yet, the planning of traditional cultivation or pasture for households during land and forest allocation should be included to avoid changes in forestry development planning.

1.10.2. Finance policy, management of revenues from REDD+ and REDD+ benefit sharing mechanism

Financial investment and public finance should be improved towards development of new mechanisms and policies to ensure the forestry sector enables "Forests feed forests". This measure aims at reducing State subsidies and implementing policies on payments for forest environmental services, under which revenues from environmental services of the forests are re-invested directly in protection and development of forests. Further, public finances on investments should be redirected to protection and special use forests, forest infrastructure construction, thus moving from direct investment to portfolio investment.

A transparent and stable investment environment should be developed to ensure clear intellectual property rights, land use rights, property rights and long term forest use rights. Administrative procedures should be simplified to attract investors, particularly private investment and foreign investment in the areas of forest development, conservation of natural forests, and participation in sustainable forest management.

Legal documents on valuating forests as basis for transactions on forests should be accomplished. A Forest Protection and Development Fund and management mechanisms for its rational use should be established at central and local levels.

Research on and application of new financial mechanisms, such as carbon finance, management of revenues from REDD+ should be increased, and a REDD+ fund be established.

The management model of REDD+ revenues must ensure the participation of multiple parties, and an independent audit which is executed in accordance with agreed upon international regulations related to REDD+.

A mechanism for benefit sharing from REDD+ need to be developed to ensure that all legitimate stakeholders are recognized, especially local communities; management structure and monitoring of REDD+ benefits-sharing should also be developed. Further, the management and use of revenues from REDD+ and a REDD + benefit sharing mechanism requires regulation.

Participation and involvement of local population

The REDD+ strategy is developed on the basis of traditional knowledge, initiatives and experience in land-use, water, forest management, agroforestry models and diversified agricultural crops, livestock etc. The participation of local people and local communities can be achieved through traditional mechanisms or other forms of co-management (project management, program, contracted with the State forest protection organizations etc).

Capacities of local authorities, local people and communities to implement REDD+ - related measures should be strengthened.

Village forest protection agreements and benefit sharing should be accomplished and law enforcement at the community and forest protection and development fund be strengthened.

The shifting cultivation situation and free migration should be reviewed to guide people to permanent farming and settlement. In areas with shifting cultivation practices, land use planning for permanent cultivation areas and allocation from 1 to 2 hectares of land to households should be conducted.

The local population should receive extension to transfer traditional cultivation to terrace cultivation, where feasible. Cultivation with invasive species should be discouraged, as well as shifting cultivation which caused disputes on forest and forest land between villages within the same commune or in- between communes.

Protection of current natural forests has become a complex issue. There are currently conflicts between forest use rights of communities living near the forests already for a long time with State institutions which were set up to manage these forests. If this issue is not addressed soon, conflicts will grow and favorable conditions for illegal loggers be created.

Management of technical aspects of REDD+

Technical processes and requirements on forest planting, forest restoration and regeneration, forest nurturing and enrichment, pest control, prevention of forest fires, forests exploitation and use should be reviewed, improved and implemented. Technical processes and requirements in assessment of forest resources (volume, growth, and forest values) should be further developed and improved.

National standards for sustainable forest management and forest products chains should be developed, as well as national standards for wood products and non-timber forest products that meet the requirements for exports.

Policies and mechanisms are required for encouraging application of advanced and environmental friendly technologies, energy saving materials, using of waste wood and agricultural waste materials in the processing of forest products. Research and use of new materials to replace timber and firewood to reduce pressure on forests should be encouraged.

Rights and obligations of the beneficiaries from REDD+

Under the current legal framework, the State represents the owners of natural forests, and forest development is financed from the State budget. That means the State has the right to regulate revenue sources from these forests, including revenues from forest carbon services. The benefiting of non-state forest owners in carbon services depends on decisions of the State on benefit sharing. Therefore, there's a need to clarify State's ownership of forests and forest use rights of non-state forest owners, including benefit-sharing mechanism from carbon revenue. Of course, forest owners have the rights to possess revenue from forest carbon services from their own invested and planted forests.

Transfer rights of the value of forest use rights should be institutionalized and specified, including the rights to transfer carbon credits. Also, the rights and obligations of the beneficiaries from REDD+ should be clearly defined and regulated. And finally, sanctions should be defined for cases that do not satisfy the requirements for REDD+.

The provisions under the current laws, on the forest use rights of forest owners to harvest the forest and benefit of it can also be understood to cover carbon benefits (Annex 1.7.2), but a specific legislation is preferable. Further, under the existing forest- related laws, the transfer of forest rights is not regulated. To enable forest owners to transfer carbon rights and credits, provisions on transfer of carbon credits should therefore be made in the new law.

Responsibilities and coordination mechanisms among state agencies

The organization of the forestry sector should be reformed towards a unified and strong State management system in the forestry sector from the central to grassroot levels throughout the country.

The roles and tasks of the State management system in the forestry sector should be reviewed and adjusted; and the coordination capacity between people, communities, private sector and civil organizations on development and implementation of REDD+ programs and projects be improved.

The State management of forests should be decentralized to local authorities of district and commune levels. Responsibilities and rights of forest owners, local governments, law enforcement agencies and forest protection forces should be clearly defined if forest lost.

Coordination mechanism among state management agencies at all levels should be developed to participate in REDD+, especially for the agriculture and rural development and for natural resources and the environment sectors. A REDD+ monitoring, reporting and evaluation system should be developed.

International cooperation

Multilateral agreements on the environment and international commitments relating to forestry which Viet Nam has acceded should continuously be implemented, such as the Convention on International Trade of Endangered Species (CITES), the Convention on Biodiversity (CBD), the United Nations Convention to Combat Desertification (UNCCD), the United Nations Framework Convention on Climate Change (UNFCCC) etc, to improve the position of Vietnam in the world and in the region and to enlist the search for new sources of capital support, e.g. through the Global Environment Facilities (GEF) or Clean Development Mechanism (CDM).

Other activities

The State-owned Companies (SoCs) need to be reformed, and those are operating efficiently should be reorganized into medium and large-scale State forest companies. A diversified production should be promoted, in association with the processing industry and forest products trading in large and concentrated forest land areas to raise the importance of these areas for forestry sector development; efforts towards an equalization and financial autonomy should be made for the production and general business operation under the Enterprise Laws.

The forestry production at household, farm, rural communities and cooperative levels should be strengthened, and the establishment of associations of manufacturers of forestry business, imports and exports of forest products encouraged and supported.

An Experimental Forest Certification Scheme for forest owners and small businesses, households and communities for both planted and natural forests, should be developed, tested, and, if successful, replicated.

A number of projects on community forestry should be evaluated and lessons learnt drawn.

REDD+ should be piloted in some localities, including communities

Small scale Clean Development Mechanism (CDM) reforestation projects should be piloted to generate income for poor communities, small scale enterprises.

A forest inventory and the monitoring of changes in forest resources should be commenced in associated with land inventory and statistics. A database on forest resources management should be developed and updated regularly, applying advanced technologies to improve the quality of forest planning.

Agroforestry, silvipastoral systems and the harvesting of non-timber forest products should be strengthened, taking into consideration the principles of SFM, to generate incomes for those living in and around forests, especially the poor.

Forestry extension schemes from central to provincial and district which have large areas of forests under agriculture extension system at all levels should be established. Communes with large areas of forests should have forestry officials to work on full-time or part-time basis, in remote areas with priorization of forestry officials belonging to ethnic minorities. Voluntary forestry extension at commune and village levels should be encouraged, especially in remote areas where the Government extension system would be difficult to access. Government should provide the necessary support for these voluntary extension entities.

Annex 2

2.1 Drivers of deforestation and forest degradation and related measures

Growing national wealth may be positively or negatively correlated with deforestation, albeit most evidence indicates that economic liberalization and structural adjustment policies in the 1980s and early 1990s increased pressure on forests[149]. These studies indicate that the picture is very complicated and causes are difficult to determine and to generalize both within and across countries. Possibly one of the reasons for this lack of clarity is deforestation to be usually considered one variable. However, all too often proximate causes (such as clearance for agriculture) are confused with drivers (higher agricultural prices, population growth). In general, the underlying drivers are of most concern, and comprehensive reviews (e.g. by CIFOR[150] indicate that although some well-known factors such as roads, higher agricultural prices and shortage of off-farm employment opportunities tend to be correlated with forest clearance, many other factors which are popularly thought to be causes, particularly poverty, are not consistently related in any way. Several studies have shown clearly that although there is a tendency for people living in the vicinity of forests to be poorer, most forest clearance for agriculture is done by better-off individuals or small enterprises that have the capital required to convert land cover from forest to non-forest[151].

This report adopts the split between 'governed' and 'ungoverned' deforestation[152], to get a clearer understanding of the underlying processes. Forest degradation is reviewed as a separate process being caused by different drivers and mostly carried out by different actors.

2.1.1. Governed deforestation

A large part of the deforestation observed in developing countries is what might be called 'governed' deforestation. It concerns forests cleared because of planned expansion of agricultural area, and areas for shrimp farming, permitted logging, urban expansion and construction of infrastructure (roads, electricity grid, reservoirs etc). The decision for forest clearing has been made rationally by the appropriate authorities and it is seen as an essential element of the country's strategy for modernization and economic growth. It also depends on events which change the international market: for instance changes in rice prices, or the Chinese decision to purchase more timber abroad to reduce domestic logging because of risks of floods.

The primary stakeholders involved in processes of governed deforestation, in addition to the national and regional governments themselves, tend to be medium and larger agricultural enterprises, industries, construction companies, timber companies and municipalities.

Counter measures

This type of deforestation can be remedied by comprehensive land use planning and coordination across sectors to minimize unnecessary losses (particularly as regards road construction), and stimulate types of agriculture which have higher per area output and/or are more carbon conserving, or sustainable forest management. Reducing this type of forest clearance for the sake of carbon conservation may strongly depend on the monetary reward for REDD+ in due course and would require policy changes regarding permits and concessions at various levels, not just in theory but also in practice. However, the economic stakes and the

[149] Angelsen and Kaimowitz, 1999, cited in Trines et al., 2006
[150] Angelsen and Kaimowitz 1999,
[151] Skutsch 1994; Agudelo, Rivera et al. 2003, cited in Trines et al., 2006
[152] Schlamadinger, Bird and Johns, 2006

political pressure applied by the organizations concerned, some of whom will also be supported from outside the country, are high.

2.1.2. Ungoverned deforestation.

Ungoverned deforestation is unsanctioned clearance, and usually takes place at the frontiers of forest. The stakeholders are individual farmers or agricultural companies working more or less on their own accord although in many cases an 'agent' organizes the deal, and it sometimes occurs with corrupt complicity and a 'blind-eye' from local authorities. These farmers, as noted above, are generally not the poorest of the poor, but have some capital to work with.

Ungoverned deforestation tends to correlate spatially with drivers such as roads and population density and is linked to market forces. It occurs where the financial returns to the individual from conversion of forest to agricultural crops and plantations or other land uses are far higher than the financial returns to forestry. In addition there are forest areas that are excessively logged by other stakeholders: companies (which may be small or large) operating illegally or semi-legally, again because of the high returns that can be obtained. In these kinds of systems there are also beneficiaries among intermediaries (traders, transporters, officials). It is well known that construction of logging roads literally paves the way for further forest clearance by individuals for agriculture. Human-induced fire may be another factor resulting in ungoverned deforestation.

Counter measures

Dealing with ungoverned deforestation is difficult because standard rules and regulations are by-passed by the stakeholders, and there would have to be a strong economic motive against the deforestation to halt it. But alternative income generating activities and broad participation of the stakeholders involved along the entire chain are of paramount importance. Law enforcement and penalties only work if local authorities are trustworthy. Proper payment of civil servants is certainly one aspect that needs to be addressed. But novel approaches, such as PES, whereby local guards are paid from the income derived from net emission reductions achieved in the forest area that is protected or well managed, are certainly options to look into.

2.1.3. Forest degradation

In addition to wholesale loss of forest biomass due to clearance of whole patches of forest significant quantities of biomass are lost as a result of forest degradation, in which biomass in the forest is progressively reduced, with the area still considered 'forest' until a particular threshold has been passed (e.g. when canopy cover drops below a certain percentage, which it may never do).

Forest degradation is more difficult to detect and quantify compared to deforestation, and unlike deforestation it may take place far from roads where it is not easily visible. Forest degradation is not necessarily correlated with infrastructure, but may relate to population density and lack of alternative job opportunities, and it occurs mainly on forest land which is *de facto* open access. The process is gradual, and ungoverned, but unlike ungoverned deforestation it is not necessarily the result of a single decision made by particular individuals or companies for their own maximization of profit on individualized land. Instead it may be gradual over-use by a large number of people of what is considered 'no man's land'. Direct causes include: grazing in the forest (which inhibits natural regeneration), excessive and unsustainable logging of timber species, over-cutting of firewood and poles, charcoal

production, occurrence of fire and shifting agriculture in cycles which do not give sufficient time for recovery.

The stakeholders are unsustainably harvesting forest companies, or local people who are generally very aware of the long run effects of these processes on the forest but are driven to continue them because: (a) they are necessary for their livelihoods; and/or (b) in most cases there is no locally operating authority which could halt the process, most often because the forest is nominally property of the state, not of the authorities at community level.

Counter measures

While the stakeholders operate as individuals and the forest is an open access resource, there appears to be little that can be done to reduce degradation. However, there are very promising results from PES pilots, some of which are already tested in Viet Nam. These are experiences whereby agents of degradation are organized into units which can manage the forest collectively, and if the rights and responsibilities over the forest are effectively handed over to such units, then there is considerable scope for change[153] Also, the issue of long-term concessions for forest harvesting raise the incentive for concessionaires to manage their forests in a sustainable way

The returns from forest degradation are usually not very high in economic terms, and experience has shown that communities can often be encouraged to reverse it once they are put in charge of the forest and a locally accepted authority, such as an elected village forest committee, is set up. In Viet Nam, some of the ethnic groups traditionally collectively manage their forests. There are clear advantages of community forest management, but until recently there has been a lack of support for CFM in Viet Nam (see also Annex 1.2.5.)[154]. According to www.kiemlam.org.vn, 25,1 % of all forests have been allocated to communities as community ownership. Additionally, forest held under local tenure, either by households or communities, amount to a total of around 3,3 mill ha-over a quarter of the country's total forest area. And a further 19% of forest area (some 2.6 mil ha) are under the temporary management of communal authorities, but are expected to be partially or wholly allocated to local people[155] 1.5 % are under community control.[156] Some 96% of these are natural forests. The extent to which sustainable management is carried out in these areas is hitherto unknown but potential conceals a significant potential still to improve.

2.2. Instruments for controlling deforestation and forest degradation

Policies and measures that countries can use to reduce deforestation and degradation can be grouped in various ways; e.g. those related to price and demand for agricultural and forestry products; those related to costs and risks of deforestation; those relating to land tenure and finally related to SFM, but the most effective way in the view of the authors is with the focus on how measures relate to different stakeholders.

Command and control types of measures, taxation schemes, and public awareness campaigns alone may not be very effective to control the actions of different forest stakeholders. There are additional measures that national government authorities have at their avail, including

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153 Poffenberger, 1990; Hobley 1996; as cited in Trines *et al.*, 2006

154 Taken from Vietnam R-PP, submitted to FCPF http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/Documents/PDF/Sep2010/Viet_Nam_draft%20R-PP_August_2010.pdf

155 RECOFTC, as mentioned above

156 MARD, 2008: Community Forestry Survey;Hanoi

integrated conservation and development programs (ICDPs) whereby the government invests in community facilities in return for certain agreements as regards environmental protection.

Although experiences with Payments for Environmental Services (PES) are still few and are concentrated in a limited number of countries, it has proven its potential as an instrument for compensating local land users for the opportunity costs of sustainable forest management or the cost of specific agricultural practices, albeit that PES systems need to be refined and tailored to local circumstances. PES systems are often set up as individual projects as arrangements among local stakeholders, but there is no reason why countries cannot run national PES systems, as for instance experience in Costa Rica and Mexico has shown. In Costa Rica, a national carbon tax on fossil fuel consumption is the most important source of finance of the national PES system but there are novel options whereby national industries and international companies operating in Viet Nam can be matched with various environmental services, either directly or through e.g. government backed bonds or certificates. This will be explored in more detail in later sections of this document.

Table 6 below summarizes the various types of deforestation and forest degradation and lists measures that can be deployed to remedy them.

Table 6: Sources of deforestation and forest degradation and possible remedial measures

	Process and stakeholders	Specific counter measures and enabling conditions
Governed deforestation	Conversion of forest land to other land uses by: • agricultural companies; • Shrimp farmers; • large and medium sized farm holders; • industry; and / or • building companies	• Prioritize areas / zoning / proper land-use planning / Integrated Conservation Development Programmes (ICDPs) • Introduce serious national taxes on forest land clearance • Introduce incentives to reduce forest conversion
	Agricultural/plantation companies[157]	• Restrict concessions allowing conversion • Improve forest legislation protecting forest areas
	Local government and lower tiers of government	• Bundle PES carbon purchase, possibly also with SFM certification and/or conditional concessions • Introduce tax reforms whereby lower administrative levels benefit from environmental protection / receive rewards from national level
Ungoverned deforestation	Intermediaries	• Enforce existing land, agriculture and forest legislation • Establish a PES carbon purchase system, either: ▪ output based (tC); or, ▪ area based (ha). • Create alternative employment in deforestation hotspots (areas with high risk of ungoverned deforestation)

[157] A distinction is made between agricultural/plantation companies and logging companies. Agricultural/plantation companies include those companies that convert existing – often natural – forest cover to plantations, e.g. of oil palm; and, logging companies that harvest timber without the intention of converting the vegetation cover. Practices of logging companies on its own rarely lead to deforestation; at most it temporarily leads to a less or unstocked vegetation cover. Whilst conversion of natural to plantation forestry is deforestation: the forest cover established after the conversion should be classified as industrial agriculture, rather than as forestry.

	Process and stakeholders	Specific counter measures and enabling conditions

	Agricultural/plantation companies	• Enforce existing forest legislation
		• Establish a PES carbon purchase system, either:
		  ▪ output based (tC); or,
		  ▪ area based (ha).
		• Increase/improve on-the-ground monitoring
		• Bundle PES carbon purchase, possibly also with SFM certification and/or conditional concessions

	Local government and lower tiers of government	• Enforce existing land, agriculture and forest legislation • Bundle PES carbon purchase, possibly also with SFM certification and/or conditional concessions • Introduce tax reforms whereby lower administrative levels benefit from environmental protection / receive rewards from national level • Increase/improve on-the-ground monitoring
	Rural communities as units	• Introduce a fast track land tenure reform • Demote responsibility for area management to rural communities organized as legal entities • Introduce financial incentives (PES) to measure and monitor forest areas and to reduce forest clearance • Promote/introduce alternative income generating activities • Provide/generate alternative employment opportunities in hotspot areas

Degradation	Logging companies	• Set proper maximum harvesting levels
		• Enforce existing forest legislation
		• Establish a PES carbon purchase system, either:
		  ▪ output based (tC); or,
		  ▪ area based (ha).
		• Increase/improve on-the-ground monitoring
		• Bundle PES carbon purchase, possibly also with SFM certification and/or conditional concessions

	Process and stakeholders	Specific counter measures and enabling conditions

	Government level and civil society/NGOs	• Prioritize areas / zoning / proper land-use planning / Integrated Conservation Development Programmes (ICDPs)
		• Establish community tenure rights over forest
		• Demote responsibility for area management to rural communities organized as legal entities
		• PES carbon purchase system at community level, either:
		  ▪ output based (tC); or,
		  ▪ area based (ha).
		• Bundle carbon payments with SFM certification
		• Establish a PES administrative system
		• Training and registration of local organizations to support PES (carbon measuring and monitoring etc)
		• Establish local level degradation baselines
		• Set-up national database of degradation rates

	Rural communities as units	• Introduce a fast track land tenure reform • Establish community tenure rights over forest / demotion of responsibility for area management to rural communities organized as legal entities • Introduce financial incentives (PES) to measure and monitor forest areas and to reduce forest clearance • Promote/introduce alternative income generating activities • Provide/generate alternative employment opportunities in hotspot areas

Annex 3

3. Main actors and their responsibilities in REDD+ Governance and implementation

The following main actors are involved in REDD+. Their responsibilities are given in Table 7.

At central level, there are five main groups

1. ***Core Government institutions, central ministries and others agencies***. This core group will address cross- cutting and fundamental issues directly related to the implementation of and requirements for REDD+ measures (e.g. land tenure, monitoring, fund mechanism, carbon right transfer)[158]. This group consists of the National Assembly, Prime Minister (PM), Office of Government (OOG), Ministry of Agriculture and Rural Development (MARD, MONRE, Ministry of Planning and Investment (MPI), Ministry of Finance (MOF, Ministry of Justice (MOJ) and Committee for Ethnic Minorities Affair (CEMA) at central level and respective technical department at provincial levels. Other ministries which indirectly provide support to REDD+ implementation need to modify their relevant strategies, policies, planning in responding to REDD+ and need to coordinate the development of guidelines in implementing REDD+ in their respective fields of responsibility. Ministry of Industry and Trade (MOIT), Ministry of Transportation (MOT), Ministry of Education and Training (MOET), Ministry of Labor, Invalid and Social Affairs (MOLISA), Ministry of Construction (MOC), Ministry of Home Affairs (MOHA), Ministry of Health (MOH), Ministry of Culture, Tourism and Sport (MOCTS), Ministry of Telecommunication and Information (MOTI), Ministry of Defense (MOD), Ministry of Interior (MOI), and the Government Inspectorate (GI).
2. ***Other governmental organizations****:* There are a number of committees focusing on issues related to REDD+ (e.g. Central Committee for Flood and Storm Control, National Water Resource Council, Committee for Intangible Cultural Heritage, Viet Nam National Administration of Tourism).
3. ***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. In particular UN-REDD, the World Bank, FAO, JICA, GTZ, the Royal Norwegian Embassy, Embassy of Finland, who are all supporting present and future REDD+ related activities in Viet Nam, and perhaps others in future.
4. ***Non-governmental organizations (NGOs):*** Both international and national NGOs are directly involved in REDD+ activities (several of them are members of the National REDD Network) as they directly focus on the REDD+ or on related social and environmental issues.
5. ***Mass Organizations:*** Viet Nam Union of Science and Technology Association, Women Union (WU), Youth Union (YU), Farmer Union (FU), and the National Father Front (NFF). Most of them have good networks from central to grassroot levels and therefore should be involved in the implementation of specific projects and activities. Together with NGOs they can also effectively provide services for ensuring communication with the local communities as well as play an important role in the promoting REDD+ measures.

[158] Vietnam's RPP, August 2010: Three specific legal issues need to be addressed as a priority in Viet Nam: (1) the rights to carbon, land and forests, particularly forest allocation and associated land use rights; (2) coordination of the action of the government authorities involved with REDD, in particular MARD and MONRE; and (3) ensuring that all legitimate beneficiaries are recognized, in particular addressing the legal status of local communities.

At local levels

6. ***Provincial/City People Committees and their related departments*** play a crucial role and make decisions pertaining to activities within the provinces. They should play a critical co-ordination function between ministries and departments.
7. ***Private and State Operating Companies (previously State Forestry Enterprises***) 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.
8. ***District People´s Committees*** will be directly involved in administration of specific projects and activities, and their involvement will be important for successful implementation. They will closely coordinate with lower tiers of administration at the district and commune levels.
9. ***Commune People's Committees*** will be directly involved in administration and implementation of 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 village levels/communities.
10. ***Local communities****:* This group includes land users, forest dwellers, and ethnic minorities. These will be directly affected by the REDD+ implementation and must be involved in formulation and implementation of the specific projects and activities, as well as in monitoring their implementation. Without the support of local communities any efforts are unlikely to have a long-lasting impact.
11. ***NGOs and Civil-Society Organizations (CSOs) and Mass organizations*** are part of the local communities and can also effectively provide services for ensuring communication with the local communities as well as play an important role in coordination of the involvement of indigenous people, ethnic minorities, land users etc. (see also above for mass organizations)
12. ***Private and state companies****:* Both directly focusing on the forests, as well those working in the other sectors, which might create a pressure on forests (agriculture, shrimp farming etc.) can be potentially influenced by the REDD+ implementation

Table 7: Responsibilities of agencies and their departments involved in REDD+ program implementation

Organisation/Institute	**Their relevant Departments**	**Responsibility/tasks**	**Objective**
Central agencies:			
National Assembly	**NA Standing Office**	Adjust Vietnam's Constitution to approve the Law on community land right and tenure	Law on community land right and tenure to be accepted
	Council for Ethnic Minorities	Advise on approving REDD+ related regulations	Ensure ethnic minorities been taken into account in the new law / regulations/policies
Government and Prime Minister		Approve and modify relevant regulations, policies in response to REDD+ measures in time to approve appropriate	Ascertain: i) uniformity and consistency of REDD+ policy

		decree for REDD implementation taking into account governance issues associated with international funding of REDD and to ensure that implementation of REDD+ is consistent with Vietnamese law. This decree should be issued after a pilot phase (over at least 2 years) during which REDD+ modalities would be tested.	framework ii) Smooth coordination between central and local agencies in REDD+ implementation iii) Appropriate degree on REDD+ implementation
OOG	Sectoral Department General Economic Department	Facilitate discussion between different related ministries to REDD+ Approve REDD+ decree	To have final decision of the REDD Content
MARD	MARD	Act as focal point in coordinating with other central agencies in developing proposals/ regulations, mechanism including new responsibilities for REDD+ implementation. More particularly: - Coordinate with MONRE on land and forest allocation, including water resources management - Coordinate with MOF to propose mechanism for a REDD+ fund - Coordinate with MPI and MPI on fund allocation (including the state budget) to REDD+ - Coordinate with MPI to mainstream REDD into SEDPs and its sectoral plans - Modify strategies, policies effectively under REDD+ - Approve clear guidelines and comprehensive approaches for LUP, Forest land allocation, Benefit	Ascertain: 1) appropriate land use for Forest; 2) Smooth coordination of REDD+ with others central related Ministries/Agencies; ensure REDD+ measures be mainstreamed with land use planning and zoning

		sharing accountability, forest management plan…	
	Directorate of Forest	- Undertake land planning and zoning for forest - Act as focal point in coordinating with the MONRE's GDLA in land planning and zoning and with other line ministries on land zoning and planning. -Manage the process of RL/REL development (Department of Science, Technology and International Cooperation within the Directorate of Forestry (DoF).	Ascertain appropriate land and forest area allocation
	Department of Planning	- Consider REDD+ measures when approving decision for Investments projects of the agriculture sector (Crops, Aquaculture, Irrigation…), taking into account REDD+ measures and benefits with other projects costs.	Ensure that drivers and causes of Forest DD are taken into account in other sector investment projects and programs
	Department of Irrigation and Water resources management	- Undertake EAIs and CBAs on existing policies and strategies -Integrate with MONRE's Department on Water Resources Management on the issues -Presents MARD in the NSC	existing policies and strategies in responding to REDD+ measures
	DOL	-Develop and oversee guidelines of new legislation pertaining to REDD -Coordinate with other line ministries in suggesting and drafting appropriate legal regulations for REDD+ implementation	Ensure an appropriate legal system and policies supporting REDD+ Implementation, including Law/regulations on community land right and tenure
	DOF	Coordinate with MOF and MARD'DOL for the development, supervision and guidance of financial mechanism/regulations in	Appropriate Financial mechanism and regulations for REDD+ Fund management with transparency effective distribution systems;

		REDD Fund management and distribution	Ensure the rights to carbon, land and forests, particularly forest allocation and associated land use rights and their transfer for all potential beneficiaries be regulated
	DOST'		
	ICD	Coordinate donors in REDD+ Coordinate with Directorate of Forest on REDD+ issues	
	Department of Crop Production		
MONRE		Holds the offices of the DNA and is responsible with the implementation of the UNFCCC and the KP in Viet Nam Coordinate with MARD on issues of land tenure rights and communities land rights on CC mitigation effects of REDD+ measures. - Coordinate with MARD and local authorities to mainstream REDD+ into land use planning and water resources management - Modify its strategies, policies effectively taking into account of REDD+	Ensure REDD+ measures are integrated in the land use planning and zoning and water resources management plan .
	GDLA	Coordinate with REDD+ measures in land use and planning	Ascertain land use and planning taking into account of REDD+ measures
	Dept. of Meteorology, Hydrology and Climate Change	Act as focal point in coordinating with MARD on international requirements for UNFCC and KP including REDD+ measures	Make sure REDD+ measures are in line with CC and others requirements/guidelines of UNFCC and KP

	DEIAs	Develop guidelines and new regulation of EIA and SEIAs taking into account REDD+ measures	Ensure guidelines are applicable for concerned ministries (MOT, MOIT, MARD...)
MOF		Coordinate with MARD and MPI in developing REDD+ fund mechanism - Coordinate with MPI and MARD in fund allocation, overall fund (including state fund) for REDD+ - Modify existing mechanisms, policies and strategies taking into account REDD+ measures - Deal with international agencies on payment issues regarding REDD+ Modify existing policies and strategies in responding to REDD+ measures	Ascertain appropriate financing mechanism/regulations for REDD+ fund distribution
	International and external debt management Department	Negotiate and, sign international finance treaties (bi- and multilateral)	Ensure the transparency and accountability of the REDD+ fund implementation for review by UNFCC and international forum
	The department of administrative and services delivery unit	Apply performance- based payment system for REDD+ fund distribution (retention payment in particular)	Appropriate payment system for the officer involved in REDD+ implementation
MPI	General National Economy Department	Integrate REDD measures in the planning system and in the SEDP; Ensure that policies and strategies take into account of REDD+	Modification of existing policies and strategies in responding to REDD+ measures. Mainstream REDD+ into National SEDPs and related investment strategies /policies
	Department of Infrastructure	Coordinate with MARD/DOF in development of regulations/policies considering	Ensure that approved investments eliminate causes and drivers of Forest DD;

		the opportunity cost of infrastructure projects (Transport (Road, Seaports...) versus REDD+ benefits for investment decision making Coordinate with MARD	ensure REDD+ measures to be mainstreamed with investment decision and approvals
	Department of Industry	Consider the opportunity costs of Hydro Plant Investment Project versus REDD+ benefits in investment decisions	Ensure that approved investments eliminate causes and Drivers of Forest DD
	Department of Agriculture Economics	Consider the opportunity costs of Irrigation Investment Projects versus REDD+ Benefits in investment decisions Coordinate with Department of Industry in Development Policies for off-farm job opportunities	Ensure Investment Planning of Agriculture taking into account REDD+ measures
	Department of Foreign Investment	Develop favourable policies for Forest Investment/Investors in coordination with MARD	Ensure enabling environment and policies for attracting Forest Investors to the country
	Department of Local Governments	Coordinate with MARD in providing local issues for REDD+ measure implementation	
CEMA			Ensure to contribute to uniformity and consistency of REDD+ legal framework and policies
	Department of Policy	Advocate Ethnic Minorities' Policies and issues in REDD+ development and implementation Modify existing policies and strategies in response to REDD+ measures	Make sure rights and characteristics of Ethnic Minorities be ensured in the REDD+ development and implementation .
MOT	Planning and Investment	Modify existing policies and strategies in response to	Ensure to contribute to uniformity and consistency of

	Department	REDD+ measures	REDD+ legal framework and policies
	DOE	Introduce SEIAs and EIA for new development and transport infrastructure	Drivers and causes of DD in infrastructure eliminated
	General Department of Road Administration and Vinamarine	Modify existing policies and strategies in response to REDD+ measures (road and seaport network development)	Ensure investment planning of Road sector is responding to REDD+ measures
MOIT	Local Industry and Commerce;	Modify existing policies and strategies in response to REDD+ measures (wood production industry).	
	Export/ Import	Modify existing policies and strategies in response to REDD+ measures (timber im- and export)	Drivers and causes of FDD in infrastructure eliminated
	Departments of Energy;		
	Regulating Electricity		
MOLISA			Ensure to contribute to uniformity and consistency of REDD+ legal framework and policies
	Gender Department	Modify existing policies and strategies in response to REDD+ measures.	Ensure to provide appropriate advice, and policies for gender participation in REDD+ measures implementation
MOET		Modify existing policies and strategies in response to REDD+ measures. .	Ensure to contribute to uniformity and consistency of REDD+ legal framework and policies

	Departments of Primary, High School Educations, University and Education for Ethnic Minorities	Develop training and education curricula to promote REDD+ measure	
MOTI		Develop in coordination with MARD communication strategies for REDD+ including setting up permanent communication channels and mechanism with land users Modify existing policies and strategies in response to REDD+ measures.	Ensure to contribute to uniformity and consistency of REDD+ legal framework and policies .
MOH		Modify existing policies and strategies in response to REDD+ measures.	Ensure to contribute to uniformity and consistency of REDD+ legal framework and policies
Local levels			
PPCs		Develop appropriate conditions for REDD+ implementation, including organisational structure, institutional mechanism, HRD, and resources including finances. Create an environment for active and effective participation of stakeholders including beneficiaries in the process of monitoring REDD+ implementation	Ascertain smooth coordination between ministries and provincial departments Ascertain to integrate/mainstream REDD+ measures in the SEDPs, land use planning and zoning Create favourable policies and environment for investment to the forest sector Strengthen strong environment approvals process
FPD		coordinate with Military, and Police in forest law	Ensure forest law enforcement

		enforcement	
FIPI		Regularly conduct National Forest Inventories NFIMAP- Monitor emissions in coordination with DOF	Make sure the emission levels are correct accordingly as the time requires
DOF			
State Owned Companies[159]		Actively participate in implementing REDD+ specific projects/activities Actively participate in monitoring of REL/RE and REDD+ fund distribution	Ascertain to implement effective measures of REDD+ of the forest areas under their management Participate in law enforcement
Individual Households		Actively participate in implementing REDD+ specific projects/activities Actively participate in monitoring of REL/RE and REDD+ fund distribution	
Management Boards for Protection Forest (PFMB)[2]		Actively participate in implementing REDD+ specific projects/activities Actively participate in monitoring of REL/RE and REDD+ fund distribution	
Management Boards for SUF (PAMB)[2]		Actively participate in implementing REDD+ specific projects/activities Actively participate in monitoring of REL/RE and REDD+ fund distribution	
People's Committees (PC), mostly at community level (CPC)[2]		- Participate directly and actively in implementing REDD+ measures and requirements, including formulation of specific projects	

[159] Source: "Design of a REDD-Compliant Benefit Distribution System for Viet Nam": UN-REDD Programme, January, 2010. First five account for >90% of all forest areas.

		and activities - Create an environment for effective participation of all relevant stakeholders and transparency of information as well as for commune/villages to carry out REDD+ successfully	
Village communities		Actively participate in implementing REDD+ specific projects/activities Actively participate in monitoring of REL/RE and REDD+ fund distribution	Ensure REDD+ measures are implemented effectively Ensure transparency and equitable distribution of REDD+ fund
Joint venture enterprises			
Army and Police units		Coordinate with related technical departments (Department of Forest Protection) to producing policies, measures to ensure law enforcement	Ensure that illegal logging, forest fires among other REDD+ drivers are eliminated
Civil societies (Father Front, WU, YU, FU, VUSTA		Promote and encourage REDD+ policies, regulations, measures implementation Actively participate in the implementation of the REDD+ specific projects/activities	Ensure that REDD+ measures, policies and regulations are understood and applicable by communities, households

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[iii] How to address conservation within RELs/RLs for Viet Nam will need to be further considered depending on development in international negotiations.

[ii] Monitoring is here understood to mean the periodic measurement of forest properties in order to estimate biomass contained in the forest.