



**Ministry of Agriculture and Rural
Development**

Forest Carbon Partnership Facility (FCPF)

GHG Emission Reduction Program

**Benefit Sharing Plan for the GHG ER-P In
the North Central Region of Vietnam**

February 2023

Acronyms and Abbreviations

ADB	Asian Development Bank
BAU	Business-As-Usual
BSP	Benefit Sharing Plan
CIFOR	Centre for International Forestry Research
CIRD	Centre for Indigenous Knowledge Research and Development
CIRUM	Culture Identity and Resources Management
CORENAM	Consultative and Research Centre on Natural Resource Management
CPC	Commune People's Committee
CRD	Centre for Research and Development in Upland Areas
CSO	Civil Society Organisations
CSRD	Centre for Social Research and Development
DARD	Department of Agriculture and Rural Development
DONRE	Department of Natural Resources and Environment
DPC	District People's Committee
EMPF	Ethnic Minority Planning Framework
ER	Emission reduction
ER-P	Emission Reduction Program
ER-PD	Emission Reduction Program Document
ERPA	Emission Reduction Payment Agreement
ESMF	Environmental and Social Management Framework
ESU	Environmental and Social Unit
FCPF	Forest Carbon Partnership Facility
FGRM/GRM	Feedback and Grievance Redress Mechanism
FME	Forest Management Entities e.g. SUFMB, SFC, PFMB
FORMIS	Forest Management Information System
FPIC	Free, Prior and Informed Consultation
GHG	Green House Gasses
GIZ	German Overseas Development Assistance
GOV	Government of Vietnam
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
LUP	Land use plan
M&E	Monitoring and Evaluation
MARD	Ministry of Agriculture and Rural Development
MOF	Ministry of Finance
MOIT	Ministry of Industry and Trade
MOJ	Ministry of Justice
MONRE	Ministry of Natural Resources and Environment
MPI	Ministry of Planning and Investment
MRV	Measurement reporting and verification (of carbon credits)
NCR	North-Central Region
NDC	Nationally determined contribution
NFMS	National Forest Monitoring System

NRAP	National REDD+ Action Program
PE	Program Implementing Entity
PEFC	Programme for the Endorsement of Forest Certification
PF	Process Framework
PFES	Payment for forest environmental services
PFMB	Protection Forest Management Board
PPPDF	Provincial Forest Protection and Development Fund (of the VNFF)
PPC	Provincial People's Committee
PPMU	Provincial project management units
PPS	Probability Proportional to Size
PPS	Probability Proportional to Size (quantitative survey)
RDPR	Rural Development and Poverty Reduction Fund
RPF	Resettlement Policy Framework
SESA	Strategic Environment and Social Assessment
SFC	State Forest Company
SFM	Sustainable forest management
SIS	Safeguard information System
SRD	Centre for Sustainable Rural Development
SUF/SUFMB	Special Use Forests (protected areas in Vietnam)/ SUF Management Board
VFCS	Vietnam Forest Certification Scheme
VFD	Vietnam Forest and Delta Program (funded by USAID)
VND	Vietnam Dong (currency)
VNFF	Vietnam Forest Development and Protection Fund (within MARD)
VNFOREST	Vietnam Administration of Forestry
VWU	Vietnam Women's Union

Executive Summary

Introduction to the GHG ER-P

The Emission Reduction Program (ER-P) encompasses the entirety of the North-Central Region (NCR) and which contains a population of approximately 10.5 million people (12% of the total population of Vietnam). The region was chosen due to its forest resources, critical biodiversity importance and socio-economic status.

The forestry sector and timber industry play an important socioeconomic role in terms of job creation, income generation, and livelihood support for about 24 million people, especially poor and ethnic minority population living in and around forests in Vietnam. Forests are at the core of Vietnam's international climate change commitments and Vietnam has moved away from a period of forest conversion towards forest protection and sustainable forest use.

The overall approach and design of the ER-P to address the drivers and underlying causes of forest loss and barriers to sustainable forest management (SFM) and forest enhancement is to build on and support implementation of the current ambitious national and sub national policies and initiatives in the NCR while at the site-level, the Vietnam Forest Development and Protection Fund (VNFF) engages and encourages dialogue between local forest users and the Forest Management Entities (FMEs) to achieve sustainable forest management will be supported.

The ER-P area covers 5.1 million ha (16% of the total land area of Vietnam) and is administered by six provinces – Thanh Hoa, Nghe An, Ha Tinh, Quang Binh, Quang Tri and Thua Thien Hue. The NCR contains most of the country's remaining broadleaf evergreen forest and is home to 13 ethnic minority groups. Forest area in the NCR is characterized by degraded natural forests, most of which is managed by the State, local communities, and significant share of timber plantations.

The Emission Reduction Payment Agreements (ERPAs) for 10.3 million tons of ERs were signed on October 22, 2020 between the Ministry of Agriculture and Rural Development (MARD) as the Program Implementing Agency and the International Bank for Reconstruction and Development (IBRD) as Trustee of the Forest Carbon Partnership Facility (FCPF).

Purpose of the BSP

The Benefits Sharing Plan (BSP) is designed to ensure that benefits¹ are shared between the various stakeholders of the ER-P according to clear, effective and transparent mechanisms, principles and

¹ Monetary benefits are defined as direct cash received by Beneficiaries funded by the ERPA payments. Non-monetary benefits are goods, services and other benefits funded with ERPA Payments, or indirectly related to the implementation and operation of the ER Program. These are considered carbon benefits and will be based on the actual needs and desire of the stakeholders. Implementation of the ER-P will generate non-carbon benefits such as better access to markets for agricultural products, improved access to sustainable use of non-timber forest products, employment opportunities and alternative incomes, access to information, participation in decision-making, and improved capacities. Even though these non-carbon benefits are significant, and clearly specified in the ER-PD and relevant safeguard instruments, they are not included in the BSP arrangements, as they are not explicitly resulting from ER payments. Participants to the ER-P can benefit indirectly from these non-carbon benefits, without benefiting directly from carbon benefits through ER payments. For instance, a local farmer neighboring an agroforestry model can benefit from increased ecosystem services, or local populations can benefit from information systems or infrastructures from the program. However, the BSP only focuses on direct beneficiaries eligible to carbon benefits.

channels, with support from all relevant stakeholders and communities. The design and implementation of the BSP for the ER-P complies with relevant applicable laws in Vietnam.

General principles of the BSP

Local communities are expected to benefit the most; the proportion of benefits allocated to the communities represents the most significant share of benefits. The beneficiaries under this BSP include organizations, households, individuals and communities who have activities relating to the reduction of greenhouse gas emissions from natural forest in the six participating provinces in the NCR, specifically:

- Forest owners stipulated in Article 8 of the Forestry Law who are assigned to manage natural forest by the state;
- The Commune People's Committee (CPC) and other organizations assigned by the state to manage natural forest by law;
- Communities, CPCs who have signed forest protection contracts with a forest owner organization such as a special use forest management board (SUFMB);
- Provincial Forest Protection Development Funds (PFPDFs) in the NCR; and
- Others involved in CO₂ emission reduction in the ER-P provinces.

Legal framework for the BSP

There is a comprehensive policy and legal framework backing the BSP and this is primarily supported by the Decree no.107/2022/ND-CP dated 28 December 2022 of the Government titled *Pilot GHG ER result transfer and financial management of ERPA*, which must follow the Law on Forestry (2017), the National REDD Action Plan (Decision No. 419/QD/TTg) and the policy for the forest sector (Resolution no. 84/NQ-CP). The VNFF is legally mandated to implement the BSP and Payment for Forest Environmental Services (PFES). The policy for the PFES, which is also relevant for the BSP, is set out in Decree No. 156/2018/ND-CP. The VNFF reports to the MARD and the Vietnam Administration of Forestry (VNFOREST).

Implementation of the BSP

The VNFF was established in 2008 to implement PFES and has been the main innovative finance arm to support sustainable forest development in Vietnam beyond public budget and will implement the BSP. Vietnam's PFES policy is one of very few national-scale payments for ecosystem services programs in the world and the only fully functional one to date in East Asia. The PFES program, launched in 2008, primarily aims to reward and support the efforts of forest owners and managers in Vietnam to protect and manage forested areas, which in turn provide environmental services including watershed protection, biodiversity conservation and carbon sequestration. PFES plays a significant role in financing the forestry sector in Vietnam, accounting for 29% of total forestry investments in 2019. The VNFF has had capacity building support from GIZ, ADB, CIFOR and USAID and has experience of working in 45 provinces. VNFF already has a suitable M&E system working for PFES and this will accommodate ERPA fund disbursement. The VNFF is expanding the use of electronic payment methods that increase the transparency and efficiency of the payment process while reducing risks in transacting amounts of cash and it is expected that these will be used in the BSP. The VNFF has developed a comprehensive M&E system for the PFES and this will form the basis for the monitoring and reporting on the BSP. The VNFF is required to report nationally on the implementation of the PFES program and has a comprehensive set of indicators that are used at the community level to provide monitoring, evaluation and feedback on implementation. A Feedback and Grievance Redress Mechanism (FGRM) is in place and is already used in practice for the PFES.

Contents

1	Background and Introduction	9
1.1	<i>Introduction to the Emission Reduction Program area and REDD+ in Vietnam</i>	9
1.2	<i>Purpose of the document</i>	10
2	Development of the BSP	11
2.1	<i>Approach</i>	11
2.2	<i>Legal framework supporting the BSP</i>	13
3	Implementation Arrangements	15
3.1	<i>Benefits of the ER-P</i>	15
3.2	<i>Beneficiaries and flow of funds</i>	17
3.3	<i>Main responsibilities of ministries and management entities</i>	26
3.4	<i>Responsibilities for implementation of the BSP</i>	31
3.5	<i>BSP implementation budget, flow of funds</i>	36
3.6	<i>Capacity building, training and publicity</i>	41
4	Monitoring and Reporting Arrangements	42
4.1	<i>Monitoring of the performance of the BSP</i>	42
4.2	<i>Grievance redress and feedback mechanism</i>	45
5	Annexes	47
5.1	<i>Annex I Templates of forest management participation</i>	47
5.2	<i>Annex II. Determination of proceeds and expenditures from the ERPA</i>	55
5.3	<i>Annex III Planning templates</i>	56
5.4	<i>Annex IV SUMMARY OF RELEVANT INFORMATION</i>	63
5.5	<i>Annex V Illustration of consultations, capacity of VNFF</i>	72
5.6	<i>Annex VI Additional details on roles and responsibility for implementation of the BSP</i>	85
5.7	<i>Annex VII Additional consultations</i>	90

Tables

Table 2.1	Main legal framework for the BSP	13
Table 3.1	Eligible activities for benefit sharing and distribution.....	15
Table 3.2	Beneficiary access to the fund	17
Table 3.3	Other activities that can be funded.....	19
Table 3.4	Activities that directly contribute to emission reduction ..	20
Table 3.5	Tentative flow of funds	23

Table 3.6 Summary of responsibilities for the BSP at the central national level.....	26
Table 3.7 Summary of responsibilities for the BSP at the provincial level.....	30
Table 3.8 Estimated amount distributed to provinces.....	37
Table 3.9 Proposed distributed amount per province by year	38
Table 3.10 Estimated amount to be distributed to provinces for reporting period I.....	38
Table 3.11 Estimated amount to be distributed to provinces for reporting periods 2 and 3	39
Table 4.1 Monitoring and reporting matrix.....	44
Table 5.1 Summary of the forest owners managing natural forests..	63
Table 5.2 Correlation between forest cover, ethnic minorities and poverty.....	64
Table 5.3 Gender mainstreaming in the BSP	68
Table 5.4 Comparison of the different categories of beneficiaries between the Decree and the earlier BSP	71
Table 5.5 Summary of the outcome of consultation prior to signing the ERPA.....	74
Table 5.6 Consultations with NGOs on the added emphasis of following PFES.....	76
Table 5.7 Additional consultations at the commune level during 2022	81
Table 5.8 VNFF gap analysis.....	83
Table 5.9 Summary of comments and inputs from central agencies, provinces, NGOs and from a consultation workshop on BSP of ERPA held 17 th November 2022.....	90

Figures

Figure 3.1 Distribution of the fund flow for the BSP	22
Figure 3.2 The VNFF organization chart	29

Equations

Equation 1 Calculation of the annual amount to be distributed to the provinces.....	25
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Equation 2 Calculation of the amount to be received by the forest owner.....	26
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1 Background and Introduction

1.1 *Introduction to the Emission Reduction Program area and REDD+ in Vietnam*

The Emissions Reduction Program Area of Vietnam: The North Central Region

The Emission Reduction Program (ER-P) encompasses the entirety of the North-Central Region (NCR), an area of land totalling 5.1 Mha or about 16% of Vietnam and which contains a population of approximately 10.5 million people (12% of the total population of Vietnam). The region was chosen due to its forest resources, critical biodiversity importance and socio-economic status. It encompasses five internationally recognised conservation corridors and has the highest rates of poverty per capita in the country: nearly one third (29%) of the 10.5 million people living in the landscape are living below the national poverty line. The region is hilly and mountainous, and it is representative of other mountainous regions in the country and specific sustainable development needs in these areas, based on agricultural development, sustainable forest management, rehabilitation and protection.

The forestry sector and timber industry play an important socioeconomic role in terms of job creation, income generation, and livelihood support for about 24 million people, especially poor and ethnic minority population living in and around forests in Vietnam. Forests are at the core of Vietnam's international climate change commitments and Vietnam has moved away from a period of forest conversion and towards forest protection and sustainable forest use. Vietnam's Nationally Determined Contribution (NDC) was submitted to the UNFCCC in 2015 and updated in 2020. It entails a nine percent reduction of GHG emissions by 2030 (and 27% with external support) compared to the Business-As-Usual (BAU) scenario and an increase of forest cover to 45%. Commitment to addressing climate change and environmental protection is enshrined in the national constitution and has the support of the Communist Party and the Prime Minister. Climate change is mainstreamed into national development plans, which strongly promote improvements in forest management, conservation and enhancement of forest carbon stocks. The endorsed National REDD+ Action Program 2017-2030 provides a framework of priorities for REDD+. The Forestry Law passed in November 2017 contains several elements that are crucial for the effective implementation of REDD+. The forestry law reflects changes in forest management to help address Vietnam's increasing forest degradation and decline in biodiversity.

1.1.1 *Emission Reduction Program objectives*

The objective of the ER-P is to incentivize reduced deforestation, forest degradation and enhancement of forest carbon stocks (REDD+) in the NCR of Vietnam through payments of verified GHG emission reductions (ER) and to ensure that paid amounts are distributed according to an agreed benefit sharing plan (BSP).

Overall design of the ER Program

The overall approach and design of the ER-P to address the drivers and underlying causes of forest loss and barriers to sustainable forest management (SFM) and forest enhancement is to build on and support implementation of the current ambitious national and sub national policies and initiatives in the NCR, while at the site-level, the VNFF engages and encourages dialogue between local forest users and the FMEs to achieve and support sustainable forest management. The ER-P will support a combination of enabling conditions for emissions reduction and sectoral activities - with a focus on the forest and agriculture sectors.

The design of the ER-P (and this contributed to the design of the BSP) is the outcome of a comprehensive stakeholder consultation process that included all the ER provinces. Participation methods included village-level meetings with households (the views of ethnic minority households in particular were targeted), focus group discussions particularly with women, workshops, participatory forest transects, natural resource assessments, interviews of key informants, and a quantitative Probability Proportional to Size (PPS) sampling survey of 102 communes (over 3,000 households) focusing on upland forest dependency, poverty and livelihoods of primarily ethnic minority households in the six proposed ER-P provinces. Consultations have sought to identify local people's views regarding opportunities and constraints arising from forest and land resource access and use, including possible land use conflicts, and the security of their livelihoods including access to forests. In this way, a picture of the challenges and opportunity-costs of potential REDD+ activities in the localities was formed. Qualitative data acquired through these processes has been used in the design of the overall program and the approach to the Benefit Sharing Mechanism that was the forerunner of the BSP now in its final development.

The MARD will be the Program Entity (the implementing agency through VNFOREST and the VNFF) that is responsible for the implementation of the ER-P. MARD has extensive experience in implementing IDA-financed projects since 1995. MARD will work in close collaboration with relevant Ministries and agencies to implement the program in the NCR. Implementation of the ER-P is 2020 - 2025.

1.1.2 ER Program area

The ER-P has an area of land totaling 5.1 million ha (16% of the total land area of Vietnam) and is administered by six provinces – Thanh Hoa, Nghe An, Ha Tinh, Quang Binh, Quang Tri and Thua Thien Hue – with a population of about 10.5 million people (12% of the total population of Vietnam). The NCR contains most of the country's remaining broadleaf evergreen forest and is home to 13 ethnic minority groups. Forest area in NCR is characterized by degraded natural forests, most of which is managed by the State, local communities, and a significant share of timber plantations.

1.1.3 Socio economic considerations

Forest dependency is an important factor for the expected main beneficiaries and stakeholders from the poorest and most vulnerable of the ethnic minority forest dependent households. The identification of the other potential beneficiaries may include Forest Management Boards, State Forest Companies, local forest-dependent communities and actors outside forests who impact forest cover is a very important concern.

1.2 Purpose of the document

The BSP is required as part of the ERPA. The Government of Vietnam (GOV) hopes that linking benefit sharing with forest management will go beyond simply incentivizing individuals and communities to sustainably manage and protect their forests through providing compensation for their efforts.

2 Development of the BSP

2.1 Approach

The BSP is a framework designed to set key principles and encompasses a mix of modalities for the allocation of benefits, including fixed and variable allocations, either direct or indirect process. The BSP encourages active participation of all relevant stakeholders at different levels to contribute to ER targets. The BSP design is based on the legal framework for the management of forests (Forestry Law (2017) in Vietnam and best practices such as: linking with other ongoing initiatives, best use of existing institutional arrangement and capacity building. The BSP describes both the stakeholder functions and the conditions for accessing benefits. The direct allocation of benefits is applied to central and provincial level stakeholders dealing with policy development, law enforcement schemes, while the performance-based allocation of benefits is applied to local level stakeholders.

The BSP ensures that the carbon benefits are allocated among various beneficiaries at different levels in a transparent, inclusive and fair manner with effectiveness, efficiency, democracy, flexibility and comprehensiveness through a proper consultation process with all relevant stakeholders and local communities.

2.1.1 Consultations and information collection

There have been extensive consultations on the form and type of BSP during the development of the ER-P and these have included meetings with a wide variety of stakeholders at all levels. A crucial part of the Strategic Environment and Social Assessment (SESA) work involved consultations with multiple stakeholders from communities to implementers and policy makers who might be involved in, or impacted by, REDD+ activities and programs. At village and commune levels, the team preparing the BSP has used focus group discussion techniques to consult local communities, especially focusing on ethnic minorities, and their leaders at the village and commune and all consultations have been documented². The most recent consultations took place from May 2021 through to March 2022³ where MARD issued consultation requirements to the six ER-P area provinces⁴. Final high-level consultation including provincial level and cross sector consultation on the Decree *Pilot GHG ER result transfer and financial management of ERPA* culminated in several meetings to endorse the approach to develop the BSP.

At village and commune levels, the team used focus group discussion techniques to consult local communities, especially focusing on ethnic minorities, and their leaders at the village and commune. The team also had interactions with non-governmental organisations (NGO) such as regionally and nationally established Civil Society Organisations (CSOs)⁵ in Hue, Vinh and Hanoi. This included

² See for example the SESA, ESMF and draft BSPs.

³ The final part of the consultations coincided with the spread of the Covid-19 pandemic and consultations were kept in line with the government Covid-19 requirements on limits to meetings and contacts when these were in effect up to about March 2022.

⁴ Documents No. 2757/BNN- TCLN dated May 13, 2021; Doc. 4239/BNN-TCLN dated July 7, 2021; and Doc. 1281/BNN-TCLN dated March 8, 2022. This is the 3rd time MARD has consulted and collected written feedback from stakeholders on the PM Decision, later issued as the Decree *Pilot GHG ER result transfer and financial management of ERPA*.

⁵ Note that the term “Civil Society Organization” does not exist within the legal framework of Vietnam. What would normally be considered CSOs in other countries have to register as Associations in Vietnam to have formal recognition. See for example, Decree 45/2010/ND-CP on the Organization, Operation and Management of Associations.

university research centres in Hue and Vinh. The consultations with CSOs⁶ were geared to gaining different views and perspectives on the situation of local communities and forest resources, and to learn of their previous experiences with consultations at the village level and special attempts were always made to try to engage women in the discussions, and to elicit their views. The main point of consultations was to gain greater understanding from the local people as to how they see their opportunities and constraints arising from forest and land resource access and use. Representatives of mass organizations, Vietnam Women's Union (VWU) and the Fatherland Front, Youth Union etc. have also been included in discussions at the commune and district levels.

Final consultations on the draft Decree were held during the Covid pandemic and occurred through requirements of MARD's Document No. 2757/BNN-TCLN dated May 13, 2021; Document 4239/BNN-TCLN dated July 7, 2021; and Document 1281/BNN-TCLN dated March 8, 2022, enabling virtual consultation at sub-regional and local levels.

Additional consultations relating to the increased role of PFES (more emphasis is placed on the PFES approach and with increased benefits) in the BSP took place in July 2022 at the commune level and October 2022 with national NGOs who have substantial experience of projects in the forestry sector including REDD+ projects and working with ethnic minorities. The results of the consultations on the proposed change were favorable for the BSP to follow the PFES approach as benefit sharing approaches generally are seen as a direct cash benefit or providing alternative livelihood development, and PFES is seen as a participatory approach which is critical for addressing risks to local communities and help mitigate the problems they face and where necessary, in conjunction with the FMBs. REDD+ is already seen by many at the village level as a PFES scheme and the PFES mechanism is viewed as being operational providing benefits and as really effective in remoter communities, particularly where the FMB work closely with the local communities. These consultations are included in Table 5.6 located in Section 5.5 of Annex V Illustration of consultations. Under the stakeholder engagement and communications strategy, MARD will continue direct consultations to engage stakeholders on the ER Program, a consultative workshop was held 17th November 2022, the discussed and comments from this can be found in Annex VI.

2.1.2 Supporting processes for the BSP

The BSP is supported by the "safeguard system", which includes an Environment Social Management Framework (ESMF), Resettlement Policy Framework (RPF), Ethnic Minority Planning Framework (EMPF), Process Framework (PF) and Gender Action Plan (GAP). Collectively, these documents constitute the safeguards instruments for the ER Program. They detail the procedures and measures to address the potential risks and impacts based on the applicable safeguard system (legal and institutional frameworks in Vietnam) as well as gap filling measures to meet the requirements of the World Bank's safeguard policies. The safeguards instruments have been approved and publicly disseminated⁷. The core legal aspects that form the basis of the Feedback and Grievance Redress Mechanism (FGRM) are in place, as it includes established legal mechanisms that are already used and

⁶NGOs including Centre for Research and Development in Upland Areas (CRD), Centre for Indigenous Knowledge Research and Development (CIRD), Consultative and Research Centre on Natural Resource Management (CORENAM), Rural Development and Poverty Reduction Fund (RDPR), Culture Identity and Resources Management (CIRUM), Centre for Sustainable Rural Development (SRD) and Centre for Social Research and Development (CSR).

⁷The ESMF includes the following supporting safeguard instruments: a Resettlement Policy Framework (RPF) a Process Framework (PF) both of which are finalized to address potential involuntary resettlement and access restriction issues that may occur during the program; and an Ethnic Minority Policy Framework (EMPF) which includes safeguard measures in relation to Free, Prior and Informed Consultation (FPIC) of ethnic minorities in the ER-P area.

are similar to those used in the PFES⁸ programme and now follow the Law on Mediation and Dialogue (2020)⁹. The safeguards measures, particularly the EMPF, are also designed to ensure that ethnic minority people have the same opportunities to derive benefits from the ER-P as non-ethnic minority persons. The GAP has been prepared to promote women’s participation in the program, share in the benefits, and to maximize gender equality (See section 5.4.6 for further details on the ethnic minorities and safeguards and section 5.4.7 and Table 5.3 for further details on the GAP).

2.2 *Legal framework supporting the BSP*

The Decree No.107/2022/ND-CP for *Pilot GHG ER result transfer and financial management of ERPA* sets out the regulations for the implementation of the BSP and for the distribution of, and reporting on the payments and is supported by a number of laws and decrees as shown in Table 2.1 below. The benefit-sharing plan is based on the following legal framework and supporting documents:

Table 2.1 Main legal framework for the BSP

Main Laws and supporting Decrees for the Pilot GHG ER result transfer, ERPA and BSP	Relevance
The Law on Forestry No. 16/2017/QH14. Decree no.107/2022/ND-CP	Main law and decree for the management and use of the forestry resource and activities in the forest sector.
Decree No. 156/2018/ND-CP of the Government dated November 16, 2018 detailing the implementation of a number of articles of the Law on Forestry and provides policy on PFES and benefit distribution from environmental services (watershed, land protection, ecological services), and policy on benefit distribution from indirect values of forest.	Replaced and updated Decree 99 which was the original Decree which introduced the Payment for Forest Environmental Services.
Decision No. 419/QD/TTg of the Prime Minister dated April 5, 2017 approving the National Program on reducing greenhouse gas emissions through limiting deforestation and forest degradation; conservation, enhancement of carbon stocks and sustainable management of forest resources up to 2030 (the updated National REDD Action Plan (NRAP)).	General policy supporting REDD+ to 2030.
Decision No. 24/2012/QD-TTg dated June 1, 2012 of the	Provides for the management of SUFs.

⁸ Details on VNFF and PFES can be found in English on the VNFF website (name of the website is: VNFF.vn <http://Vnff.vn>) and there is also a portal on the ERPA which includes various headings and progress. The ESMF is posted there and the final approved Decree will be added.

⁹ This is a relatively new law coming into force in January 2021. The law emphasizes the State’s policy of encouraging parties to settle civil cases and matters and administrative lawsuits through mediation and dialogue at court. Composed of 42 articles arranged in four chapters, the law defines the rights and obligations of mediators and parties to mediation and dialogue at court, and responsibilities of courts in mediation and dialogue activities. It also establishes order and procedures for mediation and dialogue and recognition of results of successful mediation or dialogue at court.

Main Laws and supporting Decrees for the Pilot GHG ER result transfer, ERPA and BSP	Relevance
Prime Minister on investment policy on development of special-use forests for the period 2011 – 2020.	
Resolution no. 84/NQ-CP dated 05 August 2021 of the Government on approving the Investment project for Sustainable Forestry Development Program period 2021-2025. Decision no.809/QĐ-TTg dated 12 July 2022 of the Prime Minister approving the National Sustainable Forest Development Program 2021-2025	Main policy document for the forestry sector up to 2025.
Circular no. 26/2022/TT-BNNPTNT dated 30 December 2022 of MARD regulating the management and traceability of forest product origin	Provides for the regulation of management and traceability of forest products.
Circular No. 29/2018/TT-BNNPTNT dated November 16, 2018 of the MARD; Circular no. 17/2022/TT-BNNPTNT amending some articles of the Circular no. 29/2018/TT-BNNPTNT	Regulation on silviculture methods.
Decree no. 168/2016/NĐ-CP dated 27 December 2016.	Contracting forest for protection, also used by Protection and Special Use Forest Management Board (PFMB and SUFMBs) and State Forest Companies (SFCs).
Circular No. 12/2022/TT-BNNPTNT dated September 20, 2022 Decision no. 1719/QĐ-TTg dated 14 October 2021 of the Prime Minister approving the National socio-economic target program for the ethnic minority and mountainous areas period 2021-2030	Guiding a number of forestry activities to implement the national target program for socio-economic development in ethnic minority areas and mountainous areas in the period of 2021-2030.

For implementing the ERPA and at the same time creating a premise for the completion of legal documents for the service and following the provisions of Clause 3, Article 61 of the Forestry Law (2017), “Carbon sequestration and storage of forests; reducing greenhouse gas emissions from eliminating forest loss and degradation, sustainable forest management, and green growth”; MARD has submitted the Decree No. 107/2022/ND-CP on piloting the transfer of ER results and financial management of the ERPA (the title of the Decree is “*Pilot GHG ER result transfer and financial management of ERPA*”). This approach supports the involvement of forest dependent communities in sustainable forest management and requires the State forest managers to engage with the villages and communes.

- The program also includes several pragmatic measures, which are expected to strengthen individual and collective ethnic minority tenure rights and effectively safeguard ethnic minority communities from negative impacts in terms of their access and use of customary lands and resources. This process is supported in the Forestry Law (2017).

- A FGRM based on the existing and well-established laws of Vietnam has been prepared. This is consistent with the government’s e-governance policies and requirements for public access as mandated under the Land Law (2013) and the delivery of better quality and transparent public services including the public provision of land information and dispute resolution and conflict management.

2.2.1 *The Decree No.107/2022/ND-CP on Pilot GHG ER result transfer and financial management of ERPA*

The Decree regulates the use of the payments for GHG ER, transfer and financial management of the funds from the ERPA¹⁰ and provides guidance on the different entities involved. This includes state organizations, individual households, and communities that would be involved in the ER in the six ER provinces. The Decree sets the cost norms and assigns the VNFF to manage the disbursement to the different beneficiaries. It also sets out which activities can be supported by the funds from the ERPA and these include:

- Support activities to strengthen the necessary conditions (developing policy, guidelines regulations etc.) for emission reduction at the central and local levels;
- Activities directly contributing to the GHG ER;
- Livelihood development support activities; and
- Management activities and operational costs.

3 Implementation Arrangements

3.1 *Benefits of the ER-P*

Benefits sharing activities eligible for funding from the ERPA are specified in Article 6 of the Decree No.107/2022/ND-CP on *Pilot GHG ER result transfer and financial management of ERPA*, including activities that directly and indirectly contribute to emission reduction results, specifically as follows in Table 3.1 below:

Table 3.1 Eligible activities for benefit sharing and distribution

Group of activities	Summary of activities	Detailed description of the expected activities
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10 Under Article 5 Clause 1 b) the Vietnam Forest Protection and Development Fund (VNFF) opens a foreign currency account at a commercial bank to receive the ERPA proceeds for coordinating to the Provincial Funds and c) The Provincial Forest Protection and Development Funds (Provincial Funds) shall open a VND account at a commercial bank to receive proceeds coordinated by the VNFF for disbursement to the beneficiaries.

Group of activities	Summary of activities	Detailed description of the expected activities
Group 1	Forestry interventions to contribute to ER	<p>a) Review and draft regulations, guidelines and finalization of related policies on GHG ER in the forestry sector;</p> <p>b) Review, monitor the changes of forest carbon stock, control of natural forest conversion, sustainable forest management interventions, prolonging life cycle of the planted forests for enhanced forest sequestration and absorption;</p> <p>c) Enhance sustainable forest protection and management, law enforcement;</p> <p>d) Capacity building for entitled organizations and entities directly participating in forest protection and management activities.</p>
Group 2	Forest-based activities that directly contribute to GHG emission reduction	<p>a) Protection of natural forest;</p> <p>b) Silviculture interventions by law and approved by the competent authorities¹¹.</p>
Group 3	Livelihood development support activities	<p>a) Support agricultural and forestry extension activities, plant varieties and animal breeds; site management and economic development of planted forests; equipment for processing agricultural and forestry products, study visits,; building demonstration models of livelihood development associated with forest protection and development;</p> <p>b) Support construction of public works of the residential community such as clean water works, lighting, communication, village roads, cultural houses and other works;</p> <p>c) Support propaganda activities, technical training, development of conventions, regulations, and commitment to law enforcement.</p>
Group 4	Operational costs	<p>a) Program administration and management, including financial administration, coordination of activities and stakeholders, etc.;</p> <p>b) M&E activities;</p> <p>c) ER measurement, verification;</p> <p>d) Communication and propaganda;</p>

¹¹ Silviculture activities are described and are required to follow the government Circular 29/2018/TT-BNNPTNT dated 16 Nov. 2018 of MARD. It is noted that the advanced draft BSP included nine different silviculture models. The Circular more correctly, describes the various silvicultural interventions and measures on forest development. The Circular provides an official guidance and approach for silviculture and updates the BSP on what can be funded. This does not preclude the nine models but introduces some more flexibility on what can be implemented and is in line with government regulations.

Group of activities	Summary of activities	Detailed description of the expected activities
		e) Inquiries, complaints and feedback activities.

3.2 *Beneficiaries and flow of funds*

The current laws of Vietnam clearly define the beneficiaries of forest resources, including forest owners as organizations, households, individuals, and communities – those who sign contracts with the State or lease land and forest for long-term utilization. These beneficiaries have the right to provide PFES services and are entitled to benefit from these services (in accordance with Clause 4, Article 73, Forestry Law). The beneficiaries also include people who sign contracts for forest protection, are undertaking regeneration zoning and afforestation in the state forestry entities (SUFMBs, PFMBs, SFCs).

As the funds from the ERPA are not known in advance, the Decree no.107/2022/ND-CP on *Pilot GHG ER result transfer and financial management of ERPA* introduces a unique flexible approach based on the funds that become available through the ERPA and this is set through an annual budgetary process which is drawn up and submitted at the provincial level and then to the national level which will finalize the funding process and then advise the province.

The general mechanism introduced through the Decree no.107/2022/ND-CP is that the national government disburses available funds to provincial governments who will then act on advice to decide whether end-beneficiaries (e.g., local communities or individual households) will be paid directly by the province or through sub-provincial government at either the district or commune level.

3.2.1 *Categories of beneficiaries*

The categories of beneficiaries under the BSP are defined in the Decree and (shown below in Table 3.2) include organizations, households, individuals and communities that have activities relating to the reduction of greenhouse gas emissions from natural forest in the six participating provinces in the NCR (Thanh Hoa, Nghe An, Ha Tinh, Quang Binh, Quang Tri, and Thua Thien Hue), specifically:

Table 3.2 Beneficiary access to the fund

Beneficiary	Access to the fund and responsibilities	References in the Decree <i>Pilot GHG ER result transfer and financial management of ERPA</i>
There are five general categories of beneficiaries defined by the Decree No.107/2022/ND-CP for the six provinces.	<p>Categories of beneficiaries</p> <p>a) Forest owner specified in Article 8 of the Forestry Law is assigned to manage natural forest.</p> <p>b) The CPC and other organizations assigned by the State for management of natural forest by law.</p> <p>c) The community and the CPC who have signed a participatory forest management agreement with the forest owner organization.</p>	Article 5

Beneficiary	Access to the fund and responsibilities	References in the Decree Pilot GHG ER result transfer and financial management of ERPA
	<p>d) The VNFF and the PFPDFs in the NCR.</p> <p>e) Others involved in forest related GHG emission reduction and absorption activities in the 6 provinces</p> <p>The PFPDF managers coordinate with relevant agencies mainly DARD in consolidating the forest area and beneficiaries and submitting it to the PPC for approval.</p>	
Annual fund flow to beneficiaries.	<p>Beneficiaries and spending norms are approved through an annual financial plan of forest owners as organizations.</p> <p>Submission to the competent authority for approval and sends it to the PFPDF.</p>	<p>Point c), Clause 3, Article 9</p> <p>Spending norms are set under Point c), Clause 3, Article 3</p>
Details of the categories of the beneficiaries		
Forest owners stipulated in Article 8 of the Forestry Law who are assigned to manage natural forest by the state.	The PFPDF coordinates with relevant agencies in consolidating the forest area and beneficiaries, and submitting it to the PPC for approval (for the fund operating directly under the PPC), report prepared by DARD and submit it to the PPC (for the fund operating directly under DARD).	<p>Point b), Clause 3, Article 9; Clause 3, Article 8</p> <p>Point b), Clause 2, Article 6 of the Decree</p>
CPC and other organizations assigned by the state to manage natural forest by law.	Drafting a plan to use the proceeds serving the management and protection of forests shall be submitted to the district-level People's Committees for approval.	Clause 5, Article 8; Point d, Clause 3 Article 9
Forest owners as households, and individuals.	<p>Based on the natural forest area assigned to manage, the PFPDF will pay to forest owners who are households, individuals, and communities.</p> <p>Forest owners being households, individuals and communities are entitled to use the full amount of emission reduction payments to manage, protect and develop forests and improve living standards.</p>	Clause 4 of Article 8
Local communities, CPCs signed forest protection contract/ agreement with forest owner as organization.	<p>Drafting a plan to use the proceeds serving the management and protection of forests shall be submitted to the district-level People's Committees for approval for the case of CPC.</p> <p>Additionally, the BSP also requires CPC to identify the poorer and more vulnerable households that will benefit from the commune-managed livelihood interventions that are also non-forest based.</p> <p>Registered with the CPC if a forest owner is a community to participate in forest management activities.</p> <p>Annually, the community representative (village leader, etc.) conducts a meeting to agree on the proposed contents, plan,</p>	Clauses 6 and 7, Article 8

Beneficiary	Access to the fund and responsibilities	References in the Decree Pilot GHG ER result transfer and financial management of ERPA
	budget estimation for submission to the forest owner as organization and the CPC for co-signing.	
VNFF and PFPDFs in the NCR.	Management costs – the VNFF is allowed to deduct a maximum 0.5%; PFPDFs are allowed to deducted a maximum 10% to cover these costs.	Point a), clause 1, clause 2 Article 8
Others involved in CO ₂ emission reduction.	VNFF (the VNFF is specified in the first instance as it mandated to implement the Decree and distribute the funds).	Point đ), clause 2, Article 5,

Table notes: The beneficiaries follow the Decree. “Others” follows usual legal practice so as not to exclude any potential beneficiary.

The following

shows the other activities that can be funded following the Decree 107/2022/NĐ-CP from the national level through to the local level and the various entities that would be responsible.

Table 3.3 Other activities that can be funded

Other activities that can be funded		Points a), b), d), đ), Clause 4, Article 6
Forestry interventions (Group 1) Support forestry activities for GHG emission reduction)		Article 6
Support to review, develop, revise regulations, guidelines for policies and mechanisms on GHG ER of the forestry sector	VNFF, DARD, PFPDFs	Article 6, Clause 1, a)
Review, monitor and assess forest carbon stock; supervise the conversion of natural forest; carry out solutions for sustainable forest management.	PFPDFs, DARD, CPC	Article 6 Clause 1, b)
Strengthen law enforcement on forest protection and sustainable development.	VNFF, DARD, CPC	Article 6 Clause 1, c)
Capacity building for relevant organizations and individuals directly participating in forest protection and management activities.	VNFF, DARD, CPC	Article 6 Clause 1, d)

The following Table 3.4 shows the activities that can be funded following the Decree No. 107/2022/NĐ-CP that are expected to contribute directly to emission reductions, similarly the entities responsible are also included in the Decree No. 107/2022/NĐ-CP.

Table 3.4 Activities that directly contribute to emission reduction

Activities that directly contribute to GHG emission reduction (Group 2)		Article 6, Clause 2
Protection of natural forests.	Forest owners, PFPDF, DARD, CPC	Article 6, Clause 2, point a)
Activities related to silviculture interventions according to current regulations and approved by competent authorities by laws.	The silviculture measures follow Circular No. 29/2018/TT-BNNPTNT dated November 16, 2018; Circular No. 17/2022/TT-BNNPTNT amending some articles of the Decree no. 29/2018/TT-BNNPTNT Drawn up in consultation between the FME with community and CPC for submission to the competent authority for approval.	Point b), Clause 2, Article 6 The cost norms of support expenditures for activities are specified in Clause 3, Article 3
Livelihood support activities (Group 3)		
Support agricultural and forestry extension activities, supply plant varieties and animal breeds; site management and economic development of planted forests; equipment for processing agricultural and forestry products, study visits, ; building demonstration models of livelihood development associated with forest protection and development.	Support communities in the list agreed by the forest owner as organization and CPC, and approved by PPC Drawn up in consultation with community, CPC, and forest owner for submission to CPC to the competent authority for approval (and circulated to other departments at the provincial level) and approved by the PPC and submitted to the PFPDF.	Article 6 and Clause 3, point a) i) Point b, Clause 3, Article Point c, Clause 3, Article 9
Support construction of public works of the community such as clean water works, electricity and lighting, communication, village roads, cultural houses and other works which are agreed and proposed by the participating communities	As above.	Article 6 Clause 3, point b) Point b, Clause 3, Article 8 Point c, Clause 3, Article 9
Support propaganda activities, technical training, development of conventions, regulations, and commitment to law	As above.	Article 6 Clause 3, point c) Point c, Clause 3, Article 9

enforcement.		
Management activities (Group 4)		
Manage and coordinate proceeds sources.	VNFF, MARD, PFPDFs, PPC	Clause 4, Article 6. "Items are eligible for receiving payments" 4 (and Point a) clauses 1 and 2, Article 8)
Inspection, supervision and evaluation activities (including M&E activities).	VNFF and PFPDFs	Article 6 Clause 4 Article 14
Measuring, reporting and appraising ER results.	VNFF, DARD	Article 6 Clause 4 Clause 1, Article 8
Communication and propaganda.	VNFF, PFPDFs and PPC	Article 6 Clause 4
Complaints and feedback activities (FGRM).	CPC, PFPDFs, PPC, VNFF	Article 6 Clause 4

3.2.2 *Flow of funds to the beneficiaries*

- The following

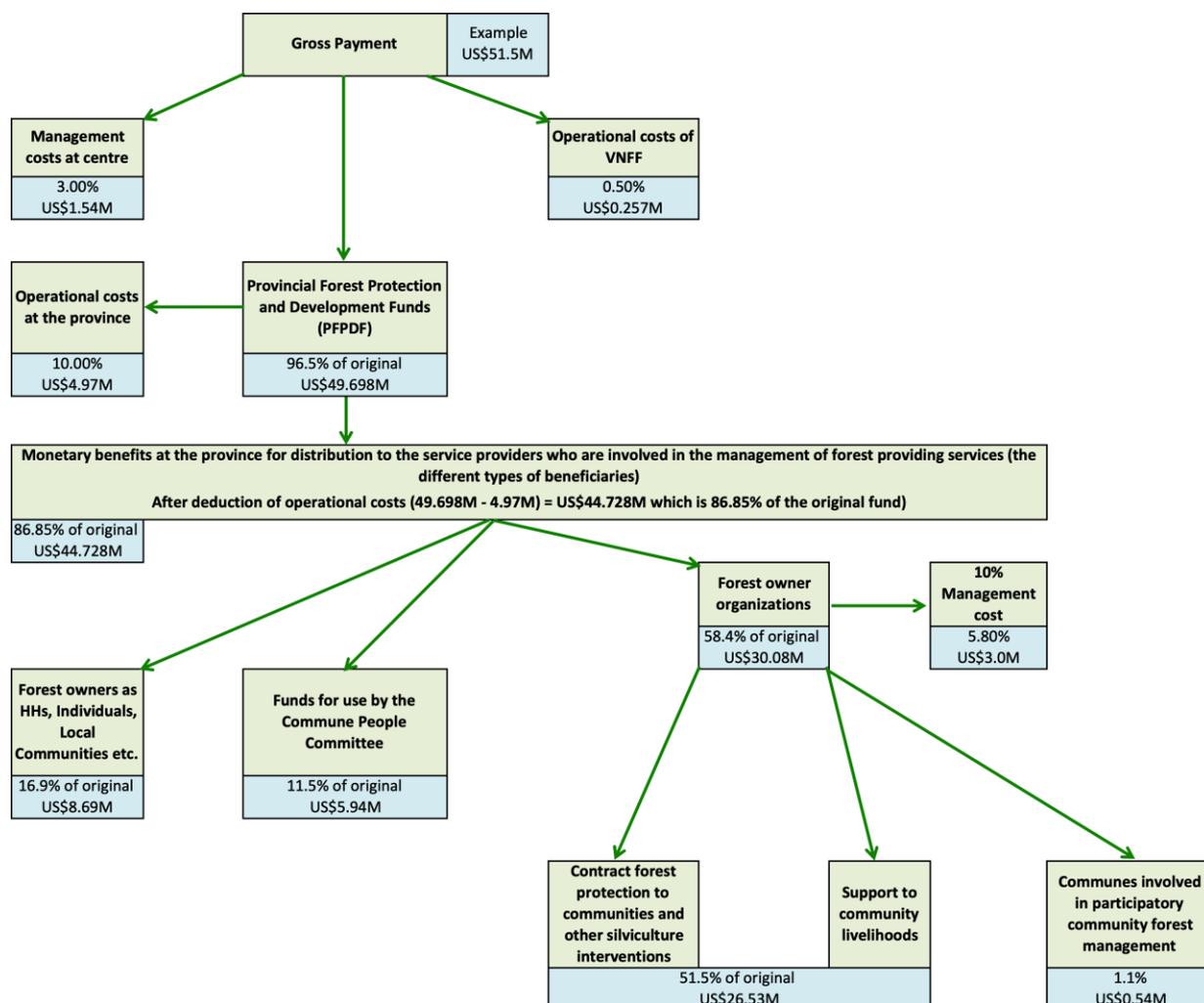
Figure 3.1 and **Table 3.5** show the flow of funds:

- The VNFF is entitled to make up to a maximum deduction¹² of 0.5% of the total amount received, and deposit interest (if any), to spend on management activities and deduct up to a maximum of 3% of the total proceeds from ERPA funds to spend on forestry related activities for emission reduction at the central level¹³ including activities such as and including inspection, monitoring, measuring, communication, etc.

¹² Deduction rates at VNFF and the provincial Funds are done in accordance with the Decree no. 156/2018/NĐ-CP dated 16/11/2018 of the Government on guiding and enforcement of the Forestry Law.

¹³ These deduction rates are subject to change i.e. no “no objection letter” has been received from MOF.

Figure 3.1 Distribution of the fund flow for the BSP



- The remaining minimum amount of 96.5% is distributed to the PFPDF of the six provinces of the NCR.
- For the PFPDF, a maximum of 10% of the total amount is allowed (the amount for distribution from the VNFF to the PFPDF (after the 3.5% deduction) is considered to be 100%) and interest on deposit (if any) to spend on management activities, forestry related activities to reduce emissions at the local level, and some activities on testing, monitoring, communication, etc.
- The remaining 90% is paid to forest owners assigned to manage natural forests, including: forest owners are organizations; CPCs, organizations that are not forest owners; individual households, communities based on the percentage of natural forest area assigned to manage.
- For forest owners who are recognized as organizations (i.e. special-use forest management boards, protection forest management boards, forestry companies etc.), 10% of the amount received from the PFPDF is deducted, and the remaining 90% can be spent on forest

management activities of the participating communities, livelihood support for communities and some silviculture interventions.

- The District People’s Committees (DPC) shall approve CPC level (and other organizations assigned by the State to manage forests) expenditures on forest management and protection.
- Communities, households and individuals have full rights to use the amount received for livelihood activities and community development.
- Operational costs include expenditures related to the technical support and administrative and financial management of the ER-P and BSP to be viable, all the costs should be properly covered by the ER-P.

Table 3.5 Tentative flow of funds

No	Eligible activities	Implemented by	Tentative budget figures (USD)	% Total proceeds	Notes
	Total		51,500,000	100	96.5% is set to be transferred to the provinces
	Indirect activities under Group 1 and Group 4 activities		6,772,250	13.15	
I	Indirect activities under Group 1 activities at national level (Maximum UP TO 3.5% deducted)		1,802,500	3.5	
1.1	Operational costs	VNFF	257,500	0.5	Deduction amount is subject to approval of MARD upon the plan submitted by VNFF
	<i>(up to a Maximum 0.5% deducted)</i>				
1.2	- Support forestry related activities for GHG ER	National level	1,545,000	3.0	
	- M&E				
	- Measurement and verification				
	- Communication and propaganda				
	- Inquiries, complaints and feedback activities				
	<i>(Maximum up to 3% deducted)</i>				
2	Indirect activities under Groups 1&4 at local level		4,969,750	9.65	
	- Operational costs	PFPDFs and relevant agencies	4,969,750	9.65	The deduction is subject to approval of the PPC
	- Support forestry related activities for GHG ER				
	- M&E				
	- Communication and propaganda				
	- Inquiries, complaints and feedback activities				
	<i>(Maximum UP TO 10% deducted)</i>				
II	Activities under Groups 2&3				

No	Eligible activities	Implemented by	Tentative budget figures (USD)	% Total proceeds	Notes
	<i>(Account for 90% of the amount allocated to the provinces)</i>		44,727,750	86.85	
1	Forest owners are hhs, individuals and communities assigned management of natural forest	Forest owner	8,694,048	16.9	This is based on area of natural forest from 2021. The figures may change slightly from year to year.
2	CPC and other entities are assigned management of natural forest	CPC commune level and other organizations	5,946,171	11.55	This is based on area of natural forest from 2021. The figures may change slightly from year to year.
3	Forest owners are organizations		30,087,531	58.42	
3.1	Forest management costs of the forest owner (<i>maximum up to a 10% deducted (from 30.08m above)</i>)	Forest owner is organization	3,008,753.	5.84	In accordance with point d), clause 3 Article 70 Decree 156/2018/NĐ-CP.
3.2	CCPC involved in participatory forest management	CPC	601,751	1.17	There is a maximum of 2% based on the Decree
3.3	Community involves in participatory forest management	Community	26,477,027	51.41	The estimations are prepared based on actual condition (after deducting 10% for the forest owners based on the Decree)
	- Forest management contract cost				
	- Livelihood support				
3.4	Silviculture interventions by law	Community and forest owner is organization			
		Totals	51,500,000	100%	Indicative 100% only, the final figures takes account of the maximums

Table note: The above Table 3.5 follows the above

Figure 3.1 Distribution of the fund flow for the BSP.

3.2.3 Determination of the fund flow to the main beneficiaries

a) Fund flow to the VNFF

Based on the area of natural forest (as determined by VNFOREST) of the preceding year, the emission reduction results in the period of each locality are announced by MARD and the overall financial plan is approved by MARD. The Director of the VNFF annually determines the funds for disbursement for the provincial Forest Protection and Development Fund according to the following formula:

Equation 1 Calculation of the annual amount to be distributed to the provinces

$$Ti = (T - C) \times \frac{Gi + Si}{2}$$

Where:

Ti is the annual amount to be distributed to the province *i* (VND), (*i* is one of six provinces in the NCR).

T is the ERPA fund available to be distributed according to the annual plan (VND).

C is the amount deducted by VNFF (VND) (The figure is up to a maximum of 3.5%).

Si is the natural forest area of province *i* (ha).

S is the total area of natural forest of the NCR (ha).

Gi is the ER result of province *i* as announced by MARD.

G is the total ER result of the NCR transferred to the IBRD as notified by MARD (tonnes of CO₂).

b) Fund flow to the Provincial Forest Protection Development Fund

The PFPDF shall share benefits with the forest owners after deducting its operating cost. The basis of benefit sharing for forest owners is based on the area of natural forest (from the preceding year), the PFPDF determines the amount to be paid to forest owners as, organizations, households, individuals, residential communities, CPC and other organizations assigned by the State to manage natural forests according to the provisions of Section 3, Appendix II of the Decree, specifically as follows:

a) The amount to be paid to forest owners is determined on the basis of the natural forest area of the forest owner assigned to manage;

b) Every year, based on the amount to be distributed from the VNFF and the area of natural forests according to the results of forest changes in the year preceding the year in which the proceeds is received, the Director of the PFPDF determines the amount to be paid to forest owners, CPC and other organizations assigned by the State to manage forests according to the following formula below; and

c)The PFPDF shall coordinate with relevant agencies in consolidating the forest area and beneficiaries and submitting it to the PPC for approval (for the PFPDF under the PPC); report to the provincial DARD and submit it to the PPC for approval (for the Fund under DARD).

Equation 2 Calculation of the amount to be received by the forest owner

$$T_{icr} = (T_i - C_i) \times \frac{S_{icr}}{S_i}$$

Where:

T_{icr} is the amount received by a forest owner; CPC and other organizations assigned by the State to manage forests in province *i* receive (VND), (*icr* is one of the forest owners in province*i*).

C_i is the amount deducted by the PFPDF (VND).

S_{icr} is the natural forest area of a forest owner; CPC and other organizations assigned by the State to manage forests in province*i* (ha).

3.3 Main responsibilities of ministries and management entities

3.3.1 National level

The main management entities for the BSP at the national level are MARD, VNFOREST and VNFF. The BSP needs to balance the involvement of a larger and more diverse set of beneficiaries, which can increase transaction costs and complicate the administration of benefits, with the community-level benefit sharing and what effective arrangements can be leveraged to ensure local representative institutions have a voice. Gender impacts are considered; elite capture has to be avoided and a general approach of enabling equitable participation is required. The institutions/stakeholders involved in the implementation of the BSP and the roles and responsibilities are shown in Table 3.6 and are as follows:

Table 3.6 Summary of responsibilities for the BSP at the central national level

Entity	Summary of Main Responsibilities Related to the BSP
MARD	Assume the prime responsibility for, and coordinate with concerned ministries, agencies and PPCs to organize and guide the implementation of ERPA; urge, inspect, supervise

Entity	Summary of Main Responsibilities Related to the BSP
	<p>and promptly handle problems arising in the implementation process according to its competence and by law, ensuring no loss or misuse is caused; report to competent authority for the issues beyond the authority;</p> <p>Assume the prime responsibility for and coordinate with relevant central agencies and localities to report to the Prime Minister on the performance of ERPA implementation before 15 December annually.</p> <p>Prepare a report on ER results and send it to the IBRD.</p> <p>Assume the prime responsibility for, and coordinate with ministries, agencies and localities in reviewing the implementation of ERPA for reporting to the Prime Minister before 30 October 2025</p>
<p>Related ministries (MOF, MPI, MOJ, MARD, MONRE)</p>	<p>Upon their functions and tasks within the scope of their state management, ministries and branches actively coordinate with the MARD in implementing the Prime Minister's Decree, and at the same time, direct the units under their Ministries in the implementation of this Decree</p>
<p>VNFOREST</p>	<p>Support MARD to take lead in overall monitoring of the performance of the ER-P, meeting the required activities.</p> <p>Cooperate with the VNFF to develop an integrated financial plan for REDD+ objectives.</p> <p>Participate in monitoring and evaluation of the implementation results of the ER-P, assess the level of contribution to REDD+ objectives.</p> <p>Integrate the results of forest protection and development and ER-P into the data system of forest resource monitoring, forest inventory and Forest Sector Information System and report to MARD on the status of the forest resource, emission reductions of the ER-P and integrate the data into the system of forest resource monitoring and inventory and the forest management information system (FORMIS).</p> <p>Participate in the evaluation process and draw lessons in benefit sharing.</p>
<p>VNFF</p>	<p>VNFF, representative of the PE, will be responsible for monitoring the overall program implementation, including environmental compliance of the program. VNFF will have the final responsibility for BSP implementation and environmental performance of the program during the operational phase - responsible for the overall and main implementation activities related to the BSP.</p> <p>VNFF is responsible for development of the integrated financial plan which combines payment for environmental services and various resources for benefit sharing, development of the M&E framework and general report, forest protection contract form, plan to coordinate the implementation of benefit sharing. Participate in disbursement at provincial level.</p>

3.3.2 VNFF

The VNFF was established in 2008, and since then it has been the main innovative finance arm to support sustainable forest development in Vietnam beyond the core public budget. VNFF is in charge of operating the PFES program in Vietnam. The PFES policy is one of very few national-scale payments for ecosystem services programs in the world and the only one to date in Asia. The program, launched in 2008, primarily aims to reward and support the efforts of forest managers in Vietnam to protect and manage forested areas, which in turn provide environmental services including watershed protection, biodiversity conservation and carbon sequestration. PFES plays a significant role in financing the forestry sector, accounting for 29% of total forestry investments in 2019.

The aim of the VNFF is:

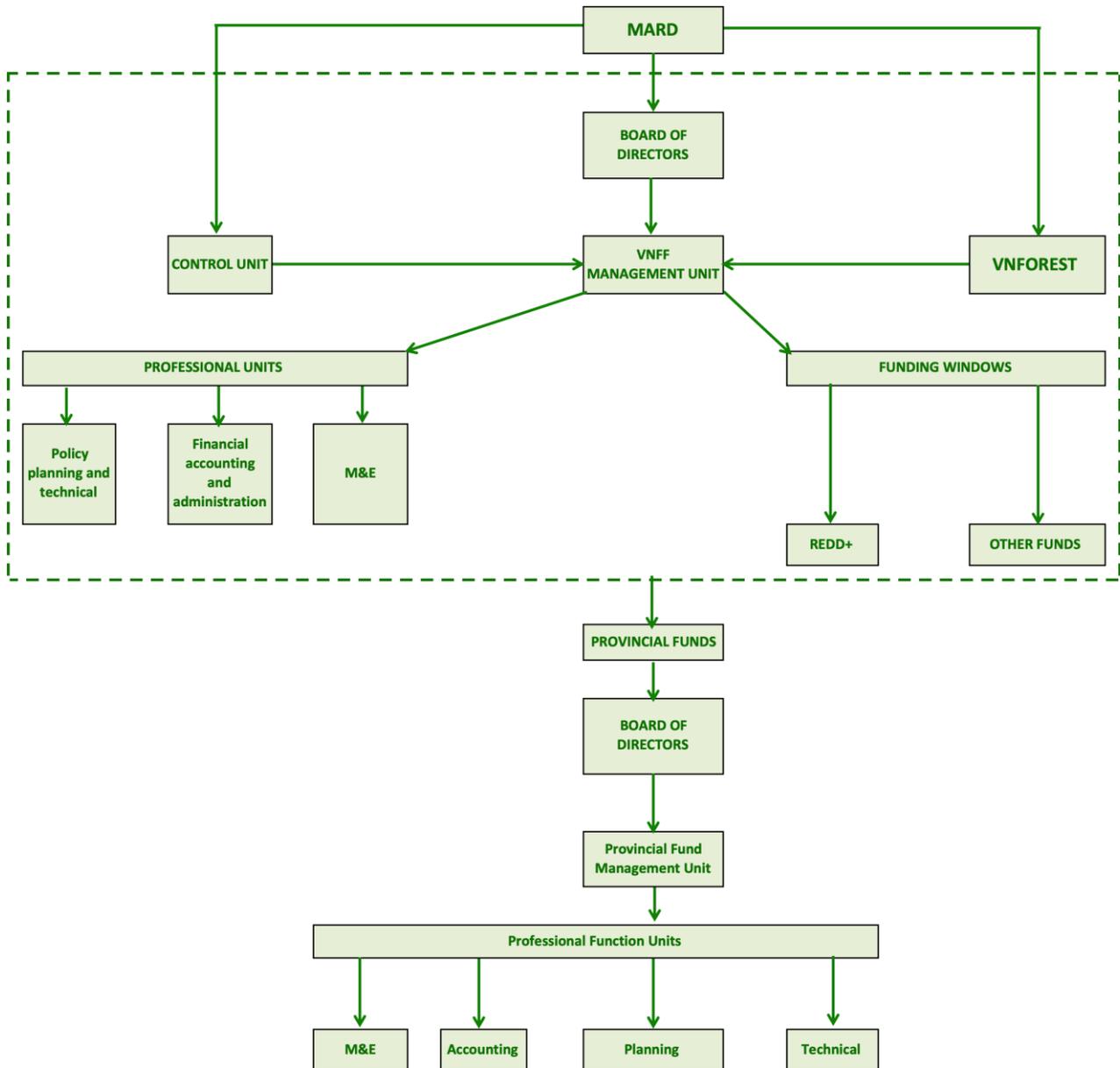
To effectively support the development of the forestry sector through the mobilization of social resources for forest protection and development, sustainable forest management, climate change mitigation and adaptation, and livelihood improvements for local people engaging in forestry activities and biodiversity conservation.

The use of banks and digital payment modalities, notably to end users at the local level is expected to improve transparency, accountability, reduce risks of misuse of funds and complaints, and facilitate monitoring and analytical work. The following Figure 3.2 shows the organization chart of the VNFF. The main responsibilities of the PPC¹⁴ relating to the implementation of the ERPA are as follows:

1. Responsible for implementing the ERPA locally: issue the ERPA implementation plan; direct and implement the ERPA activities in the locality; integrate it into the implementation of programs and projects in the locality; mobilize resources to carry out the management, protection and development of forests in the locality.
2. Direct the PFPDF to assume the prime responsibility for, and coordinate with relevant agencies and units in formulating plans and organizing the implementation.
3. Do not transfer the ER result signed by ERPA during the implementation period to other entities.
4. Urging, inspecting, supervising and promptly handling problems arising in the implementation process upon its competence.
5. Annually, report to the MARD on the implementation performance of the locality.
6. Assume the prime responsibility for summarizing and evaluating the implementation in their localities, and reporting to MARD according to regulations

¹⁴ As this is a legal Decree therefore it assigns responsibilities to the key stakeholders at the government level which means they only assign responsibilities to the focal ministry (MARD) and PPCs.

Figure 3.2 The VNFF organization chart



3.3.3 Provincial level

The VNFF also operates at the provincial level, for the organization of the PFPDFs see Figure 3.2 above. The different actors involved in the implementation of the BSP at the provincial level are shown in the following Table 3.7.

Table 3.7 Summary of responsibilities for the BSP at the provincial level

Entity	Summary of Main Responsibilities Related to the BSP
Provincial People's Committee (PPC) of six provinces in NCR	<p>Overall approval of the BSP at the provincial level, issue ERPA implementation plan, provide direction on the implementation of ERPA at the provincial level, coordinate the implementation of ERPA with other on-going programs in the province, mobilize resources for forest protection, management and development in the province.</p> <p>Direct the PFPDFs to cooperate with relevant units to prepare plan for implementation of ERPA;</p> <p>Do not allow to transfer the agreed ER amount under ERPA to other parties;</p> <p>Urge, check, monitor and timely handle issues raised during the implementation of ERPA upon respective competent authority and by law;</p> <p>Annually, report to MARD on the implementation performance of ERPA before 30 October annually.</p> <p>Review and evaluate the implementation of ERPA in the province and report it to MARD before 30 July 2025.</p>
DARD	<p>Coordinate the appraisal of the results of forest protection and development of provinces, participate in the M&E of the implementation of benefit sharing in the province.</p> <p>Oversee implementation of technical aspects under recommendations of related provincial departments (and Department of Natural Resources and Environment (DONRE) as necessary) and VNFOREST.</p>
PFPDF	<p>Be responsible for disbursing funds to beneficiaries according to the agreed set plan approved by the PPC.</p> <p>Develop an integrated financial plan for the BSP with the aim of sustainable forest protection and development.</p> <p>Set up monitoring and evaluation framework and general reports.</p> <p>Disburse money through bank account, e-payment (non-cash payment) tools to relevant stakeholders for BSP and ER implementation.</p>
District People's Committee (DPC)	<p>Provide information on socio-economic development and data on the status of forest and forestry land management in the pilot area for benefit sharing in the district as stipulated in the Decree for the Pilot GHG ER result transfer and financial management of ERPA.</p> <p>Cooperate with DARD and PFPDFs in directing and supervising the implementation of benefit sharing.</p> <p>District People's Committee is the focal point for the FGRM during the benefit sharing process at grassroots units in the district according to the provisions in this BSP.</p>
Commune People's Committee (CPC)	<p>Lead and cooperate with local community and stakeholders to develop and implement Forest Protection and Development Plans, and BSP.</p> <p>Hold commune meetings in accordance with the Decree.</p> <p>Cooperate with the provincial M&E Team to carry out the supervision, monitoring, evaluation and approval of the results of forest protection and development and benefit sharing.</p>

Entity	Summary of Main Responsibilities Related to the BSP
	Provide human resources and meeting rooms necessary for the mediation process; direct the mediation process and give feedback of grievance redress to the people, and resolve complaints related to benefit sharing at the grassroots level.
SUFMBs, PFMBs. and SFCs	Coordinate with the DARDs, PFPDFs, and CPC to manage and implement the BSP program activities, including safeguards implementation, on the forestland area managed by the SUFMBs, PFMBs, and SFCs.

3.4 Responsibilities for implementation of the BSP

3.4.1 National level activities to support the BSP

a) Payment for indirect activities

Management and coordination activities are covered at point (a)¹⁵, clause 4 Article 6 of the Decree for *Pilot GHG ER result transfer and financial management of ERPA* and accordingly, and the VNFF is allowed to deduct a maximum of 0.5% of total ERPA proceeds and its incurred bank interest (if any) to cover activities. Eligible activities are paid in accordance with point (a), clause 1 Article 8 of the Decree No. 107/2022/ND-CP and details are done in accordance with point a, point b, clause 1 Article 70 of the Decree 156/2018/NĐ-CP¹⁶:

Recurring and non-recurring expenditures of the VNFF include:

- Recurring expenditures: salaries, salary allowances and contributions for members of the VNFF's Board of Directors, management responsibilities for members of the VNFF Management Council and the VNFF's Control Unit; pay wages; payment for public services, office supplies, information, communication, communication; expenses for meetings and conferences; travel expenses, hiring; expenditure on repair and maintenance of assets in service of professional work and infrastructure; expenditure on appraisal of programs and projects, appraisal in bidding activities; spending on activities of receiving and paying money; inspection and supervision expenses and other expenses (if any);
- Non-recurring expenditures: support to develop sustainable forest management plans and issue forest certifications; spending on activities of reviewing and determining the forest area to provide forest environment services; expenses for conferences, retraining and professional training; spending on procurement and major repair of assets serving the operation of the Fund's equipment, procurement of specific equipment in service of payment; propaganda spending; paying for audit services; and other expenses (if any);
- Expenditures and expenditure levels for the VNFF's equipment shall comply with current regulations. In case the law has not stipulated the expenditure content and level of expenditure, based on financial capacity, the VNFF shall develop specific expenditure items and levels specified in the Internal Spending Regulations [of the VNFF]; and

¹⁵ Activities to manage and coordinate the proceeds

¹⁶ Be allowed to deduct a maximum of 0.5% of total proceeds from ERPA, bank interest (if any) to spend on activities indicated in point a) clause 4 Article 6 of the Decree. The spending items are set in accordance with point a), point b) clause 1 Article 70 of Decree 156/2018/NĐ-CP. The exact deduction rate shall be approved by MARD.

- The specific rate and budget for each expenditure item is approved by MARD in the overall annual master financial plan which is developed by VNFF (as specified in Clause 2¹⁷, Point a)¹⁸, Clause 3, Article 9 of the Decree) and this also sets the allocated amounts for the PFPDF, the annual plans are submitted to the VNFF Board of Directors and in turn is approved by MARD.

Other specific activities taking place at the national government level include activities specified in Article 6 Clauses 1 (Support activities to strengthen the conditions needed to reduce emissions at the central and local levels), (b), (c), (d), (e), Clause 4, Article 6 of the Decree, including activities: supporting forestry related activities supporting GHG ER; inspection, monitoring and evaluation; measuring and reporting of ER results; communication and propaganda; resolve problems, complaints and feedback. For these activities, at maximum 3.5% of the total proceeds from ERPA may be deducted according to the provisions of Point b)¹⁹, Clause 1, Article 8 of the Decree No.107/2022/ND-CP. The specific deduction rate, expenditure items, and spending rate are approved by MARD in the master financial plan and the annual financial plan. (See

¹⁷ Based on the proceeds amount received from ERPA, VNFF prepares a master financial plan using template no.01 in Annex III attached to Decree, reporting to the VNFF's Board of Directors and submitting to MARD for approval.

¹⁸ a) VNFF Based on the approved master financial plan and the calculation of proceeds amount consolidated to the provincial Funds according to Article 7 of the Decree, VNFF prepares the annual financial plan using template no.02 in the Annex (see the Annexes to for this documents at Section 5) attached to the Decree for reporting to the VNFF's Board of Directors for endorsement and submitting to MARD for approval. Based on the approved annual financial plan, VNFF provides the consolidated amount to the provincial funds.

¹⁹ Be entitled to deduct a maximum of 6.5% of total proceeds amount from ERPA for spending on activities indicated in clause 1, point b, point c, point d, point d clause 4 Article 6 of the Decree. The expenditures are carried out in accordance with the plan approved by MARD. The exact deduction rate is approved by MARD.

Figure 3.1 above for an overview of the flow of funds.)

3.4.2 Provincial activities to support the BSP

a) Payment of indirect activities at the provincial level

Management activities specified at points (a), (b), (d), (đ), Clause 4, Article 6 of the Decree No.107/2022/ND-CP include: management and coordination of the proceeds; activities of inspection, monitoring and evaluation; communication and propaganda; and inquiries, complaints and feedback activities. The ERPA proceeds management and coordination expenses as specified in point a, Clause 4 Article 6 of the Decree No.107/2022/ND-CP are done in accordance with point a, point b clause 2, Article 70 of the Decree No.156/2018/NĐ-CP. The other remaining activities follow the plan approved by the PPC. The recurring and non-recurring expenses of the Provincial Fund include:

- Recurring expenses: paying salaries, allowances and contributions to the members of the PFPDF's Executive Board, spending money on management responsibilities for members of the Fund Management Council, the PFPDF's Control Board; pay wages; payment for public services, office supplies, information, communication, communication; expenses for meetings and conferences; travel expenses, hiring; expenditure on repair and maintenance of assets in service of professional work and infrastructure; expenditure on appraisal of programs and projects, appraisal in bidding activities; spending on money receipt and payment activities; expenses for inspection and supervision and other expenses (if any); and
- Non-recurring expenses: expenditures to support the development of sustainable forest management plans and issue forest certificates; spending on activities of reviewing and determining the forest area to provide forest environmental services, technical activities to monitor and evaluate the quality of forest environmental services; expenses to support activities related to payment for forest environmental services at district and commune level; expenses for conferences, fostering and professional training; spending on procurement and major repair of assets serving the operation of the fund's equipment and activities, procurement of specific equipment in service of payment; propaganda spending; paying for audit services; receiving visitors and other expenses (if any).

Expenditure items, level of expenditure for the operation of the PFPDF's equipment and activities and payment of part-time allowances and support for management expenses for units and organizations assigned to support the PFPDF by the PPC shall perform the payment distribution task in accordance with current regulations. In the case where the law has not set the expenditure content and level of expenditure, based on financial capacity, the PFPDF shall develop specific expenditure contents and levels specified in the internal spending regulations of the VNFF. Support activities to strengthen the enabling conditions for emission reduction at the local level are specified in Clause 1, Article 6 of the Decree²⁰.

The PFPDF may deduct up to 10% of the total distributed amount, deposit interest (if any) to spend on the above items (it is expected that the total amount of USD4.969 million will be deducted by the six provinces) plus any bank interest. The specific deduction rate and expenditures approved by the

²⁰ Including: a) study, develop guidelines, regulations and further completing the policies; b) control conversion of natural forest to other use purposes; measurements for sustainable forest management, prolonging the business cycle of plantations for increased carbon storage of forests; c) enhance law enforcement for sustainable forest development; d) improve capacity of relevant organizations, individuals.

PPC in the annual financial plan are specified in Clause 2, Article 8²¹ and point (b), Clause 3, Article 9²² of the Decree No.107/2022/ND-CP. See

²¹ Clause 2 Article 8 stipulates that:

a) Be entitled to deduct a maximum of 10% of total consolidated amount, bank interest (if any) to spend on activities indicated in clause 1, point (a), point (b), point (d) and point (đ) Clause 4 Article 6 of the Decree. The annual exact deduction rate of the provincial Funds shall be approved by the PPC.

Expenditures of managing and coordinating proceeds indicated in point (a), clause 4 Article 6 of the Decree shall be done in accordance with point (a), point (b) clause 2 Article 70 of Decree 156/2018/NĐ-CP. Other remaining tasks are done in accordance with the plan approved by PPC.

b) The remaining balance, the provincial Funds shall transfer it to the forest owners, CPCs and other organizations assigned to manage natural forest by the state in accordance with clause 3 Article 7 of the Decree.

²² Point (a) clause 3 Article 9 stipulates that:

Based on the consolidated amount announced by VNFF, the provincial Funds shall prepare the annual financial plan according to template 03 Annex III of the Decree for reporting to the fund's Board of Directors for endorsement and submitting it to the PPC for approval (if the provincial Fund works directly under the PPC); reporting to DARD and submitting to the PPC for approval (if the provincial fund works directly under DARD).

Based on the approved annual financial plan, the provincial Fund shall record the payment amounts to forest owners as organizations, CPCs and other organizations assigned to manage forest by the State.

Figure 3.1 for an overview of the flow of funds.

b) Payment for direct ER activities at the provincial level

i) Forest owners and organizations

Based on the natural forest area of the forest owner organization, the PFPDF determines the amount to be paid to the forest owner organization.

- Forest owner organizations can deduct 10% of the total amount received from the Provincial Fund for the operational costs according to the provisions of Point a), Clause 3, Article 8 of the Decree for *Pilot GHG ER result transfer and financial management of ERPA* (expending items are detailed in point d, clause 3 Article 70 of the Decree no. 156/2018/NĐ-CP), , including: items of silviculture works, technical facilities in service of forest protection and development; patrolling activities, scanning hot spots, handling violations of the law on forest protection and development; procurement of assets, tools, tools, maintenance, repair of assets, equipment in service of forest protection; compile dossiers, develop a map of payment for forest environmental services, inspect, monitor, evaluate, propagate, mobilize, train, hold conferences and other public service activities payment for forest environmental services; pay salaries and other items of salary nature to those who do not receive salaries from the state budget and other activities in service of forest management, protection and development. The amount deducted for the management of the forest owner is considered a source of income for the forest owner and is managed in accordance with the financial regulations in accordance with the type of organization of the forest owner.
- The remaining amount, after deducting the operational costs, will give priority to pay for the participatory forest management activities (details are specified in the Appendix I of the Decree - See Section 5.3.1 Template 1). The spending norms are specified in clause 3 Article 3 of the Decree no.107/2022/ND-CP, and payment will be made as follows:
 - Make payments for the participatory forest management activities, of which deducting up to a maximum of up to 2% (the current figure is proposed to be 1.17% as shown in Figure 3.1 and Table 3.5 above) of expenditures for commune-level People's Committees with communities participating in forest management under the forest management Agreement as prescribed at Point b), Clause 3, Article 8 of the Decree;
 - The remainder is spent on silviculture interventions as prescribed at Point (b), Clause 2, Article 6 of the Decree,²³. The silviculture measures prescribed in Circular No. 29/2018/TT-BNNPTNT dated November 16, 2018 of MARD; Circular no. 17/2022/TT-BNNPTNT amending the Circular No. 29/2018/TT-BNNPTNT include: zoning and promoting natural regeneration; zoning to promote natural regeneration with additional planting; forest enrichment; reclamation of natural forests; to plant

²³ Including: a) For forest protection contract: the payment rate is at least equal to the rate supported by the state budget, and not exceeding two times of the payment rate supported by the state budget for contracting forest for protection applicable for those residing in the same province. The exact payment rate is approved by the PPC; b) The rate of supporting livelihood development interventions: is VND 50,000,000 per community per year; c) Other rates: apply the current state laws. For those that are not yet available, then MARD shall come up with regulations based on consensus with MOF.

new special-use forests; planting new protection forests; planting large timber forests; converting small timber plantations to large timber plantations, etc.; and

- Beneficiaries and spending norms are approved in the annual financial plan of forest owners as organizations specified at Point c), Clause 3, Article 9 of the Decree: Based on the notification of payment amounts from the PFPDF, the forest owner organization drafts the annual financial plan according to Form No. 04, Appendix III of the Decree No. 107/2022/NĐ-CP (See Section 5.3.4 Template 4) enclosed for submission to the competent authority for approval by law on financial mechanism applicable to respective forest owner as organization and sends it to the PFPDF. DARD approves the annual financial plan of the forest owner as a non-state economic entity. Based on the approved annual financial plan, the forest owner organization, shall notify the support amount to the CPC and the community that has an agreement to participate in forest management activities with the forest owner organization.

ii) Forest owners as households, individuals and communities assigned natural forest for management by the State

Based on the natural forest area assigned for local community-based management, the PFPDF will pay forest owners who are households, individuals, and communities. There are more than 60,000 eligible forest-dependent forest owners that are individuals, households and communities receiving payments from the ERPA funds. It is recognized that these forest owners make an important contribution to forest management and protection, biodiversity conservation, and GHG emission reduction results of the NCR.

- Forest owner households, individuals and communities are entitled to use the full amount of GHG emission reduction payments to manage, protect and develop forests and improve living standards according to the provisions of Clause 4 of Article 8 of the Decree for *Pilot GHG ER result transfer and financial management of ERPA*.

iii) CPCs and other organizations assigned natural forest for management by the State

- Based on the natural forest area assigned for forest management, the PFPDF determines and pays the CPC and other organizations assigned by the State to manage natural forests.
- CPCs and other organizations assigned by the State to manage natural forests use the proceeds according to the contents specified in Clause 5, Article 8, of the Decree, specifically: drafting a plan to use the proceeds serving the management and protection of forests shall be submitted to the District People's Committees for approval and sent it to the PFPDF. The spending items (follow the clause 4, Article 70, Decree 156/2018/NĐ-CP) and include:
 - Expenses for forest protection work;
 - Fuel for patrolling and inspecting forests;
 - Support for those mobilized to participate in the prevention and fight against deforestation and forest fire fighting accidents and injuries;

- Allowance for night and overtime work, part-time work;
- Disseminate, propagate and educate on forestry law and provide professional training in forest management and protection;
- Funds to hold meetings, workshops seminars to summarize progress, issues and reward; and
- Other expenses.

iv) CPC participating in the forest management agreement with forest owner as organization

As prescribed in point c) clause 2 Article 5 of the Decree²⁴, use the proceeds in accordance with points b), d) and g) clause 4 Article 70 of Decree 156/2018/NĐ-CP, specifically covering the following costs:

- Petrol and oil for means of patrolling and inspecting forests;
- Allowance for night work, overtime, part-time work; and
- Other expenses.

v) Communities participating in forest management activities with forest owners as organizations

These are communities specified in Clause 24, Article 2 of the Law on Forestry (2017) participating in forest management activities with forest owner as organization, legally residing in the area with natural boundaries adjacent to the forest or located in the forest of the forest owner organization. Activities can include livelihood investments to address the main drivers of deforestation and forest degradation, especially the conversion of forestland into agricultural land, the over-exploitation of NTFPs, and illegal logging.

The poorest and most vulnerable households will be targeted in those villages considered most likely to contribute to deforestation and forest degradation. The rationale being that poorer households (also based on evidence from the SESA quantitative study) are more likely to be directly dependent on the forests for their livelihoods than non-poor and better-off households.

vi) Participatory forest management

Participatory forest management is an agreement covered by the Decree for *Pilot GHG ER result transfer and financial management of ERP* between the forest owner as an organization, a residential community, and the CPC of the commune where the community is involved in forest management activities and the forest owner as organization, which includes the issues proposed, discussed and mutually agreed by the parties to whereby they cooperate effectively in the management of a specific forest area of the forest owner as organization.

In case legal documents referred to in this BSP are amended, supplemented or replaced by another document, such amendments, supplements or replacements shall apply.

²⁴c) Clause 2 Article 5 The Provincial Funds shall open a VND account at a commercial bank to receive proceeds distributed by the VNFF for disbursement to the beneficiaries.

3.5 *BSP implementation budget, flow of funds*

3.5.1 *Estimated amount distributed to the provinces*

Following the ERPA, it is expected that the VNFF will receive USD51.5 million from the Carbon Fund (CF) through the IBRD, and the National Fund will deduct an amount for the operational and agreed costs (maximum 3.5% or roughly USD 1,802,500) leaving about USD49.698M in accordance with the Master Financial Plan and the annual financial plan approved by MARD under the provisions of Clauses 2 and (a), Clause 3, Article 9 of the Decree for *Pilot GHG ER result transfer and financial management of ERPA*.

The national fund will distribute for the provinces according to the provisions specified in clause 3 Article 7 of “item 2, Annex II” of the Decree (in this document see Section 5.2). Criteria for the coordination for localities are specified in Clause 2, Article 7 of the Decree. The estimated distribution of funds to the provinces is shown in the following

Table 3.8 below

Table 3.9 Proposed distributed amount per province by year) also below:

Table 3.8 Estimated amount distributed to provinces

Provinces	Thanh Hóa	Nghệ An	Hà Tĩnh	Quảng Bình	Quảng Trị	TT. Huế	The ER region
Natural forest area (ha)	393,364	786,550	217,776	469,768	126,732	211,243	2,205,433
Natural forest area/ whole region (%)	17.84	35.66	9.87	21.3	5.75	9.58	100
ER (%) according to ERPA	15.92	22.86	15.68	27.68	4.86	13	100
Averaged R for proceeds estimation (%)	16.88	29.26	12.78	24.49	5.3	11.29	100
Estimated amount Millions (USD)	8.388	14.543	6.348	12.171	2.635	5.609	49.694

Proposed amount distributed to provinces above is calculated in accordance with Equation 1 (Annex II of the Decree); R factor and total amount distributed to provinces is calculated as below:

The average R (%) for calculating provincial proceeds amount = (Proportion of natural forest area of the province / natural forest area of the whole NCR + the Rate of contribution to reducing emissions of the province / total emission reduction of the whole NCR (%));

Total proposed amount distributed to provinces (total ERPA proceeds minus the amount deducted by the National Fund) to multiply R factor of respective province;

The natural forest area according to Decision No. 1558/QĐ-BNN-TCLN dated April 13, 2021 announcing the current state of national forests as of December 31, 2020;

Ratio of contribution to ER of the province/total ER of the whole NCR is calculated upon the data of the First ER Report in 2 years 2018-2019.

Table 3.9 Proposed distributed amount per province by year

No	Province	Total	Amount to be distributed		
			2023	2024	2025
1	Thanh Hóa	8,388,709	2,443,313	2,972,697.9	2,972,697.9
2	Nghệ An	14,543,367	4,235,932	5,153,717.4	5,153,717.4
3	Hà Tĩnh	6,348,875	1,849,187	2,249,843.9	2,249,843.9
4	Quảng Bình	12,171,524	3,545,104	4,313,210.1	4,313,210.1
5	Quảng Trị	2,635,538	767,633	933,952.9	933,952.9
6	Thừa Thiên Huế	5,609,487	1,633,831	1,987,827.8	1,987,827.8
	Total	49,697,500	14,475,000	17,611,250.0	17,611,250.0

Table notes: Disbursement period will be inline with the approved Decree No.107/2022/ND-CP.

Unused funds in the year are carried over to the following year for use. At the end of ERPA (December 31, 2025), for unused funds, the VNFF reviews, synthesizes and proposes plans and reports to the MARD. MARD shall assume the prime responsibility for, and coordinate with the MOF for submission to the competent authority for considering and making decisions. The plan to use the remaining balance is based on the principles of the benefit-sharing mechanism specified in the Decree and relevant regulations, ensuring efficiency and cost savings.

Proposed amount distributed to provinces by reporting period

According to the ERPA, reporting for period I, tentatively, MARD shall transfer 3 million tons of CO₂ to IBRD (equivalent to USD15 million). Tentatively, these funds shall be distributed to the provinces during 2023, 2024 as shown below in Table 3.10:

Table 3.10 Estimated amount to be distributed to provinces for reporting period I

No	Provinces	Amount to be distributed (USD)	
		Total	2023

No	Provinces	Amount to be distributed (USD)	
		Total	2023
1	Thanh Hóa	2,443,313	2,443,313
2	Nghệ An	4,235,932	4,235,932
3	Hà Tĩnh	1,849,187	1,849,187
4	Quảng Bình	3,545,104	3,545,104
5	Quảng Trị	767,633	767,633
6	Thừa Thiên Huế	1,633,831	1,633,831
	Total	14,475,000	14,475,000

According to the ERPA, tentatively MARD shall transfer four million tons of CO₂ to IBRD for reporting period 2 (equivalent to USD20m); reporting period 3 is 3.3 million tons of CO₂ (equivalent to USD16.5m), total proceeds of reporting periods 2 and 3 is USD36.5m. Tentatively, this amount, after deducting 3.5% for central level (equivalent to USD1.277m) management, the remaining consolidated balance of USD35.222m is transferred to the provinces during 2024 and 2025. As shown in the following :

Table 3.11:

Table 3.11 Estimated amount to be distributed to provinces for reporting periods 2 and 3

No	Provinces	Consolidated amount (USD)		
		Total	2024	2025
1	Thanh Hóa	5,945,395.9	2,972,697.9	2,972,697.9
2	Nghệ An	10,307,434.7	5,153,717.4	5,153,717.4
3	Hà Tĩnh	4,499,687.8	2,249,843.9	2,249,843.9
4	Quảng Bình	8,626,420.2	4,313,210.1	4,313,210.1
5	Quảng Trị	1,867,905.8	933,952.9	933,952.9
6	T.T. Huế	3,975,655.7	1,987,827.8	1,987,827.8
	Total	35,222,500.0	17,611,250.0	17,611,250.0

Table notes: Disbursement period will be inline with the approved Decree No.107/2022/ND-CP.

The above Tables, from Table 3.8 to

Table 3.11 are the tentative amount consolidated figures available for the provinces after deducting the permitted costs at central level. The method, principle, and formula for allocation are implemented according to the provisions of the Decree, however, ER results, the area of natural forest may change by the year of distribution, and therefore the above Table 3.11 presents tentative data.

Accurate data will be determined when the natural forest area of the preceding year and ER results of each province is announced by MARD.

3.5.2 Financial Management

The VNFF is responsible for financial management of the funds from the ERPA and is required to make an annual financial plan and report to the VNFF Board of Directors (see the VNFF organization chart **Error! Reference source not found.**figure 2) and then to MARD for approval. When approved the VNFF informs the provinces and funds are transferred to the provinces.

The PFPDF works in a similar way, the PFPDFs draw up an annual expenditure and disbursement plan for submission to the provincial Board of Directors and this is submitted to the PPC for consideration and approval (for the Provincial Fund belonging to DARD, it then reports this to DARD for further submission to the PPC for approval). Based on the approved annual financial plan, the PFPDF shall notify the amount of payment to forest owners as organizations, households, individuals, communities, the CPC and other organizations assigned by the State to take responsibility for forest management.

Once notified of the PFPDF allocation, the forest owner as organizations also draw up an annual financial plan and submit this to the competent authority (DARD approves and annual financial plan of a forest owner as non-state economic entity) for approval in accordance with the financial law applicable for the type of organization of the forest owner and is shared to the PFPDF for reporting purpose. Similarly for the CPC, and other state organizations responsible for forest management. The Decree for *Pilot GHG ER result transfer and financial management of ERPA* provides templates for the documents to be submitted (these are included in the Annexes, Section 5.3).

Payments to be made to forest owners as households, individuals and communities, can be made *via* bank accounts, electronic transactions or the postal system by law. This is similar to the PFES approach which has generally worked well and has also seen the introduction of electronic transactions²⁵.

For forest owners as organizations, the CPC and other organizations assigned by the State to manage forests shall make payments *via* bank accounts.

a) Financial management and reporting

- The proceeds from the ERPA are the proceeds from forest environmental services applicable for the forest carbon storage and sequestration, GHG emission reduction from deforestation and forest degradation, sustainable forest management, green growth as prescribed by the Law on Forestry (2017), which is used for activities specified in the Decree for *Pilot GHG ER result transfer and financial management of ERPA* which will be separately accounted for and tracked during implementation.²⁶

²⁵ VFD Final report – The second phase of the VFD, from 2018-2021, focused specifically on increasing the effectiveness and efficiency of Vietnam’s PFES system. VFD assisted the VNFF and introduced new electronic payment methods that increased the transparency and efficiency of the payment process while reducing risks in transacting large amounts of cash. Vietnam Forest and Deltas Program, Final Report, Winrock. USAID.

²⁶ Payment is made in Vietnam Dong. The VNFF is responsible for determining and applying the exchange rate when performing transactions in foreign currency according to regulations.

- The financial year for the VNFF and the Provincial Fund is set and follows the state laws and runs through 1st January to December 31st and all entities report on expenditures and financial reports. At the provincial level, these are sent to the PPC and DARD (for the Provincial Fund belongs to DARD) then to the VNFF. There are a series of reporting deadlines set out in the Decree Article 11 and Article 12.
- The Decree requires full financial disclosure and reporting, including audits as required by the financial regulations of the government (Articles 13 and 14, 2 a)). In addition, the PFPDF and forest owner organizations are required to publicize the beneficiaries in the CPC and through web sites of the organizations (Article 14, 2 b)).
- The VNFF is required to use an independent audit following requirements from the State and IBRD (Article 13 of the Decree for *Pilot GHG ER result transfer and financial management of ERPA*).

b) Cost norms

- For forest protection contracts - the minimum payment rate is equal to the support amount of the state budget for forest protection contract, and the maximum rate is not exceeding two times of the state budget support for forest protection contract in the same province. The specific payment rate will be decided by the PPC.
- For activities to support development, the support amount is VND 50,000,000 (about USD 2,135) per community per year.
- Other cost norms, will comply with current regulations of the State and be approved by the competent authority

c) Taxes and fees

- The proceeds from the ERPA are implemented in accordance with the current laws on taxes and fees as set by the MOF.

3.6 Capacity building, training and publicity

The provisions under the Decree for *Pilot GHG ER result transfer and financial management of ERPA* allow some funding to contribute to strengthen capacities at the provincial level through the PPC, CPC and PFPDFs. As provinces will be important for the effective roll out of the BSP, the specific arrangement allowing for controlled autonomy and close backstopping of provincial coordination and management offers high potential for replication. The provinces are empowered to administer and distribute the received payment amount, especially focusing on supporting livelihoods for communities residing legally in areas adjacent to forests or located in natural forests of forest owners who are organizations (forest management boards and forestry companies). The BSP creates opportunities for local communities to participate in forest protection and management activities and to receive self-proposed and self-implemented livelihood support. Following the Forestry Law (2017) and various policy statements ²⁷the government has adopted a more holistic approach to sustainable

²⁷ For example, a number of policy statements on sustainable forestry and improved management of the sector have been made including: Directive No. 13-CT/TW dated January 12, 2017 of the Central Secretariat on strengthening the Party's leadership in forest management, protection and development; Vietnam's forestry development strategy for the period of 2021 - 2030, with a vision to 2050; Program on sustainable forestry development in 2021-2025; these are taken into

forest management; this is followed in the Decree and is based on explicitly recognizing the linkages between agriculture and forestry and why sustainable agricultural activities are also important to ensure sustainable livelihood developments of forest-dependent households.

Development of the capacity to manage conflicts that could occur both between and within forest management entities and local communities is also supported. The VNFF has been the recipient of a number of capacity building and training investments from various ODA donors and projects. The BSP approach that the VNFF will encourage includes increased engagement offorest users and mechanisms for sharing leadership and ownership, and enhanced social learning and collaboration, including traditional knowledge exchange and initiating dialogue, whereby technical experts can learn from villagers, and vice versa. A key objective of the BSP is to help bring transparency and to mobilize all social groups (government agencies, NGOs, communities, women, ethnic minorities, the private sector and academia) to contribute to forest protection and development.

The Forest Protection and Development Funds, the forest owner organizations, the CPCs, and other organizations assigned by the State to be responsible for forest management shall disclose financial reports to the public according to the provisions of financial law; disclose the list of payees, the amount to be paid, the quarterly and annual payment plan according to the regulations on democracy at grassroots in the following forms: publicly posting at the headquarters of the CPCs and at the most convenient place for community members, village or public place for people to follow; disseminate information through the radio system of the commune, village or hamlet or announce it in the people's conference of the commune or hamlet.

4 Monitoring and Reporting Arrangements

4.1 Monitoring of the performance of the BSP

4.1.1 Background

VNFF received technical support for the establishment of a participatory national M&E system during 2016–2020 from the Vietnam Forest and Delta (VFD) program (funded by USAID) and from CIFOR. Through this assistance VFD and CIFOR have provided evidence-based knowledge and capacity development to support the VNFF. This also assisted VNFF to engage with national stakeholders to ensure wider and improved inclusion of communities and households into PFES and M&E activities following the Forestry Law (2017), with the ultimate goal of enhancing the effectiveness of the national PFES program and increasing Vietnam's forest cover in terms of area and quality. VFD helped VNFF and the PFPDFs to establish and operate their own comprehensive M&E system to enable more effective planning and decision-making. VFD introduced a web-based M&E platform to support VNFF and PFPDFs in managing their M&E data. The technical support ensured that central and provincial

account in the Decree which is in line with the policy directives and supports a more sustainable approach to the management of the forestry sector.

governments are more aware of the need and methods to carry out rigorous PFES impact assessment and have access to information on the effectiveness of their PFES program.

The Forestry Law (2017) strengthened the legal framework for PFES through increasing payment levels, and also emphasized the need for better M&E. The Vietnamese government revised the PFES regulations (Decree 156/2018/NĐ-CP) to allow for an increase in the PFES payments to cover the labour costs of forest owners, and also add articles on penalties for administrative violations against regulations on forest management, development, protection and forest product management to address delayed PFES payments.

4.1.2 VNFF experience of developing indicators and an M&E system

The VNFF has already developed a robust monitoring and reporting system to gather data on a comprehensive range of environmental, social, and operational PFES indicators and to efficiently report data to inform decision-making on policy measures and improve the effectiveness of PFES. The VNFF has developed a web-based M&E platform to support VNFF and PFPDFs in managing their M&E data. It also enabled VNFF to digitize reporting and standardize M&E data practices across the country. Monitoring and evaluating the effectiveness of the PFES policy (and this will be expanded and used for the BSP) for forest protection and development, socioeconomic and people's awareness, are collected through a comprehensive set of 18 key indicators that include three sets of indicators based on: 1) institutional organizational and policy; 2) social data; and 3) financial and economic data.

The development of the set of VNFF M&E indicators was initially supported and trialed in Son La PFPDF to systemize the operational process for identifying possible adjustments based on the actual situation. Results from piloting the M&E system in Son La served as a basis for reference and replication in other provinces nationwide. The M&E platform enables the VNFF and PFPDFs to customize their indicators and reporting forms - a sample of M&E specific indicators in use with the VNFF include:

- Funds used for forest protection;
- Number of forest violations in PFES areas;
- Percentage of payments made through e-payment;
- Percentage of payments made in a timely manner;
- Ratio of women headed households receiving benefits;
- Ratio of ethnic minority households receiving benefits; and
- Ratio of poor households receiving benefits.

Participatory M&E tools will be used at the village level and community forest monitoring is expected to be undertaken through the commune-based forest monitoring system, which has been introduced as a pilot in all NCR provinces (with funding from JICA, FCPF and the VFD program).

The M&E system of the VNFF generally reports on PFES revenue, payment made to forest owners and the area of forests providing forest environmental service according to Circular 12/2019/TT-BNNPTNT of MARD on forestry sector statistics. CIFOR worked with VNFF and VFD²⁸ to improve M&E

²⁸ See VFD Final Report: VFD worked with VNFF and provincial forest protection and development funds (PFPDFs) to develop modernized monitoring and evaluation (M&E) practices, including monitoring frameworks and data management tools. The centerpiece of this work is a web-based M&E platform developed in collaboration with Microsoft, which allows

on PFES and focused on VNFF to provide evidence-based knowledge and capacity development to support VNFF in the establishment of a participatory national M&E system during 2016–2020. It also engaged with national stakeholders to ensure greater inclusion of PFES and M&E, financial disclosure in Vietnam’s 2017 Forestry Law, the Decree No. 156/2018/NĐ-CP with the ultimate goal of enhancing the effectiveness of the national PFES program and increasing Vietnam’s forest cover, area and quality.²⁹

4.1.3 *BSP M&E requirements*

Monitoring and evaluation is required following Article 14 of the Decree for *Pilot GHG ER result transfer and financial management of ERPA* and is summarized in the following Table 4.1, and MARD will primarily be responsible for this reporting, along with the VNFF as the main implementer nationally and provincially and the Decree also encourages feedback from local communities, households and individuals under point d) Clause 1, Article 14 of the Decree.

The reporting matrix for the M&E system that will be used for the BSP is shown in the following Table 4.1 and follows the PFES reporting and M&E system that is already operational.

Table 4.1 Monitoring and reporting matrix

M&E and Reporting level	Responsibility	Summary of monitoring and reporting requirements
Reporting, Monitoring at the central national level	MARD	Overall monitoring of the performance of the ER-P, meeting the required activities in the overall program M&E results framework and monitoring of the ER MMR/MRV process, checking the reports for monitoring of emissions reductions. Overall monitoring and evaluation of safeguards, the implementation of the ESMF, Resettlement Policy Framework (RPF), Process Framework (PF) and Ethnic Minority Planning Framework (EMPF). National Forest Monitoring System (NFMS) and the Safeguards Information System (SIS).
	VNFOREST and VNFF	VNFOREST and VNFF report to MARD and are responsible for monitoring the overall Program implementation, including environmental and social compliance of the Program. VNFF will have the final responsibility for ESMF implementation and environmental and social performance of the Program during the construction (if any) and operational phases. VNFF will: (i) closely coordinate with the provincial Funds and relevant agencies in the participation of the community during

PFES managers to enter and analyze data and generate reports. As with the e-payment work, VFD’s M&E activities culminated with the approval of new national PFES M&E guidelines that will allow PFES provinces to standardize their M&E practices and use common indicators to track progress.

²⁹ Payments for Forest Environmental Services in Vietnam, Strengthening effectiveness through M&E. PT Thuy; N TB Duong, T Thuree, E O’Connel; CIFOR Info-brief No.327 May 2021. In collaboration with the VNFF, CIFOR helped to normalize M&E in the VNFF to carry out rigorous PFES impact assessments, have the methods to do, and have access to information on the effectiveness of their PFES program. CIFOR and VNFF have been working on an example in the ER-P in Thua Thien Hue Province where civil society organizations are now monitoring PFES activities, based on CIFOR research and training.

M&E and Reporting level	Responsibility	Summary of monitoring and reporting requirements
		<p>program preparation and implementation; (ii) monitor and supervise Environmental and Social Management Plan (ESMP) implementation including incorporation of the ESMP into the detailed technical designs and related documents, when needed; (iii) ensure that an environmental management system is set up and functions properly; (iv) be in charge of reporting on ESMP implementation to the PE and the World Bank. To be effective in the implementation process, VNFF will establish an Environmental and Social Unit (ESU) with at least two safeguards staff to help with the safeguards aspects of the Program in consultation with MARD as the PE and/or hire independent safeguards and benefits sharing consultants where necessary.</p> <p>Financial monitoring is based on the financial report. Inspection and approval, verification, appraisal and reporting.</p>
Provincial M&E and reporting	PPC DARD, PFPDFs	<p>The PPC reports to the national level through the VNFF DARD reports to the PPC, then VNFF and VNFOREST and MARD and establishes a Provincial Monitoring and Evaluation Team. The PFPDFs reports to DARD, PCC and VNFF and already has staff assigned to M&E.</p>
Monitoring at the local level	CPC chair	<p>Commune level: The Chairperson of the CPC establishes the Monitoring Team. The CPC reports to the DPC who report to the PFPDF, DARD and the PPC. Community: According to Vietnamese practice, the community has the right and responsibility to routinely monitor environmental and social performance. Oversee implementation of activities or subprojects to ensure compliance of Government policy and regulations. Support community-based systems for monitoring. Facilitate afforestation, reforestation, and transformation of short to long rotations. Ensure that threats to forests are monitored and measured by the threat reduction assessment index.</p>
	SUFMB, FMB, SFC etc.	<p>FMBs and SFCs level: Heads of FMBs and SFCs establish monitoring. The FMBs report to the PPC, (and DPC,) DARD, VNFOREST. The SFCs report to DARD, PPC (and DPC i.e., whoever owns the SFC – it can be the PPC or the DPC) Management effectiveness of PFMBs and SUF Management Boards is monitored and SUFMBs, PFMBs, and SFCs coordinate with the PPMUs to manage and implement program activities, including safeguards implementation, on the forestland area managed by the SUFMBs, PFMBs, and SFCs. Monitor forest inventory management contract violations, as well as afforestation, reforestation, transformation for short to long rotations.</p>
Social organizations, NGOs and civil society groups	No formal role, but CSO/NGOs have assisted and worked with the PFPDFs, FMBs and communities in selected areas for capacity building and technical training and involvement of the local communities in participatory monitoring.	

A design feature of the BSP was that feedback from all stakeholders recognized that payment mechanisms must be designed in alignment with the specific local context and forest owners' needs. For example, many households receiving PFES live in relatively remote areas with limited access to financial services, and many forest-owning households are from ethnic minority groups or other marginalized communities who may have limited basic and financial literacy³⁰. While it has not been a limiting factor for these community members to access benefits under the PFES, more capacity building and other communication efforts will be included in the Operations Manual to ensure the BSP will be inclusive.

4.2 *Grievance redress and feedback mechanism*

Processes for how potential complaints arising from the implementation of the BSP would be addressed follow the fully detailed and operational FGRM³¹, including technical guidelines, regulations, and a work plan for strengthening implementation of the FGRM. The FGRM is applied throughout the implementation of the ER-P, including for the implementation of safeguard instruments as developed in the ESMF, and the implementation of the BSP. The main features of the final FGRM can be found in the ESMF and are summarized below:

4.2.1 *At the village level*

- Grassroots Mediation Groups, grassroots democratic principles, people's inspectorate and general guidelines for feedback and grievance redress are used to resolve grievances and complaints related to benefit sharing.
- At the commune level CPCs arrange a reception room and publicly display the procedure for mediation and grievance redress at CPCs' offices and guide villages to disseminate the procedure for mediation and grievance redress.
- A Legal and Technical Support Group receives complaints directly or through the head of the grassroots mediation group, classifies the complaints and records into the record book, resolves the complaints directly within 15 days of receiving the complaint, or makes appointment for feedback in case it needs further discussion. If after 15 days the CPC cannot resolve the grievance or complaint it is passed to the district.
- The Legal and Technical Support Group assigns legal or technical support to the mediator in a specific case upon request. It forwards inquiries, questions and complaints to the competent persons for settlement or guides the complainants to competent agencies or persons for settlement. It monitors and urges the settlement and promptly notifies the result of the settlement to the concerned person.

30 Measures to enhance information access for villagers and reduce their dependence on village heads include distributing posters and leaflets in villages and disseminating PFES information via local TV or radio (Le et al. 2016). The information provided should be targeted at participants, provided at various venues, and distributed by accountable and independent facilitators. The format in which information is conveyed should also take into account social, institutional and cultural barriers. Communication and consultation processes must be culturally appropriate, with information provided in the appropriate languages. Sufficient time and budget resources are also required for information sharing and details will be provided in the POM.

³¹ The FGRM will be placed on the VNFF website. Note that the VNFF already operates a grievance complaint mechanism at the provincial level, so has some experience of the processes. However, additional work will be required to ensure all offices are familiar with the FGRM.

- The Legal and Technical Support Group also prepares report to the Chairperson of the Commune People's Committee and proposes to the People's Council Office to include the interpellation in the agenda of the meeting of the People's Council in the upcoming session in order to resolve the issues unresolved.

4.2.2 At the district level

- The District's Division of Justice shall receive and resolve complaints related to the benefit sharing within their competence and responsibility and has 30 days from lodgment to respond and report the results thereof to the relevant department; it also notifies the CPC and stakeholders about the settlement results.
- In cases where the complaints are beyond their competence, the District People's Committees shall escalate to the provincial competent authority with a request to resolve the complaint or else they should recommend the complainants to file complaints according to current law.

4.2.3 At the provincial level

- The Department of Justice receives and resolves complaints and grievances according to its competence, and has 45 days to consider the complaint or grievance and reports the settlement results to the competent authority; informs CPCs and relevant stakeholders about the settlement results.
- In cases where complaints are beyond their competence, provincial agency in charge of dealing with complaints requests the national competent authority to resolve the complaint or recommend the complainants to file complaints according to the current law. If after 45 days the provincial competent authority either does not provide feedback or the measures suggested to resolve the grievance or complaint are not satisfactory for the person/s that sought redress via the PPC, this person/s may take their grievance in accordance with the Civil Procedure Code of Vietnam to a court competent to adjudicate on such disputes. Typically, a Court of Law has 60 days to investigate the grievance or complaint and then hand down its judgment. The judgment must be communicated to the appellants, posted at the office of the People's Committee in the locality where the adjudication occurred within 5 days and within 10 days at the CPC;
- In case the above-mentioned provisions on the complaint and feedback mechanism are inconsistent with or contrary to the provisions of the Law on Complaints and Decree No. 124/2020/ND-CP dated October 19, 2020 of the Government providing detailed provisions of a number of articles and measures to implement the Law on Complaints and relevant laws shall comply with the provisions of the Law on Complaints, Decree No. 124/2020/ND-CP and relevant laws.

5 Annexes

5.1 *Annex I Templates of forest management participation*

Template no. 01	Template of participating in forest management of community
Template no. 02	Template of community meeting minutes
Template no. 03	Template of plan, budget estimations for livelihood development support
Template no. 04	Template of forest management participation agreement

Notes: These templates are attached to the Decree No. 107/2022/ND-CP.

5.1.1 *Template for participating in forest management of community Template*
1

SOCIALIST REPUBLIC OF VIETNAM

Independence – Freedom and Happiness

PROPOSAL FOR PARTICIPATING IN FOREST MANAGEMENT

To:

1. Name of community:

2. Address

3. Number of households:

4. Information about community representative:

- Full name

- Date of birth; Position

- ID number: date issued by

5. After studying the Decision no.... dated..... of the PM on ER result transfer and financial management of ERPA, forest management activities, related regulations, the community itself organizes a meeting for having consensus (meeting minutes is attached) of participating in the following activities:

a) For forest protection contract activities:

- Location:

- Forest area (ha):

b) For livelihood activities

- Supported activities:

- Location:.....

- Mode of support:.....

6. Having committed to follow the regulations on forest contracting; livelihood improvement support.

Date

Community representative

Sign and full name

5.1.2 *Community meeting minutes Template 2*

SOCIALIST REPUBLIC OF VIETNAM
Independence – Freedom and Happiness
COMMUNITY MEETING MINUTES

Date.....

1. Date of meeting:
2. Chairperson: *(community representative)*
3. Number of participants: *(members are households' heads or their authorized representatives).*
4. Meeting starts at:
5. Meeting issues:
 - a) The representative of the community shall declare the reason, stating the purpose, requirements and contents of the meeting; nominate a person to be a secretary;
 - b) The community representative presents the proposed plan, the cost estimate of the community to be implemented in the year and the estimate proposed by the forest owner as organization (name of the forest owner) for support (according to the form No. 2- Support cost estimate plan, attached).
 - c) Discussion points of the participants: (write down the discussion points of each participants)
 - d) The community representative summarizes the opinions of the meeting participants; Proposing a voting plan.
 - đ) The community representative agrees on the form of voting (show of hands or secret ballot).
 - e) Voting results: *voting for each content, determining the number of people who agree/total number of attendees.*

Content 1: number of people agree/total number of people attending the conference

Content 2: number of people agree/ total number of people attending the conference

The community representative announces the contents proposed to the Forest Owner as organization for support *(contents voted for by more than 50% of the total participants or representative of households in the community).*
6. Meeting is ended at:
7. These minutes was read aloud to everyone attending the meeting, made in 03 copies: 01 copy is sent to the forest owner as organization; 01 copy to be sent to the CPC; 01 copy is kept in the village.

Secretary

(sign with full name)

Community representative

(sign with full name)

5.1.3 Plan, budget estimates for livelihood development support Template 3

Year 202..Part 1. Plan

No	Activities	Estimated time	Total budget estimates (VND)	Of which			Mode of implementation (tentatively)	Notes
				Support of forest owner	Contribution of community	Others		
A	B	C	1=2+3+4	2	3	4	5	6
I	Agriculture-forestry extension support activities							
1	Plant varieties							
2	.....						
II	Support materials of public construction works							
1	...							
2	.....						
III	Support communications activities							
1	.....						
2	.....						
	Total	xxx					xxx	xxx

Part 2. Budget estimates

No	Activities	Unit	Quantity	Unit cost (VND)	Amount (VND)	Notes
A	B	C	1	2	3=1 x 2	4
I	Agriculture- forestry					

No	Activities	Unit	Quantity	Unit cost (VND)	Amount (VND)	Notes
A	B	C	1	2	3=1 x 2	4
	extension support activities					
1	Plant varieties					
2	.....				
II	Support materials of public construction works					
1	.....				
2	.....				
III	Supporting communications activities					
1	.....				
2	.....				
	TOTAL	xxx	xxx	xxx		xxx

Date

Co-approved by

Community representative

(sign with full name)

CPC representative

(sign and seal)

Representative of forest owner as organization

(sign and seal)

5.1.4 *Guidance for filling out the financial templates*

Part I. Plan

The plan and estimates are made by the community at the beginning of the year (first quarter) on the basis of (i) the announcement of the forest owner as the organization and (ii) the results of the community meeting minutes.

1. Column B- Content: activities supported for livelihood development as prescribed in Clause 3, Article 6 of Decree No...../2022/ND- CP dated..... of the Government on piloting GHG ER result transfer and financial management of ERPA, of the community meetings the following criteria:

In accordance with the socio-economic development plan of the commune/ward/township;

- Conformity with planning;
- More than 50% of the total members approved in the minutes of the community meeting.

The contents are recorded in order of priority from top to bottom by referring to the 03 contents and no more than 3 activities in a year.

2. Column C- Implementation time: Estimated time to perform the work by quarter.

3. Column 1- Total estimated budget: determined by the sum of columns 2, 3 and 4.

- Column 2- record the amount of funding requested by the forest owner as organization. Total cost does not exceed 50 million VND/year.

- Column 3- records the expected contribution of the community in cash. In case the contribution is workdays or materials, it must be converted into money at the local unit price.

- Column 4- other funding sources: write the amount of funds expected to be mobilized from other sources such as support from organizations and individuals, etc. for the community.

4. Column 5- tentative form of organization and implementation, by noting that:

- Community self-implementation; implementation under contract (village signs contract with organizations and individuals); or co-finance another work.

- For the activities that the community cannot implement by themselves: the community requests the CPC or the Forest Owner as organization to support the implementation.

5. Column: explain what is not clear.

Part 2. Support information for cost estimates

This part records the specific contents that the village proposes to the forest owner as organization.

1. Column B- Content: is the contents recorded in part 1.

2. Column C- Unit: write the unit, for example:

- Purchase plant varieties record the plant species;

- Purchases of breeding animals record the type;

- Construction materials: iron, steel is kg; sand is m³; cement by kg; bricks are quantity of bricks, etc.

3. Column 1- quantity:

5.1.5 Forest management participation agreement Template 4

Forest owner ... No ... /TT- ...	SOCIALIST REPUBLIC OF VIETNAM Independence – Freedom and Happiness ..., dated.....
-------------------------------------	--

FOREST MANAGEMENT PARTICIPATION AGREEMENT

Pursuant to the Civil Code dated November 24, 2015

Pursuant to the Law on Forestry dated November 15, 2017.

Pursuant to the Decree no..... dated.....of the Government on PilotingGHG ER result transfer and financial management of ERPA.

Pursuant to the Funding Notice of the Provincial Forest Protection and Development Fund

Pursuant to the registration document to participate in forest management activities of the community....., commune, district

Today date ..., in.....

With witness of representatives of:

1. Representative of the forest owner

Represented by; Position

Address:; tel:

Account number:.....; tax code:.....

2. Representative of the CPC

Represented by; Position

Address:.....; tel:.....

3. Representative of the community

Represented by: Position

Address:; tel:

ID number:

Date of issue..... Place of issue

Bank account:; Bank name

Jointly agree to sign on this participatory forest management agreement with the following items:

Article 1. For community

- 1) Be supported by the forest owner and carry out the supported contents in accordance with the regulations on forest management participation specified in Appendix I issued together with Decree No..... QD/TTg dated.... of the Government on Piloting GHG ER result transfer and financial management of ERPA.
- 2) Commit together with the Forest Owner to strictly protect, not to have any adverse impact on the forest area under the management of the forest owner to ensure the emission reduction results that the MARD has transferred to the Carbon Fund.

Article 2. For CPC

- 1) Commit together with the Forest Owner to supervise the activities of the Communities to ensure that the forest area is strictly protected.
- 2) Coordinate with the Forest Owners in settling complaints and queries of the Community during the implementation process.
- 3) Be supported by the forest owner with an amount ofVND to pay for the activities specified in Clause 6, Article 9 of Decision No. QD/TTg dated.... of the Prime Minister on ER result transfer and financial management of ERPA.

Article 3. For the forest owner

- a) Implement the supported contents in accordance with regulations on participating in forest management specified in Appendix I issued together with Decree No..... dated..... of the Government on Piloting GHG ER result transfer and financial management of ERPA.
- b) Coordinate with the CPC in settling complaints and queries of the community during the implementation process.

Article 4. Effectiveness of Participatory Forest Management Agreement

This agreement is effective until

Article 5. General provisions

- a) The parties commit to strictly implement the provisions of the Participatory Forest Management Agreement.
- b) In the course of implementation, if any problems arise, the parties shall agree and resolve the problems under the spirit of cooperation. In case it cannot be resolved by itself, it will be reported to the superior management agency and the provincial Forest Protection and Development Fund for settlement.

Representative of forest owner
(sign with full name)

Representative of CPC
(sign with full name)

Representative of community
(sign with full name)

5.2 *Annex II.Determination of proceeds and expenditures from the ERPA*

5.2.1 *Determine the proceeds amount received from ERPA*

- a) Total proceeds from ERPA are determined as the product of the total transferred emission reductions (tons of CO₂) multiplied by the unit price/ton of CO₂ reductions.
- b) The total amount of transferred emission reduction is determined according to the notice of emission reduction transfer issued by the MARD to the International Bank for Reconstruction and Development, and verified by the International Bank for Reconstruction and Development.
- c) Unit price/ton of CO₂ emission reduction is determined according to ERPA.2. Amount transferred to VNFF.

Annually, based on the area of natural forest of the preceding year, the results of emission reduction of each province announced by the MARD, the overall financial plan approved by the MARD, the VNFF's Director shall determine the amount distributed to the PFPDF using the following formula:

$$Ti = (T - C) \times \frac{Gi + Si}{2}$$

Where:

Ti is the annual amount to be distributed to the province *i*(VND), (*i* is one of six provinces in the NCR).

T is the ERPA fund available to be distributed according to the annual plan (VND).

C is the amount deducted by VNFF (VND).

Si is the natural forest area of province *i* (ha).

S is the total area of natural forest of the NCR (ha).

Gi is the ER result of province *i* as announced by MARD.

G is the total ER result of the NCR transferred to the IBRD as notified by MARD (tonnes of CO₂).

3. Amount transferred to the Provincial Forest Protection and Development Fund

- a) The amount to be paid to forest owners is determined on the basis of the natural forest area of the forest owner assigned to manage.
- b) Annually, based on the amount distributed from the VNFF and the area of natural forests according to the results of forest changes in the year preceding the year in which the proceeds is received, the Director of PFPDF determines the amount to be paid to forest owners, CPCs and other organizations assigned by the State to manage forests according to the following formula:

$$Ticr = (Ti - Ci) \times \frac{Sicr}{Si}$$

Where:

Ticr is the amount received by a forest owner; CPC and other organizations assigned by the State to manage forests in province *i* receive (VND), (*icr* is one of the forest owners in province*i*).

Ci is the amount deducted by the PFPDF (VND).

Sicr is the natural forest area of a forest owner; CPC and other organizations assigned by the State to manage forests in province*i* (ha).

c) The PFPDF shall coordinate with relevant agencies in summarizing the forest area and beneficiaries and submitting it to the PPC for decision making (applicable for the fund under the PPC), report to the DARD and submit it to the PPC for decision making (applicable for the fund under DARD).

5.3 Annex III Planning templates

Template no. 01	Master financial plan
Template no. 02	Annual financial plan of VNFF
Template no. 03	Annual financial plan of PFPDF
Template no. 04	Annual financial plan of forest owner as organization
Template no. 05	Annual financial plan of CPC and other organizations assigned forest for management by the state

Notes: These planning templates are attached to the Decree No.107/2022/ND-CP.

5.3.1 Master financial plan Template no. 01

EXECUTING AGENCY VNFF	SOCIALIST REPUBLIC OF VIETNAM Independence – Freedom and Happiness
	..., dated....

MASTER FINANCIAL PLAN PROCEEDS FROM ERPA

(Attached to document no. /VNFF-BDH ... dated..... of VNFF)

I. BASIS

- Proceeds amount received from IBRD;
- Regulations on received proceeds and benefit sharing from ERPA stipulated in Decree for Pilot ER result transfer and financial management of ERPA.

II. SUMMARY OF FINANCIAL PLAN

no	Items	Year 202..		Year 202..		Year 202..		Total	
		USD	VND	USD	VND	USD	VND	USD	VND
A	B	1	2	3	4	5	6	7=1+3+5	8=2+4+6
I	Amount deducted by VNFF								
1	Management and coordination costs								
2	ERPA related costs								
II	Amount transferred to the PFPDFs								
	Total								

Notes: the exchange rate applied at point of time of drafting the plan, 1USD = VND

III. JUSTIFICATIONS

...

(Full name, Sign and seal)

Director

5.3.2 Annual financial plan of VNFF Template no. 02

MARD VNFF	SOCIALIST REPUBLIC OF VIETNAM Independence - Freedom and Happiness
	..., dated....

ANNUAL FINANCIAL PLAN FOR YEAR 202....

PROCEEDS FROM ERPA

I. BASIS

- Pursuant to the Mater financial plan of MARD;
- Pursuant to the Announcement of forest resource changes of the preceding year of MARD;
- Pursuant to Notice of ER of MARD.

II. SUMMARY OF FINANCIAL PLAN

No	Items	Amount		Notes
		USD	VND	
A	B	1	2	3
I	Amount deducted by VNFF			

No	Items	Amount		Notes
1	Management and coordination costs			
2	ERPA related costs			
II	Amount transferred to the PFPDFs			
1	Forest protection and development fund of Thanh Hoa			
2	Forest protection and development fund of Nghe An			
3	Forest protection and development fund of Ha Tinh			
4	Forest protection and development fund of Quang Binh			
5	Forest protection and development fund of Quang Tri			
6	Forest protection and development fund of Thua Thien Hue			

III. DETAILED EXPENDITURES AT FUND LEVEL

TT	Expending items	Unit	Quantity	Unit cost (VND)	Total (VND)	Notes
<i>A</i>	<i>B</i>	<i>C</i>	<i>1</i>	<i>2</i>	<i>3=1*2</i>	<i>4</i>
1	Management and coordination costs					
	...					
	...					
2	ERPA related costs					
	...					
	...					
	Total					

IV. JUSTIFICATIONS

Notes:

- Exchange rate applied, 1USD = VND

- Actual amount consolidated to the PFPDF is based on the exchange rate applied at point of time of transferring money.

Director

(full name, Sign and seal)

5.3.3 Annual financial plan of the PFPDF Template 03

EXECUTING AGENCY PFPDF	SOCIALIST REPUBLIC OF VIETNAM Independence – Freedom and Happiness
	..., dated.....

ANNUAL FINANCIAL PLAN FOR YEAR 202..... PROCEEDS FROM ERPA

I. BASIS

- Notice of the amount transferred by the VNFF;
- Decision on approving the list of beneficiaries by PPC;
- Decision on forest resource changes of the preceding year of MARD.

II SUMMARY OF FINANCIAL PLAN

No	Items	Amount (VND)	Notes
A	B	1	2
I	Amount deducted by the PFPDF		
1	Management and coordination expenditures		
2	ERPA related expenditures		
II	Amount transferred to the forest owners		

III. DETAILED DISBURSEMENT PLAN TO BENEFICIARIES

TT	Beneficiaries	Quantity	Paid forest area (ha)	Paid amount (VND)	Notes
A	B	C	1	2	3
I	Forest owners as households, individuals and communities				
1	District				

TT	Beneficiaries	Quantity	Paid forest area (ha)	Paid amount (VND)	Notes
<i>A</i>	<i>B</i>	<i>C</i>	<i>1</i>	<i>2</i>	<i>3</i>
	.				
.1	Commune				
	...				
I	Forest owner as organization (details of forest owners)				
1	..... .....			
	...				
II	CPC (details of each CPC)				
1	District				
.1	CPC				
V	Other organizations assigned forest for management by the state (details of each organization)				
				
	Total	xxx			xxx

Notes: Colum C is for listing beneficiaries as households and individuals

IV. EXPENDITURES DEDUCTED AT FUND LEVEL

No	Spending items	Unit	Quantity	Unit cost (VND)	Total (VND)	Notes
<i>A</i>	<i>B</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=2*3</i>	<i>5</i>
1	Management and coordination expenditures					
	...					
	...					
2	ERPA related expenditures					
	...					
	...					

No	Spending items	Unit	Quantity	Unit cost (VND)	Total (VND)	Notes
<i>A</i>	<i>B</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=2*3</i>	<i>5</i>
	TOTAL					

V. JUSTIFICATIONS

...

Director
(Full name, Sign and seal)

5.3.4 Annual financial plan of forest owner as organization Template no. 04

Executing Agency Forest Owner as an Organization	SOCIALIST REPUBLIC OF VIETNAM Independence – Freedom and Happiness
	..., dated....

ANNUAL FINANCIAL PLAN FOR YEAR 202..... PROCEEDS FROM ERPA

I. BASIS

- Notice of proceeds amount paid by the PFPDF;
- List of beneficiaries;

II. SUMMARY OF FINANCIAL PLAN

No	Items	Amount (VND)	Notes
<i>A</i>	<i>B</i>	<i>1</i>	<i>2</i>
I	Management expenditures		
II	Expenditures for Forest management participation of community		
1	Expenditures for forest protection contracting		
2	Expenditures for community livelihood development support		
III	Expenditures for CPC that has community participating in forest management		
IV	Silviculture interventions		

III. DETAILED PLAN FOR MANAGEMENT EXPENDITURES

No	Items	Unit	Quantity	Unit cost (VND)	Total (VND)	Notes
<i>A</i>	<i>B</i>	<i>C</i>	<i>1</i>	<i>2</i>	<i>3=1*2</i>	<i>4</i>

	As stipulated in point a, clause 3 Article 8 of this Decree					
	...					
	...					
	Total					

IV. DETAILED PLAN FOR COMMUNITY FOREST PROTECTION CONTRACT EXPENDITURES

No	Supported entities	Contracted forest area (ha)	Supported amount (VND)	Notes
<i>A</i>	<i>B</i>	<i>1</i>	<i>2</i>	<i>3</i>
A	District			
I	Commune			
I.1	Village			
1	Community			
.....			

V. DETAILED PLAN FOR LIVELIHOODS SUPPORT FOR COMMUNITY FOREST MANAGEMENT PARTICIPATION

No	Supported entities	Supported activities	Supported amount (VND)	Notes
<i>A</i>	<i>B</i>	<i>C</i>	<i>1</i>	<i>2</i>
A	District			
I	Commune			
I.1	Village			
1	Community			
.....			

VI. JUSTIFICATIONS

...

Director (Full name, sign and seal)

5.3.5 Annual financial plan of CPC and other organizations assigned forest for management by the state Template no. 05

SUPERIOR MANAGEMENT AGENCY	SOCIALIST REPUBLIC OF VIETNAM Independence – Freedom and Happiness
	..., dated....

**ANNUAL FINANCIAL PLAN FOR YEAR 202.....
PROCEEDS FROM ERPA**

No	Spending items	Unit	Quantity	Unit cost (VND)	Total (VND)	Notes
<i>A</i>	<i>B</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=2*3</i>	<i>5</i>
	As stipulated in clause 5, clause 6, Article 8 of the Decree on ERPA					
	...					
	...					
	Total					

Director
(Full name, signed and sealed)

5.4 Annex IV SUMMARY OF RELEVANT INFORMATION

5.4.1 Information about the forest owners managing natural forests

Table 5.1 Summary of the forest owners managing natural forests

No	Types of forest owners	Thanh Hóa	Nghệ An	Hà Tĩnh	Quảng Bình	Quảng Trị	TTHuế	Whole region
1	SUF Management Board	6	4	2	2	2	3	19
2	PF Management Board	8	10	4	5	3	6	36
3	Economic entities	4	10	5	3	1	23	46
4	Army forces	14	1	0	11	3	11	40
5	Training institutions	0	0	0	0	0	2	2
6	Households	31,726	23,070	2,217	10,848	51	476	68,388

No	Types of forest owners	Thanh Hóa	Nghệ An	Hà Tĩnh	Quảng Bình	Quảng Trị	TTHuế	Whole region
7	Communities [1]	101	326	50	64	91	322	954
8	CPCs	141	189	49	72	59	60	570
9	FDI enterprises	0	0	0	0	0	0	0
	Total number of forest owner	32,000	23,610	2,327	11,005	210	903	70,055
1	Adjacent communities	384	551	170	107	97	47	1.356

[1] In case of province ThừaThiênHuế: including 222 groups of households and 10 other types of entities such as the spiritual centers, clan churches, etc. were allocated natural forest for management.

Notes: The above figures were collected by the VNFF from the Provincial Funds in 2021.

5.4.2 Ethnic minorities and forest dependency in the ER-P

The ER-P area is home to some 13 ethnic groups, including the Kinh who make up about 88.5% of the population in the area. The largest ethnic minority populations are found in the two northern provinces of Thanh Hoa and Nghe An. The predominant groups in all six provinces ordered by population are: Thai (45%), Muong (29%), Bru-Van Kieu (6%), Tho (6%), Hmong (4%), Ta Oi (4%) and Kho Mu (3%). The other groups present in the area (Co Tu and Chut in the South, Dao and O'Du in the North) have a still smaller share of the ethnic minority population. Only the Thai and Muong have populations over 100,000 persons. In the six ER-P provinces, the ethnic minority groups form some 11.5% of the total population of over 10 million in 2009.

In the ER-P area the ethnic minority groups are found in the largely mountainous districts and communes that also have higher percentages of land classified as forest. The partial exception to this is Thanh Hoa province where, with its large Muong and Thai populations (essentially paddy cultivators who often occupy the midlands rather than uplands) the ethnic minority people are not highly concentrated in a very few districts or even in just a few communes of a few districts (as is the case in Quang Binh, parts of Quang Tri and Thua Thien Hue). The Table 5.2 below shows the high correlation between forest cover and presence of ethnic minorities. In the four provinces where there are few ethnic minority people compared to the total provincial population, they are concentrated in the two to three districts per province with the highest forest cover. Despite their overall low to very low (Ha Tinh especially) populations in the four southern provinces of the ER-P area, they still form a majority of the population in several target districts, and are represented to a greater degree in several high forest districts compared to the province as a whole.

Table 5.2 Correlation between forest cover, ethnic minorities and poverty

Province	20 Districts with the greatest forest cover in the ER-P provinces and	Forest cover	Total HHs	Poor households	Total Kinh HHs	Total EM HHs	EM HHs to total District	EM HHs as % of total EM HHs in the
		%	No.	%	No.	No.	Population	

	high incidence of poverty						%	province
Thanh Hoa	Quan Hoa/30a	77	10,000	53	800	9,200	92	20%
	QuanSo'n/30a	78	7,373	51	392	6,981	95	
	Thuong Xuan/30a	60	19,075	44	7,504	11,571	61	
Nghe An	Tuong Duong/30a	53	17,246	71	1,679	15,567	90	63%
	Con Cuong	73	17,406	48	4,351	13,054	75	
	Que Phong/30a	70	15,321	55	1,662	13,659	89	
	KySo'n/30a	34	15,200	78	765	14,435	95	
	QuyChau	65	14,309	53	3,596	10,713	75	
Ha Tinh	Huong Khe	71	25,033	45	24,813	220	1	64%
	Huong So'n	69	30,006	24	29,882	124	0.4	
	KyAnh	54	46,807	28	46,766	41	0.1	
Quang Binh	Bo Trach	77	38,620	22	38,071	549	1	80%
	Minh Hoa/30a	75	9,940	68	8,073	1,867	19	
	Le Thuy	69	33,495	20	32,389	1,106	3	
Quang Tri	DakRong/30a	70	9,023	46	2,195	6,828	76	97%
	Huong Hoa	49	13,462	32	3,484	9,978	74	
	Vinh Linh	51	17,957	17	17,361	596	3	
TT. Hue	A Luoi	78	11,888	29	2,783	9,105	77	96%
	Phong Dien	54	25,565	13	25,414	151	1	
	Nam Dong	80	6,015	14	3,459	2,556	42	
Grand total			383,741		255,439	128,301	33	
Total without Ha Tinh			281,895		153,978	127,916	45	

Table notes: 30a refers to the government's Program 30a poverty reduction program targeting 64 poor districts including communes with "exceptionally difficult circumstances" the classification provides a good proxy for higher poverty rates and high dependence on agricultural and forestry. This table is sourced from the SESA (2016) and has multiple sources for the data, so it should be taken as indicative of trends only. District-wise forest areas to determine districts with most forestland were taken from the Provincial Statistical Yearbooks 2014. Population data are either from the provinces visited in 2015, or taken from the Agricultural Census

(2011) commune level database. The area that is defined as “forest land,” is without any implication of actual forest cover or its quality.

The persistence of higher poverty rates among ethnic minority groups shows that their livelihoods remain vulnerable. Ethnic minority people tend to be highly dependent on land-based activities to earn their livelihoods. There is a clear relationship between poverty, the presence of ethnic minorities, remoteness, and reliance on forest areas as shown in the above Table 5.2. High levels of poverty correlate with generally high ethnic minority populations in the north, and overall, with high forest cover. One of the early findings of the SESA confirmed that there is an overlap between communes with higher forest cover and communes with higher percentages of ethnic minority populations (See Figure 2.3 of the ESMF and for more details see the SESA (2016) Table 3.10) and higher poverty rates.

Forest dependency may normally be understood as the extent to which a household relies on timber and NTFPs for its overall food security and livelihood. For ethnic minority people in the ER-P area, 88% to 100% of them —depending on the group— are involved in forestry- or forest-related activities. For the Kinh it is about 63%.

From a community perspective, especially the ethnic minority people who live closely connected to forests, the forest is crucial in underpinning their livelihoods. Discussions with local communities showed that the forest is indispensable for their livelihoods when forestland is also included. They make direct use of forests, especially natural forests, in the following ways:

- Land for cultivation (forest fallows under the shifting cultivation system);
- Wood for housing, firewood and other domestic purposes (making agricultural implements, boats, fencing);
- Wood for sale: both as timber and as firewood;
- NTFPs for domestic consumption (food, medicines, building materials such as roofing and walls, materials for baskets and implements, and also feed sources for animals (e.g., wild banana stalks for pigs);
- NTFPs for sale (broom grass and bamboo shoots are common in many areas; rattan, wild honey, medicinal plants and mushrooms in some areas);
- For animal grazing (where the canopy is not too dense); and
- For its spiritual value (home of important village spirits for some groups, where ancestors are cremated).

Generally speaking, poorer rural families, especially those of ethnic minorities, are more forest dependent than the non-poor. There are also more indirect means by which local people may earn income from the forest. Large forest owners such as PFMBs or SFCs (and SUFs) hire people from local communities as daily wage labour for tree planting and tending. They also enter into mainly short-term forest protection contracts with villagers.

NTFPs are a supplementary source of income for many families in the ER-P area, however, the presence of a particular NTFP does not necessarily mean that it has any great commercial value. The poor rely to a greater extent on NTFPs than do the non-poor. Poor households are more likely to collect NTFPs for their own consumption than near- or non-poor. As to be expected, women and girls are more often responsible for NTFP collection in a majority of households in all but two ethnic groups in the sample (Muong and Hmong), however, there is also labour disaggregation on some, for example, collection of rattan and honey is mainly seen as a male activity. Overall, virtually all respondents (around 98% for both Kinh and ethnic minority groups) say that the forest is “very important” to them. At the same time, however, a majority (all ethnic groups) also think that remuneration from forest and forest-related sources has become less reliable with time. Of interest is

that a majority of people think that either households and/or the local community should be more involved in managing the forest and not left to external entities.

Ethnic minority development strategy

It is estimated that about four of the 14 protected areas (known as special use forest (SUFs))-identified during the ER-P preparation have an ethnic minority population living within the protected areas. Furthermore, all the SUFs have a population living in their buffer zones and these populations are mostly comprised of ethnic minority people. The improved management of the protected areas may create opportunities for local people, but may also impact their use of natural resources. Special measures need to be taken to ensure that program activities are culturally appropriate to the needs of local communities. The overall design of the ER-Program takes account of the special needs of ethnic minority people and this has been done in two ways: (i) social criteria will be included in the design of the POM for the inclusion of the PFMB, SUFMB and SFC to ensure compatibility with OP 4.10; and (ii) a Resettlement Policy Framework and Process Framework have been prepared to address the eventuality that reduced natural resource use is warranted for conservation of important biodiversity consistent with OP 4.12. These frameworks set the rules of engagement between the forest management entities and local communities in following ACMA's principles of collaboration.

Restriction of access to natural resource use in SUFs by local communities

As noted the SUFs with their large areas of natural forest commonly have communities inside and around their boundaries require special consideration. The Process Framework mentioned above applies in cases where restriction of access leads directly to curtailed options of resource use and limiting access to forest resources consistent with OP 4.12. MARD has prepared a separate Process Framework with the Resettlement Policy Framework, in accordance with OP 4.12. The Process Framework addresses the eventuality that the program objective of conserving important natural forest and biodiversity, necessitates reduction of present uses of natural resources in the SUF. The PFMBs and SFC do not have the same legal restrictions so the Process Framework would not necessarily apply to those two forest entities. The purpose of the work is to establish a process by which communities potentially affected by restricted resource access and the management authority of an SUF engage in a process of informed and meaningful consultations and negotiations to identify and implement means of reducing or mitigating the impact of restricted resource access. It further describes the planning and documentation requirements for such activities under the project.

5.4.3 Gender Action Plan in the BSP

The 2013 Constitution of Vietnam upholds women's equality, and there is a 2006 Law on Gender Equality, and the Land Law 2013 consolidates that women's names also be included on Red Books rather than simply "head of household." Additionally, there are national and provincial strategies to 2020 to promote women's rights. Among the mass organisations, the Vietnam Women's Union (VWU) promotes gender equality and women's participation in development. Despite this, however, gender equality has not yet been mainstreamed in reality. Rural women's concerns, whether Kinh or ethnic minority, are not yet taken seriously enough in areas that greatly impact their livelihoods. The objective of the Gender Action Plan (GAP) for the ER-P (see Table 5.3 below) is to promote women's participation in the program and share in the benefits, maximize positive gender equality impacts as well mitigate possible risks and negative impacts. The GAP has three approaches: (1) provide opportunities for and strengthen the role of women in local economic activities; (2) disseminate information about environmental sustainability and social risks to men and women; and (3) increase female representation in the sector and in decision making positions. These strategies seek to address limited availability of sustainable livelihoods and gender equality in livelihood opportunities,

unequal impact from the poor environmental sanitation due to female higher exposure and gender defined responsibilities, low female representation in government institutions and decision-making processes.

The gender action plan includes gender specific indicators to monitor outcomes and impacts of the intervention and seeks to address the following issues that have significant gender-based impacts:

- That women, especially upland and forest-dependent ethnic minority women in the six ER-P provinces, have not been actively involved in REDD+ based activities although as a result of the ER-P a systemic attempt has been made to actively involve these women on the ER-P design;
- Recognition that these same women have a very substantial body of knowledge that has not been included in the mainstream narratives as to how local people can play a substantial role in the ER-P activities including participatory land use planning, real-time inventories of NTFPs and their uses by the forest-dependent households, and technical activities associated with MRV;
- Empowering women that are disempowered in the public arena for a variety of reasons both culturally (norms and values that are strongly aged and gender based) and economically (gendered division of livelihood activities that result in women spending considerably more time in food security related activities and household-based activities); and
- The FGRM introduced measures to ensure more enhanced forms of social inclusion relating to women, ethnic minorities, people living in poverty and vulnerable groups (older and younger people and physically impaired persons)

Table 5.3 Gender mainstreaming in the BSP

Group of activities from the Decree No.107/2022/ND-CP	Summary of activities	Gender related activities supported through the GAP in the BSP
Group 1 Forestry for GHG emission reduction (following Article 6, clause 1)	a) Review and draft regulations, guidelines and finalization of related policies on GHG ER in the forestry sector;	Improved cross-sector planning that improves inputs from the VWU to ensure that gender issues are mainstreamed into an integrated landscape policy development. REDD+ sensitization of land use plans (LUPs) to ensure differentiated gender land use practices are recognized and integrated into LUPs. Women will be involved via the VWU at district, commune and village level, and elected women's representatives to the CPCs will play an active role in reducing unplanned degradation and conversion.
	b) Review, monitor the changes of forest carbon stock, control of natural forest conversion, sustainable forest management interventions, prolonging life cycle of the planted forests for enhanced forest	Women will be actively consulted, elected to the CPC, during implementation of ER-P consulted on an iterative basis and play an active role in developing forest use local regulations in communes and around FMEs. Social learning processes that are based on gender, ethnicity and age will be embedded in the CPCs.

Group of activities from the Decree No.107/2022/ND-CP	Summary of activities	Gender related activities supported through the GAP in the BSP
	sequestration and absorption;	
	c) Enhance sustainable forest protection and management, law enforcement;	Women are important forest users and gathers of NTFPs and would be consulted and involved in the CPC and it will be important for them to be report on violations.
	d) Capacity building for entitled organizations and entities directly participating in forest protection and management activities;	
Group 2 Forest-based activities that directly contribute to GHG emission reduction (following Article 6, clause 2)	a) Protection of natural forest;	Women have an important role in forest protection and management and are required to be consulted by independent monitors. Women will be involved through the VWU at district, commune and village level, and elected women's representatives to the CPC and would have an important role in forest protection and management.
	b) Silviculture interventions by law and approved by the competent authorities;	
Group 3 Livelihood development support activities (following Article 6, clause 3)	a) Support agricultural and forestry extension activities, plant varieties and animal breeds; site management and economic development of planted forests; equipment for processing agricultural and forestry products, study visits, on a small scale; building demonstration models of livelihood development associated with forest protection and development; b) Support construction of materials for public works of the	Women afforded the opportunity to become members and actively participate in village-level cooperatives and VWU. Women are important producers, sellers and buyers of forest products and would need a central role in the development of value chains. Diversifying and sustaining livelihoods for forest dependent people. Women are important collectors and sellers of NTFPs and important to be involved in the SFM approaches Women from forest-dependent villages would receive training and support for activities through the CPC .

Group of activities from the Decree No.107/2022/ND-CP	Summary of activities	Gender related activities supported through the GAP in the BSP
	residential community such as clean water works, lighting, communication, village roads, cultural houses and other works; c) Support propaganda activities, technical training, development of conventions, regulations, and commitment to law enforcement;	
Group 4 Operation Costs - program administration, coordination and management (following Article 6, clause 4)	a) Program administration and management, including financial administration, coordination of activities and stakeholders, etc.;	Communication and Participation Strategy to be prepared to ensure that women can both be aware of and participate in management and coordination.
	b) M&E activities; c) ER measurement, verification;	All relevant M&E indicators shall be gender-disaggregated, for instance, social and environmental safeguard impacts on affected women, benefit sharing agreements that clearly specific benefits for women. Women from forest-dependent villages that are members of the VWU to be incentivized to participate in MRV activities.
	d) Communication and outreach;	Women afforded the opportunity to become members and actively participate in village-level cooperatives and VWU.
	d) Inquiries, complaints and feedback activities.	The FGRM introduces measures to ensure more enhanced forms of social inclusion relating to women, ethnic minorities, people living in poverty and vulnerable groups.

5.4.4 *Categories of beneficiaries*

The design of the BSP highlighted that forest-dependent communities were especially interested in engaging with the SUFMBs, PFMBs and SFC in a non-confrontational manner and the sharing of any monetary and non monetary benefits that might accrue from the program and the following **Table 5.4** detailed the difference between the Decree and the earlier BSP. The current laws of Vietnam define clearly the beneficiaries of forest resources, including forest owners as organizations, households, individuals, and communities. The Decree is characterized by conscious efforts among the different groups and stakeholders to communicate, collaborate, negotiate and seek out

opportunities to produce sustainable outcomes that all stakeholders are willing to support. The beneficiaries also include people who sign contracts on forest protection, regeneration zoning and afforestation in the state forestry entities (SUFMB, PFMBs, and SFCs).

Table 5.4 Comparison of the different categories of beneficiaries between the Decree and the earlier BSP

Categories of beneficiaries following Article 5 of the Decree No.107/2022/ND-CP	Categories of beneficiaries following the earlier BSP	Explanatory Notes on the Comparison
<p>a) Forest owners as specified in Article 8 of the Forestry Law (2017) are assigned to manage natural forest.</p> <p>Article 8. Forest owners</p> <ol style="list-style-type: none"> 1. Special-use forest management boards, protection forest management boards. 2. Economic organizations including enterprises, cooperatives and cooperatives unions and other economic organizations established and operating in accordance with legal provisions, except those referred to in Clause 7 of this Article. 3. People's armed forces units that are allocated forests (below referred to as armed units). 4. Forestry related science and technology, training and vocational education organizations 5. Domestic households and individuals. 6. Residential communities. 7. Foreign-invested enterprises that are leased land by State 	<p>a) Communities, organizations, households and individuals who participate in Adaptive Cooperative Management Approach (ACMA)³² process with FMBs and SFCs, and who carry out the activities of Component 2 and Component 3 (Group 1).</p>	<p>The Decree follows the Forestry Law (2017), the earlier BSP would also be required to comply with the Forestry Law (2017), which sets out the types of benefits, roles and responsibilities of beneficiaries of forest benefits (Articles 2, 73, 81, 82, 84 etc.).</p> <p>As both versions are required to follow the Forest Law (2017) the beneficiaries are the same, aside from the ACMA institutions, which are not included in the list of beneficiaries. While the ACMA principles remain embedded in the revised BSP the formal role of the ACM Board has been replaced by the FMB which is required to closely work with the CPC and vice versa.</p>

³²*Adaptive Collaborative Management Approach (ACMA)*: This approach highlights the important and active role of forest communities in collaborating with forest owners to improve the management of forest resources in the NCR. Forest owners are organizations assigned by the State to manage forest resources, namely Forest Management Boards (FMBs) and State Forest Companies (SFCs). The ACMA has been subsumed into the role of the FMBs and CPC the ACMA principles of "collaboration, cooperation and coordination" still very much apply to the BSP and are embedded in the Forestry Law (2017).

Categories of beneficiaries following Article 5 of the Decree No.107/2022/ND-CP	Categories of beneficiaries following the earlier BSP	Explanatory Notes on the Comparison
forplanting production forests.		
b) The CPC and other organizations assigned by the State for management of natural forest by law.	b) FMBs, SFCs and their related beneficiaries such as private or public organizations, trading companies or entities leasing land for the implementation of activities under Component 2 (Group 2).	The same beneficiaries including SUFMB, PFMB, SFCs etc.
c) The community and the CPC sign the participatory forest management agreement with the forest owner being organization.	c) Organizations and individuals (typically from Government or contracted) who implement activities under Component 4 to administrate and manage the program.	There is a difference here as the earlier BSP discusses the administration of “component 4” (now superseded) whereas the Decree discusses the actions for the PPC to follow.
d) The VNFF and six PFPDFs in the NCR.	d) Organizations and individuals who implement activities under Component 1, mainly from Government but also involving local communities and CSOs on monitoring and governance.	Essentially the same, the VNFF has the formal role of monitoring the ERPA and can contract the independent monitoring which can include/ be undertaken by CSOs.
d) Others involving in forest related GHG emission reduction and absorption activities in the six provinces.	e) Organizations and individuals who implement activities based on competitive selection process, whether it implies providing technical assistance, support services and equipment, or developing and implementing projects.	Essentially the same.

5.5 Annex V Illustration of consultations, capacity of VNFF

The Vietnam BSP has been developed following a bottom-up and experience-grounded approach. Three major steps can be highlighted:

- Early development, pilot and establishment of REDD+ benefit sharing approach in Vietnam

Development of REDD+ BSP in Vietnam started in 2010 under the UN-REDD Vietnam Phase 1 program. In February 2012, Prime Minister’s Decision 126 fostered piloting of benefit sharing mechanism in sustainable management, protection and development of special-use forests. Pilots were implemented in Xuan Thuy, Hoang Lien Sa Pa and Bach Ma National Park in the NCR. First pilots as well as multiple consultations at central and local levels led to the design of a REDD+ BSP framework for Vietnam, formalized by MARD Decision 5399 in December 2015. Since 2016, the system has been further deployed in the six UN-REDD-supported provinces, including Ha Tinh in the NCR. The ER-P BSP vocation is to build on these achievements and capitalize on more than seven years of capacity building and experimentation across the country and in several locations and provinces of the ER-P area.

Targeted consultations to tailor the BSP in the activities leading up to the preparation of the ER-PD consultations were undertaken with a total of 737 ethnic minority persons (of whom 384 or 52%

were women) in the six provinces of the ER-P Accounting Area beginning in November 2015 and concluding in early April 2017. Representatives from all ethnic minority groups (Ta Oi, Co Tu, Pa Hi, Bru Van Khieu, Chut, Lao, Kho Mu, Hmong, Tho, O’Du, Thai, and Muong) participated. More details on ethnic minorities consulted, venues, dates and references to benefit-sharing arrangements are included in Annex 8 of the Ethnic Minority Planning Framework that has been prepared for the ER-P.

Participation methods included village-level meetings of households, focus group discussions, workshops and interviews of key informants. Efforts have been made to design consultation methods that ensure representativeness (notably of most vulnerable and highly forest-dependent households and communities, ethnic minorities, women and younger groups, etc.) as well as openness, and favor free and equal speech for all.

The key components of the present BSP were designed as an outcome of this consultation process. They were further broadly discussed during the consultations on the ER-PD up to December 2017, after which the BSP was further developed and strengthened as part of meetings and workshops on a broader scope of subjects, including safeguards, land allocation and tenure, FGRM, etc. Next significant enrichments came from lessons and feedback from the BSP pilots’ stakeholders in the region, as described above. The full process demonstrates a strong ownership of local stakeholders from the NCR to the BSP.

- Final consolidation of the benefit sharing plan for the ER-P

The consolidation and formulation process started in July 2018 and the first draft of the BSP including remaining options was available in early August 2018. It went through an intensive consultation process internal to VNFOREST, with various bilateral and expert meetings, and two workshops with various departments in September 2018. The World Bank was also consulted and provided informal feedback.

On 5 October 2018, a consultation session was organized on the BSP in connection with ACMA modalities in Hanoi. Pan Nature organized the consultation, in collaboration with the FCPF program, and targeted civil society and non-governmental organizations. On 11 October of 2018, a public consultation was organized in Vinh, Nghe An province, with 60 representatives from all stakeholders from the six provinces of the NCR, including DARD leaders and representatives from public and private forest owners. Besides questions of clarification and explanation, both consultation events demonstrated a broad understanding of the BSP and concluded with full support from all stakeholders. Local stakeholders were gathered in four provinces during last quarter of 2018. P.

Final consultations on the draft Decree were held during the Covid pandemic and occurred through requirements of MARD’s Document No. 2757/BNN-TCLN dated May 13, 2021; Document 4239/BNN-TCLN dated July 7, 2021; and Document 1281/BNN-TCLN dated March 8, 2022, enabling virtual consultation at sub-regional and local levels.

Additional consultations were undertaken in early 2022 at the provincial level on the draft Decree and in July 2022 at the commune level and in October 2022 with national NGOs on the revised BSP. The results on the proposed change were favorable for the BSP to follow the PFES approach. This BSP version results from these multiple layers of capacity building, experimentation, legal processing and consultations.

5.5.1 Consultations done earlier under the agreed BSP

The consultations on the BSP commenced in October 2015 and have been both extensive and iterative. The stakeholders include forest-dependent households and communities, with the emphasis being on ethnic minority households, but not to the exclusion of non-ethnic minority households

ensuring that women, younger people, the aged and vulnerable households (especially the poor and physically handicapped) have been included in these consultations. The BSP was further broadly discussed during the consultations on the ER-PD up to December 2017, after which the BSP was further developed and strengthened and the consolidation and formulation process started in July 2018 and continued up to the end of 2018. The final results of the final outcome of the consultations are shown in

Table 5.5 shown below.

Table 5.5 Summary of the outcome of consultation prior to signing the ERPA

Key topics	Associated Outcome	Level to be consulted	Example of specific question	Example of day/place of consultation
1. What are the appropriate interventions to lead to ER	Outcome: Methods of benefit sharing	Central, Provincial and local level	What do you think local communities can do towards better forests in your province?	Day: 25 Dec. 2018 Place: Sub-FPD guess house of Quang Binh Discussed during the group discussion
2. Who are the beneficiaries of ER-P	Outcome: Methods of benefit sharing	All three levels	Who do you think the most important beneficiary in ER-P? And Why?	Day: 7 Dec. 2018 Place: Dong Ha, Quang Tri Facilitated by a representative of Farmer Union
3. Conditionality for getting benefits – the difference between REDD+ and other initiatives in benefit sharing	Outcome: Methods of benefit sharing	Provincial and local	What conditions for getting benefits from REDD+? Are they different from current PFES? Why?	Day: 7 Dec. 2018 Place: Dong Ha, Quang Tri Facilitated by a representative of Women Union
4. The need of ACMA	Outcome: Benefit allocation	Provincial and local	Do you think ACMA can be the good mechanism for forest management in your area? Why?	Day: 25 Dec. 2018 Place: Sub-FPD guess house of Quang Binh Discussed during the group discussion, facilitated by a representative of forest owner – Long Dai Forest Company
5. The need of FMC and its function	Outcome: Benefit allocation	Provincial and local	Are you interested in setting FMC? Why? If yes, then what roles they can play?	Day: 7 Dec. 2018 Place: Dong Ha, Quang Tri Facilitated by a representative of Women Union
6. The tentative share of roles and benefits between forest owner and local community in ACMA	Outcome: Benefit allocation	All three levels	Who should get more, local community or forest owner in ACM? Why?	Day: 25 Dec. 2018 Place: Sub-FPD guess house of Quang Binh Discussed during the group discussion
7. Types of benefits and preference in cash and non-cash form of benefits	Outcome: Methods of benefit sharing	All three levels, particularly local	Do you prefer cash or non-cash form of benefits? Why? If you prefer non-cash, then what type of non-cash benefits are you interested in?	Day: 3. Dec. 2018 Place: Thanh Hoa town Discussed during the group discussion, facilitated by a representative of Women Union
8. Disbursement modality	Outcome: Window of disbursement	All three levels	Do you think direct allocation is appropriate to all beneficiaries? If no, why?	Day: 7 Dec. 2018 Place: Dong Ha, Quang Tri Facilitated by a representative of Women Union

5.5.2 Consultations in 2022

In view of the modification to the BSP approach introduced through the Decree No. 107/2022/ND-CP, additional follow up consultations have been undertaken to engage with local NGOs active in the forest sector to establish feedback on the Decree placing more emphasis on following a simpler mechanism and process based on the experiences of the successful PFES program. The results of the consultations are shown below in Table 5.6 below and at the commune level as shown below in Table 5.7. The results show that by adopting a PFES type of approach it is more likely to be understood by local communities as they already have some experience of that mechanism. The PFES approach

although simpler would also need to be further encouraged and actively coordinate, the different stakeholders and develop their skills and expertise and also introduce more effective monitoring. (Additional consultations are expected to occur with the NGOs shortly).

Table 5.6 Consultations with NGOs on the added emphasis of following PFES

Specific questions	CERDA ³³	Pan Nature ³⁴	CSDM ³⁵
1. The BSP has been revised and will more closely follow PFES but with additional benefits for communities.		<p>- Under the current PFES mechanism, the forest protection force is hired by FMB to manage and protect the forest together with the people. This mechanism is really effective when the area is far from residential areas, people cannot participate in sustainable management. However, the staff of this forest protection force are also some local people and have been trained by FMB to improve their capacity.</p> <p>- With the new proposed BSP, it is also good, because people benefit more from carbon payments. However, it is necessary to have FMB staff to monitor, supervise as well as build capacity for the community. In addition, close coordination between the parties is also required.</p> <p>- To coordinate effectively, the parties need skills and expertise. If all money is transferred to the local people, it is necessary to have a clear monitoring and reporting mechanism, and do it right from the beginning.</p>	
i) What is the NGO's experience of communities who have benefited from	CERDA has applied research and implementation of development projects in the mountainous and island areas of	- PanNature is dedicated to protecting and conserving diversity of life and improving human well-being in Vietnam by seeking,	CSDM has been actively involved with Ethnic Minority communities in

³³MsVu ThiHien, Director, Centre of Research & Development in Upland Area. interviewed October 5th

³⁴Mr Thuỷ (Former Vice Director of Pan Nature). Interviewed October 6th.

³⁵Mr Nghĩa (technical staff). Interviewed October 5th.

Specific questions	CERDA ³³	Pan Nature ³⁴	CSDM ³⁵
PFES; and	<p>Vietnam in the following fields:</p> <ol style="list-style-type: none"> 1. Improve governance capacity, develop institutions and social organizations in the locality; 2. Support communities in accessing forest use rights; 3. Communities autonomously manage natural resources, develop sustainable livelihoods; Communities own the initiatives “Climate Change Adaptation and Mitigation, Reducing GHG emissions from efforts to reduce deforestation and reduce forest degradation (REDD+)”; 4. Farmers associate with market access, produce agro-forestry goods in an environmentally friendly direction; 5. Preserve and promote traditional values and indigenous knowledge; 6. Gender equality; 7. Policy advocacy. 	<p>promoting and implementing feasible, nature-friendly solutions to important environmental problems and sustainable development issues.</p> <p>- PanNature focus on variety of thematic topics including Biodiversity conservation, Capacity building, climate change Co-management of forest resources. ...and PFES is quite relevant topic.</p>	<p>mountainous areas in following topics:</p> <ol style="list-style-type: none"> 1. Improve the quality of life of Ethnic Minorities by ensuring food security; develop livelihood programs that are sustainable and environmentally sound. 2. Promote sustainable management of natural resources based in indigenous knowledge in harmonization with modern methods and techniques. 3. Build, support, develop and strengthen the capabilities of community based organizations (CBO's) and promote cooperation among communities and organizations.
ii) How do communities respond to PFES? Is it generally a positive experience for the communities? Or does it add to their work burden? Or cause added conflicts?	<p>- CERDA is currently implementing a project in Thanh Hoa, which will allocate 10,000 hectares of forest to residential communities. Accordingly, CERDA has conducted training for the community on REDD+, signed contracts with people on patrolling and protecting forests.</p> <p>- CERDA mainly works on participatory forest allocation projects and establishes new type of cooperatives, thereby linking households. According to CERDA 's</p>	<p>- PFES brings a very significant source of income to the people, contributing to poverty reduction.</p> <p>- There is also a phenomenon of disputes within the community, between communities and forest owners due to unclear land use rights. For example, in Huong Nguyen district, Thua Thien Hue.</p> <p>- If the land use right is clear, there is no</p>	<p>- Local communities respond positively to PFES. However, depending on the level of payment of each locality, where PFES payments are high, people are more actively involved.</p>

Specific questions	CERDA ³³	Pan Nature ³⁴	CSDM ³⁵
	<p>experience, the forest is mainly managed and protected by state organizations, the forest area allocated to the people is not large. Moreover, only a part of the people are allocated forests, not the majority of the community. (CERDA participated in the benefit sharing assessment in BacKan and Lao Cai of the UNREDD program). In Thanh Hoa, the community is also involved in forest protection and management, but very little.</p> <p>- Therefore, conflicts between who are allocated forest and unallocated forest is likely to occur, thereby leading to encroachment and impact on the forest.</p>	<p>more dispute.</p>	
<p>iii) What is the NGO's general experience of PFES: Is it reasonably successful in protecting the forest and providing benefits to communities - if no why not? What can be done to improve it?</p>	<p>-CERDA does not participate significantly in PFES, but it is understood that not all communities can benefit from PFES. Since then, the forest protection is not as effective as required.</p> <p>- Therefore, it is necessary to follow the design of the REDD+ project (FCPF) of results-based payments and apply Safeguards to activities.</p> <p>- There must be an equitable benefits sharing mechanism regardless of how much it is.</p> <p>- Create opportunities to access public services for people.</p> <p>- Allocate forests to all people of the communities based on a landscape approach.</p>	<p>- The financial benefits are clear, but the right to use resources, the right to participate, and the right to cooperate in forest protection and management are also quite important.</p> <p>- The effectiveness of protection management depends on the supervision of the Management Board. A more specific monitoring system is needed to evaluate the effectiveness of forest protection management on a large scale. There are many places, when PFES resources are small and insignificant; people are not enthusiastic to participate in forest management and protection.</p>	<p>- Indeed, PFES has contributed to better forest protection and provided jobs for a part of the people. Information about PFES funds is publicly available in the community, and consensus on how to use it, such as about 50-60% will be for forest management and protection, 40% for general community activities.</p>

Specific questions	CERDA ³³	Pan Nature ³⁴	CSDM ³⁵
iv) Is "Elite Capture" at the commune level a problem in their opinion? Can provincial VNFF help if it is?	<ul style="list-style-type: none"> - There is a phenomenon of "elite capture" in view of forest land allocation. - It is necessary to apply the principle of FPIC that would bring the equitable result. 	<ul style="list-style-type: none"> - Before PFES, forests were assigned to forest owners to be responsible for management and protection. Therefore, there is no "elite capture" phenomenon to benefit from PFES. - Moreover, at present, the legal framework for implementing the complaint mechanism has been improved, so taking advantage of PFES for group interests is less likely to happen. - However, there is still a large amount of forest area managed and protected by the CPC that has not yet been allocated to the people. Commune authorities still keep it to benefit from PFES. 	<ul style="list-style-type: none"> - If PFES is paid from a third party (forest owners like in FMBPuLuong, Thanh Hoa), PFES money is often delayed, not immediately paid to the community. - In addition, in the past, FMB (PuLuong) contracted with outsider not the local communities resulting in excluding the participation and benefit of local people and forest area is not well managed. Forests bordering the forest allocation contract is renewed every year and the number of areas is reduced, as well as the payment level is gradually reduced too, leading to people not actively participating in forest management and protection.
v) Any difference between ethnic minority households and villages?	No difference.	There is no difference, quite homogeneous in terms of ethnicity and ethnicity.	Depending on the watershed, uneven among localities.
vi) What role do women play in PFES at the community level? Are they fully involved? Or are special arrangements needed to involve them?	<ul style="list-style-type: none"> - In forestry, mainly men participate in forest protection week. Women are rarely involved in forest protection patrols. If women want to participate in project activities, they must first build women's capacity before women can participate. 	<ul style="list-style-type: none"> - Women are less likely to participate in PFES, although it does occur, but it is not common. - Women often participate directly in livelihood development activities while men participate in meetings. - Vietnamese law is now quite progressive, recognizing women's rights in house and land ownership. 	<ul style="list-style-type: none"> - In forest management and protection, women do not have much opportunity to participate in due to heavy housework load, women are mainly involved in NTFPs collection.
2. Has PFES encouraged the FMBs and Communes/ Communities to work together?	<ul style="list-style-type: none"> - PFES contributes to encourage cooperation between FMBs and local communities. However, like the participatory forest allocation project that CERDA implemented in Thai Nguyen, 	<ul style="list-style-type: none"> - PFES has helped strengthen the cooperation in forest management and protection between communities and FMBs. 	<ul style="list-style-type: none"> - PFES has encouraged the community to cooperate with FMBs especially when the payment is large enough and people are assigned to manage a large area of forest.

Specific questions	CERDA ³³	Pan Nature ³⁴	CSDM ³⁵
Any examples? If not, why not?	CERDA has mobilized provincial leaders to create a mechanism to encourage communities to participate in forest protection and management project.		
3. Do communities need money most or would non-carbon activities and benefits be a better approach?	- For people, money is not the most important thing, but they want to be forest owners, to be allocated forests with empty books. However, they also need to be empowered and accountable to carry out their assigned responsibilities.	- For people, money benefits are often the first motivation, but non-carbon benefits will follow.	- In the project that CSDM deployed in Thanh Lam, Thanh Son, PhuTho, even without PFES, the community still managed to protect the forest to protect water, and medicinal plants in the locality. And when there are PFES, people have more actively participated in protection, they set up a task force to manage and protect the forest -However, people still prefer to receive money directly over non-carbon benefits
4. What are the main constraints of the communities that the NGOs deal with?	-Currently, people in remote areas do not have access to policies and laws. -In the process of implementation, there must be a specific way of communication to be understood by the people as the way of communication must use simple and understandable words so that local people can understand.	- The capacity of the community, the awareness of the community is the biggest constraints. - In addition, it is necessary to guide people on how to use money effectively, improve people's capacity for economic development and forest benefits. - Currently, the trend of developing community-based tourism is very developed (homestay, farmstay) and people need to strengthen their capacity and use reasonable funds.	- The biggest constraint is that the community's forest ownership is not clear. In many places, the area of the community was quite large before, but now it is planned for the state forest owners, causing disputes and conflicts. - Moreover, most of forest area allocated to community is a natural production forest, which prevents people from benefiting from the forest area.

Table 5.7 Additional consultations at the commune level during 2022

Key Topics	Associated outcome	Level consulted	Example of specific questions	Example of day/place of consultation
Role/ Importance of the forest to the community	Outcome: background to benefit sharing	Commune	Ethnic minority households present, role of forestry	Thuong Lo Commune, Nam Đông district, Thừa Thiên Huế province. July 2022 Group discussions, Ethnicity: 93.6%, Co Tu is the main ethnic group, (some Ta O ethnic group are present)
PFES operation	Outcome: methods of benefit sharing	Commune	Is PFES suitable and the role of PFES and the advantages and disadvantages?	Thuong Lo Commune. People receive support from Bach Ma National Park through the PFES mechanism (participating in the allocation of funds for forest management and protection)
PFES operation	Outcome: methods of benefit sharing	Commune	How to use the benefits from PFES?	Use part of PFES to develop livelihoods, contribute to poverty reduction. Pay PFES usually at the beginning of the year PFES money is transferred via bank account
Difficulties with PFES	Outcome: Methods of benefit sharing	Commune	What difficulties has the commune faced?	Thuong Lo Commune; Local people (mainly EMs) depend on the forest for non-timber forest products. In the past, they used to go to the forest a lot, but now many have sort economic wages. In addition, access to the main NP is difficult because it is far away (through the community forest) and forest protection has improved. PFES money is precarious, only in July will the recipients know the value to come in the new year.
PFES operation	Outcome: Methods of benefit sharing	Village community	Is PFES working and a suitable benefit sharing approach?	Phong Mỹ commune, Phong Điền district, Thừa Thiên Huế province July 2022. Group discussions. The village has 120 households, with 7 ethnic groups, mainly Pahy and Van Kieu. Since 2014, the community has worked well with the PFES policy and in 2022, Phong Dien Nature Reserve will contract an additional 1200ha

Key Topics	Associated outcome	Level consulted	Example of specific questions	Example of day/place of consultation
				Benefit sharing: The management board is entitled to 10% (4 people), 65-70% is paid for patrolling participants and community welfare. The rest is for livelihood development for households in need through loans, however, the recovery of capital is quite difficult and the capital source is quite modest
PFES operation	Outcome: Methods of benefit sharing, allocation	Village community	Is PFES working and is it a suitable benefit sharing approach?	<p>Tân Mỹ village, Phong Mỹ commune, Phong Điền district July 2022.</p> <p>The proceeds from PFES are available to households who need livelihood development.</p> <p>Develop regulations on using money 2019-2023. Mainly patrolling, managing and protecting forests (60%), livelihoods (10%), social welfare (4%), management boards (13%). The community is large, the area is large, the forest is far away, so it takes 7-8 people / time, and many groups have an enhanced awareness of forest management, so only 5-6 people are needed. Switch to another purpose. Expenditures must be approved by the community to be spent.</p> <p>13% for the board: Because there is a community monitoring board, and the leader of the community agrees, openly and transparently. In addition, a red invoice is required.</p> <p>2021: focus on developing forests, mainly poor forests, extracting from PFES to buy indigenous seedlings, enriching forests. People patrol, bring seedlings to plant in the necessary position.</p>
PFES operation	Outcome: Methods of benefit sharing,	Village community		Payment from PFES is quite slow so the Community cannot decide how much to pay for restricting activities
PFES operation	Outcome: Methods of benefit sharing, allocation	Village community	Is PFES working and is it a suitable benefit sharing approach?	<p>KheTrần village. Phong Mỹ commune, Phong Điền district, July 2022.</p> <p>Since PFES poor forest is not exploited</p> <p>Have a plan for revenue and expenditure, at the end of the year, re-evaluate,</p>

Key Topics	Associated outcome	Level consulted	Example of specific questions	Example of day/place of consultation
				manage and protect forests.
Proposed change to more closely follow PFES	Outcome: Methods of benefit sharing	Province	Comments and suggestions for the draft Decree	Six NCR provinces from January, through February, to March 2022.

5.5.3 VNFF gap analysis follow-up

The BSP implementation mobilizes a broad range of stakeholders and institutions into an innovative approach. For implementation of the BSP capacity gaps were identified, related to two institutions (VNFF and the Office of the Program 886 and REDD+ the role of this later office has been taken over by the VNFF) at the central level for the administration and management of ER payments. The VNFF has developed a roadmap to support implementation of the BSP and this included the addition of an assessment of the budget, additional staff needed to work in a dedicated environmental and social unit (ESU) to help oversee implementation of the social and environmental safeguards, increased financial management required, capacity development and training on the FGSM and the expanded M&E data collection for the six ER-P provinces. A detailed Project Operation Manual will be prepared, based on the Decree.

Table 5.8VNFF gap analysis

Recommendations from analysis of BSP	Update on the progress and situation at VNFF
For the central level, organizing training courses in relation to result-based payments and specific management and use of fund, proposal development, planning and reporting, monitoring and inspection, as well as study tours to explore innovative models for forest financial solutions.	Not done but planned to be undertaken when the ERPA funds become available (also see below).
Further building capacities and providing operational tools to access new financial opportunities, including to meet requirements from the Green Climate Fund, to increase cost norm for PFES and increase revenues, to pilot PFES policies to extended sources of pollutions, and to increase and better document PFES socio-environmental impacts.	<p>Financial capacity building not done yet as above waiting for funds.</p> <p>Capacity building on socio-environmental work (setting up an ESU) has made progress with some capacity building work being undertaken through and included in Vietnam Forest and Delta (VFD) program training on indicators on socio environmental, some pilots were looked.</p> <p>VNFF is committed to hiring additional staff to undertake the socio- environmental safeguard related work (at central level, and M&E at provincial level and how to collect the data).</p> <p>VNFF was the recipient of additional training from other ODA projects including the FCPF Program on socio and</p>

Recommendations from analysis of BSP	Update on the progress and situation at VNFF
	environment issues and safeguards.
<p>Focusing capacity building efforts at provincial level in the NCR on training related to management, inspection and supervision of forest protection and implementation of interventions, payment and impact control, and application of support tools and software. Gaps are also identified in terms of practical solutions for monitoring and inspection, including equipment. It is proposed that Thanh Hoa Provincial Forest Protection and Development Fund will serve as a pilot and focal point to roll out benefit sharing at provincial and sub-provincial level in accordance with BSP provisions.</p>	<p>M&E training was provided and completed through VFD with help from CIFOR.</p> <p>Revised approach for Thanh Hoa Provincial Forest and Protection Development funds was completed through the VFD program and is program is now closed.</p>
<p>Finally, implementation of the BSP is seen as a unique opportunity to systematize the use of digital payment modalities, notably to end users at local level. This is expected to improve transparency, accountability, reduce risks of misuse of funds and complaints, and facilitate monitoring and analytical work.</p>	<p>The development of digital payments was introduced from 2018 and about 90% of provinces now use digital payments The process was introduced and with support from GIZ and VFD.</p> <p>Complaints are handled at provincial level and processes/ mechanisms and this includes a complaint hot line.</p> <p>Forest loss issues are coordinated with FPD rangers.</p>
<p>Planned additional training following a need assessment is required and includes the following:</p> <p>Building financial management capacity on planning, financial reporting and management.</p> <p>Use of the PFES funds.</p> <p>Measurement of results following the results based approach.</p> <p>Training on FGRM (this will be included in the VNFF website).</p> <p>Introduction of the new Decree (this will be included in the VNFF web site).</p>	

5.6 *Annex VI Additional details on roles and responsibility for implementation of the BSP*

5.6.1 *National level*

a) *5.6.1.1. Roles and responsibilities of the Ministry of Agriculture and Rural Development³⁶*

- a) Develop and promulgate legal guidelines and decisions for the implementation of benefit sharing;
- b) Report the results of emission reductions and carbon removal associated with the ER-P to Ministry of Natural Resources and Environment (MONRE) for UNFCCC reporting and to Ministry of Planning and Investment (MPI) for Green Climate Fund reporting.
- c) Cooperate with MPI, Ministry of Finance (MOF), MONRE and related government agencies at the central and local level to develop legal documents related to the mobilization, management and utilization of financial resources for ER-P and benefit sharing;
- d) Carry out negotiations and signing of bilateral and multilateral financing agreements with organizations with committed REDD+ funding to continue to support the implementation and promotion of ER-P.
- e) Integrate various funding sources for forest protection and development, including funding from payment for environmental services, forest protection and development plan, rewarding plantations for REDD+ and ER-P objectives.
- f) Approve projects supporting REDD+ objectives and ER-P objectives.

b) *5.6.1.2. Roles and responsibilities of relevant ministries and agencies*

According to their functions and tasks within the scope of their state management, ministries and branches actively coordinate with the Ministry of Agriculture and Rural Development in implementing the Decree No.107/2022/ND-CP, and at the same time directing their units in the implementation of this Decree (MPI, Ministry of Finance, Ministry of Natural Resources and Environment, Ministry of Justice and related ministries and branches).

c) *5.6.1.3. Proposed roles and responsibilities of the State Steering Committee for the Target Program on Sustainable Forest Development and REDD+ implementation*

- a) State Steering Committee for the Target Program on Sustainable Forest Development and REDD+ implementation is the guiding body to assist the Government and MARD in directing the National REDD+ Action Program and proposing REDD+ related policies and solutions. The State Steering Committee supports MARD to direct and strengthen cooperation among ministries, sectors and REDD+ related initiatives to ensure the achievement of the objectives of the ER-P, contributing to the National REDD+ Action Program.

³⁶ Updated from the earlier BSP document. These roles and responsibilities will have further details added in the development of the planned Project Operation Manual (POM)

- b) Report to the Deputy Prime Minister and MARD on the GHG ER of the ER-P, to be further integrated as relevant into reporting to the MONRE for consideration as part of GHG inventory report to the UNFCCC, and to the MPI for consideration in reporting to the Green Climate Fund. These may contribute to further resource mobilization for the ER-P and benefit sharing.
- c) Make decisions and strategic directions for the implementation of the ER-P contributing to the National REDD+ Action Program, as a basis for long-term benefit sharing.

d) 5.6.1.4. Roles and responsibilities of VNFOREST

- a) Perform state management role in benefit sharing.
- b) Direct affiliated agencies to develop legal documents detailing the implementation of this BSP and to submit them for MARD approval and promulgation.
- c) Cooperate to evaluate and approve the results of forest protection and development to serve the ER-P objectives.
- d) Integrate the results of forest protection and development and ER-P into the data system of forest resource monitoring, forest inventory and Forest Sector Information System.
- e) Cooperate to review and evaluate the benefit sharing and to propose adjustments and additions if necessary.
- f) Perform the role of owner of the implementation of this BSP.
- g) Direct the VNFF and relevant units to propose the development of legal documents detailing the implementation of this regulation and to submit them for MARD promulgation.
- h) Direct the VNFF to develop documents guiding the implementation of these regulations, ER-P benefit sharing plan and mechanism, benefit sharing plan associated with the support of technical consultants and experts. These documents will be submitted to VNFOREST and later to MARD and WB for endorsement.
- i) Direct the VNFF to develop and promulgate the following documents: M&E manual; financial management manual; forest protection contract form; integrated financial plan form; general M&E framework form; report on activities and results form; procedure for disbursement and final settlement; procedure for grievance redress and mediation; performance report form with the support of consultants and experts.
- j) Organize the evaluation of the results of forest protection and development for the ER-P objectives.
- k) Report to MARD on the results of forest protection and development, emission reductions of the ER-P in order for the Ministry to integrate the data into the system of forest resource monitoring and inventory and FORMIS.
- l) Review and evaluate the implementation of benefit sharing and propose adjustment if necessary.
- m) To assume the prime responsibility for and coordinate with the relevant stakeholders in verifying, reviewing, synthesizing and managing the results of forest protection and development by the ER-P.
- n) To chair the evaluation of proposals for technical assistance of the implementation of ER-P activity package, proposals for development of policies, regulations, technical guidelines and financial management at the central level for benefit sharing and ER-P.

- o) To be responsible for the development of Financial Management Manual, M&E Manual for the ER-P (if needed).
- p) To organize the evaluation of the BSP submit for approval, with the support of experts, technical consultants and M&E experts.
- q) To be responsible for planning, coordination, monitoring and participation in decision-making for benefit sharing disbursements.
- r) To direct the VNFF to disburse the payments through the banking system from the central to local level, to report and share information as required by VNFOREST/MARD.

e) 5.6.1.5. Roles and responsibilities of VNFF

- a) VNFF is responsible for development of the integrated financial plan which combines payment for environmental services and various resources for benefit sharing, development of the M&E framework and general report, forest protection contract form, plan to coordinate the implementation of benefit sharing. Participate in disbursement at provincial level.
- b) Participate in evaluating and drawing experiences in integrating resources for implementation of REDD+ benefit sharing.
- c) Participate in evaluation process and draw lessons in benefit sharing.

5.6.2. Provincial level

f) 5.6.2.1. Roles and responsibilities of Provincial People's Committee

- a) Direct the DARD to cooperate with Departments, sectors and People's Committees at the district level to provide socio-economic data and information, forest and forest-land management status in the province according to this plan and VNFOREST guidance.
- b) Direct the DARD to organize M&E of the implementation of benefit sharing in the province according to this plan and VNFOREST guidance.
- c) Review the implementation of benefit sharing in the province and make recommendations based on lessons learned.

g) 5.6.2.2. Roles and responsibilities of DARDs

- a) To assume main responsibility for and coordination among relevant stakeholders for BSP ER-P at provincial level.
- b) To appraise, review, synthesize and manage the results of forest protection and development of FMBs, SFC, CPCs and local stakeholders;
- c) To review proposals for technical assistance to implement the ER-P activity packages;
- d) To propose the development of coordination mechanism and regulations of the province towards ER targets.

h) 5.6.2.3. Roles and responsibilities of Forest Protection Divisions

- a) To coordinate the appraisal of the results of forest protection and development of provinces.

- b) To join the monitoring and evaluation process and to actively participate in forest law enforcement in the province with the support from experts, technical consultant and M&E experts.
- c) The Forest Protection Divisions work with the Forest Management Boards (FMBs) and CPC to achieve a coordinated approach following the ACMA principles of collaboration, coordination and cooperation,

i) 5.6.2.4. Roles and responsibilities of the Provincial Forest Protection and Development Funds (the VNFF at the provincial level)

- a) To be responsible for disbursing funds to beneficiaries according to the VNFF mechanisms
- b) Develop an integrated financial plan including payment for forest environmental services and the result-based payments from the Carbon Fund for benefit sharing with the aim of sustainable forest protection and development; to set up monitoring and evaluation framework and general reports;
- c) To formulate a contract form for forest protection; to develop a plan to coordinate the implementation of benefit sharing.
- d) To disburse money through banking system to relevant stakeholders for BSP and ER-P implementation.

5.6.2 Local level

a) 5.6.3.1. Roles and responsibilities of District People's Committee (DPC) and its divisions

- a) Provide information on socio-economic development and data on the status of forest and forestry land management in the pilot area for benefit sharing in the district as stipulated in this BSP
- b) Cooperate with DARD in directing and supervising the implementation of benefit sharing.
- c) DPC is the focal point for the FGRM during the benefit sharing process at grassroots units in the district according to the provisions in this BSP.
- d) Coordinate to appoint one focal point to support implementation of the activities related to the ER-P and BSP in the district. Instruct divisions and Forest Protection Station to assign local ranger/ FMB staff to work with the CPC. Support consultation processes in the district and FGRM at local level and deal with FGRM at district level.
- e) The DPC works to encourage the Forest Management Boards (FMBs) and CPCs to coordinate and work closely together, following the agreed items of the parties participating in forest management.

b) 5.6.3.2. Roles and responsibilities of the CPC and its divisions

- a) Lead and cooperate with local community and stakeholders to develop and implement the Forest Protection and Development Plan, and Benefit Sharing Plan.
- b) Organize the supervision and approval at the grassroots level and directly handle violations related to forest protection and development law according to its competence.

- c) Cooperate with the provincial M&E Team to carry out the supervision, monitoring, evaluation and approval of the results of forest protection and development and benefit sharing.
- d) Mobilize the participation of agencies at all levels and sectors, civil society organizations in the commune, communities in villages actively participating in forest protection and development the ER-P targets in particular and REDD+ in general.
- e) Provide human resources and meeting rooms necessary for the mediation process; direct the mediation process and give feedback of grievance redress to the people, and resolve complaints related to benefit sharing at the grassroots level.
- f) Annually organize review and evaluation of the program implementation progress and the benefit sharing according to the provisions of this Decision.
- g) The CPCs will be responsible for collaboration with the Forest Management Boards, following the agreed principles of forest management.

5.7 *Annex VII Additional consultations*

Table 5.9 Summary of comments and inputs from central agencies, provinces, NGOs and from a consultation workshop on BSP of ERPA held 17th November 2022.

No	Agencies	Comments and Justifications	Response
I	Central agencies		
01	Central FPD, via letter official no. 505/KL-ĐN dated 01/12/2022	<p>1. The development of the ERPA BSP should be based on the Government's Decree on piloting the transfer of emission reduction results and financial management of the ERPA in the North Central region.</p> <p>2. It is proposed to add the following issues:</p> <ul style="list-style-type: none"> - Logical framework for monitoring the performance of benefit-sharing activities; - Regulations on the rights, obligations and interests of the parties involved; and - Clarify the role of State management agencies at all levels from central to local levels, especially the role of the forest rangers in implementing benefit sharing plans. 	No follow up required
02	Legislation dept. of VNForest (via email)	<ul style="list-style-type: none"> - Edit some phrases accordingly; - Supplement Table 1 (legal basis for developing BSP): Circular No. 17/2022/TT-BNNPTNT amending and supplementing a number of articles of Circular No. 29/2018/TT-BNNPTNT dated November 16, 2018 of the Ministry of Agriculture and Rural Development; Remove Decision No. 1719/QĐ-TTg dated October 14, 2021 of the Prime Minister approving the national target program for socio-economic development in ethnic minority and mountainous areas in the 2021-2030 period and replace by Circular No. 12/2022/TT-BNNPTNT dated September 20, 2022 guiding a number of forestry activities to implement the national target program for socio-economic development in ethnic minority areas and mountainous areas in the period of 2021-2030. - Remove the details at point a (payment of indirect activities at the provincial level) sub-item 3.4.2 (Provincial activities supporting BSP), item 4 (responsibility to implement BSP), specifically: remove the recurrent and irregular expenses, spending items, spending levels, etc.; remove the information about the forest owner being the organization at point b. - Remove item 3.6 (Capacity building, training and publicity) of Section II (BSP). 	Update the BSP for Circular 12. For the other comments, the BSP is required to follow the Decree, the Decree needs to follow requirements from spending and fund disbursement guidelines from MOF.
II	NGO		
01	VIFORA, via official letter no. 49/HCRVN dated 25/11/2022	<p>1. Good points</p> <p>For the WB, the issuance of the ERPA Benefit Sharing Plan is very necessary because this is a condition to disburse the payment under the ERPA.</p> <p>For Viet Nam, the Benefit Sharing Plan is also essential because it needs to be developed</p>	

No	Agencies	Comments and Justifications	Response
		<p>as a detailed guide for the VNFF and 6 provinces to make the payments. The draft benefit sharing plan has many advantages, showing off a thorough preparation, be detailed, comprehensive coverage, and practical basis.</p>	
		<p>2. Some items need to be clarified and perfected a) Currently, the Ministry of Agriculture and Rural Development is drafting and submitting to the Government for promulgation a Decree on pilot transferring of emission reduction results in the North Central region (Decree on Piloting), the Editorial Board needs to clearly explain the time to issue the Plan, whether before or after the promulgation of the decree? If issued prior to the Government issuing the Decree, it will be very risky because there are provisions in the Plan that do not follow or are contrary to the Decree; How to handle this risk? The BSP is issued after the Decree is promulgated b) It is not clear who will use the Plan? Therefore, it is necessary to add the plan users with 2 groups: Group 1 is the WB side who needs this Plan as a basis for disbursement under the ERPA Agreement; Group 2 includes the VNFF, provincial funds, beneficiaries of payments, organizations and individuals performing inspection and supervision tasks. VNFF and PFPDFs c) The Plan meets the requirements of the WB but has not met the requirements under Article 9 of drafting the BSP in the Draft Decree. Certainly, MARD only issues one Plan that satisfies both the WB side and the requirements of the Decree. To overcome this situation, the Editorial Board needs to supplement and restructure the Plan in the direction of a structure into 3 main parts: - Part I: Introduction Including: + Select the contents of Section I “Background information”. + Add additional information related to the need, purpose, content, users of the plan. + Method of planning (according to section II). However, it is necessary to draft this part briefly. - Part II: BSP Covering parts III and IV by restructuring for more logical and better understanding. - Part III: Guiding to draft the BSP This Part, as required by Article 9 of the draft Decree, should focus on: + Guide to overall financial planning + Guide to annual financial planning. The Plan is issued by the Ministry of Agriculture and Rural Development, so it should follow the MARD template with a concise content, be easy for readers to understand.</p>	<p>The structure of the BSP, is based the MEF and FCPF guidelines. The BSP is required to follow and conform with the Decree, and this already incudes details (templates) on financial planning. Details on the use of the templates will be provided in the proposed POM and financial reporting guidelines and requirements from WB.</p>

No	Agencies	Comments and Justifications	Response
III	PROVINCES		
01	DARD Thanh Hoa, via official letter no. 5159/SNN&PTNT-BQLQ dated 24/11/2022	<p>1. Consider clarifying, adding in the phrase "<i>group of households or group of local residents</i>" in the phrase "<i>Residential community</i>". If it is not clarified, the traditional residential communities after being merged will be understood as 01 residential community in the agreement of ERPA. It should be further clarified that "<i>01 new residential community or can be divided into corresponding residential communities based on the village's scattered territories</i>".</p> <p><u>Because:</u></p> <p>(1) For groups of households: Currently, in some provinces, a group of households is a group of people who can jointly take responsibility of forest protection in remote, isolated, and difficult-to-access areas where the whole community itself cannot handle on a daily basis.</p> <p>(2) For groups of local residents: in fact, hamlets, villages, etc. have no contiguous boundaries or scattered areas are merged according to new criteria to become a new residential community (called new villages/hamlets) according to the policy of streamlining the village - level apparatus.</p>	A group of households can include a "residential community" an explanation can be included in the POM. There is an understanding that a "residential community" can have official status in Vietnam, which is slightly different to a "group of households". The definitions can be included in the POM.
		<p>2. Study, supplement and clarify in ERPA "Bases for determining forest area for payment, including: Results of forest inventory and survey; results of annual monitoring of forest changes and maps of land allocation and forest allocation of newly divided, transferred or re-allocated forests". In case the new land allocation map cannot be added, the payment of ERPA will not ensure the right beneficiaries, and forest owners raise questions.</p> <p><u>Because:</u></p> <p>(1) Some areas that were newly separated by the CPC and villages/hamlets for households have yet been updated to the annual forest monitoring map.</p> <p>(2) Some households have transferred or reclaimed for allocation to others but have yet been updated and inputted into the forest inventory map.</p>	Updates to the forest status will take place annually.
		<p>3. Study, supplement and clarify in the ERPA for the natural forest area of forest owners being organizations "<i>The use of money for forest areas that have not been contracted or cannot be contracted or contracted for part of the area</i>" then complying with Point c, Clause 3, Article 70 of Decree No. 156/2018/ND-CP", so it is recommended to integrate and supplement in the ERPA with additional regulations on the use of money for unallocated forest areas or cannot be allocated or be partly allocated.</p> <p><u>Because:</u></p> <p>In Thanh Hoa province, the area of natural forest is mainly managed by forest owners as</p>	The Decree includes provisions that define eligibility for the use of the funds.

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		<p>organizations (Special-use forest management boards, protection and border guard, police) located within the border between Vietnam and Laos and far away from residential areas, bordering Nghe An province, restricted for entry according to national defense and security regulations (Decree No. 34/2014/ND-CP dated April 29, 2014 of the Government);</p>	
		<p>4. It should be clarified that <i>“The maximum support level for forest protection contract according to the draft is doubled the current state contracted support level”</i>. However, currently, there are various support levels as prescribed (according to Circular 12/2022/TT-BNN&PTNT dated September 20, 2022) the maximum support level: 100,000 VND/ha/year according to Decision No. Decree No. 24/2012/QD-TTg; 300,000 VND/ha/year according to Decision No. 38/2016/QD-TTg and 400,000 VND/ha/year under Decree No. 75/2015/ND-CP, so it will be difficult in the process of making and distributing benefits from ERPA for forest owners being organizations and the Provincial Funds.</p> <p>On the other hand, the budget allocated to Thanh Hoa province in the ERPA divided by cash flow to forest owners is USD 44.727 million/2,205,433 ha, equivalent to nearly VND 500,000/ha for 3 years (annual average = VND 165,000/ha /year). It is necessary to clarify whether the budget for forest protection under ERPA can be integrated with support funding from the state budget? Because: (1) Currently, some natural forest areas in the ERPA benefit sharing plan are being supported by the state via other programs and projects and have not yet exceeded the minimum contracted level; (2) If not integrated with the state support, how to support this area under ERPA?</p>	<p>The Decree can only mention general levels of support and during the implementation the PPC will set the levels of support for example these would follow those set in Decree 156.</p>
		<p>5.Need clarification on beneficiaries</p> <p>5.1. Currently, implementing Decrees 01, 135, 168, some forest owners as organizations that have subcontracted a stable and long-term natural forest area (> 20 years duration) to households and individuals under, can it be paid under ERPA? According to this draft Decree and BSP, this area and beneficiary has not yet been covered, so how to handle this case?</p> <p>5.2. For the natural forest area allocated to households and individuals according to Decree 02 and Decree 163 before (red book), can the payment be made through a community representative? (with minutes of meetings of villages and groups of forest owners). Because in fact, in some localities, the natural forest area is divided by groups of households (in the land use right certificate, only one representative’s name is listed) and the natural forest area of each household is fragmented, the households are therefore jointly managing the area, without separated boundary on the field, can we</p>	<p>The Decree sets the eligible beneficiaries.</p>

No	Agencies	Comments and Justifications	Response
		make a profile for the community?	
02	Nghe An FPDF via official letter no. 273/NAFF dated 24/11/2022	The BSP has appropriate contents and accurately reflects the provisions of the draft Decree; The BSP basically is detailed and clear enough and convenient for the implementation of the Decree. Some other comments are as follows:	
		<p>1. Structure</p> <ul style="list-style-type: none"> - Part I: Background information - Part II: Drafting the BSP - Part III: Implementation arrangements - Part IV: Monitoring and Reporting <p><i>Should be restructured into 3 parts:</i></p> <ul style="list-style-type: none"> - Part I: Drafting a benefit-sharing plan (including the basic information and the development of a benefit-sharing plan) - Part II: Implementation arrangements - Part III: Monitoring and reporting <p>The reason, the need for modification: To make the layout more neat and reasonable because the process of drafting the BSP is not the main content of the plan.</p>	The structure of the BSP, is based the MEF and FCPF guidelines. The BSP is required to follow and conform with the Decree, and this already includes details (templates) on financial planning. Details on the use of the templates will be provided in the proposed POM and financial reporting guidelines and requirements from WB.
		<p>2. Summary</p> <p>Proposing additional content: "Implementation of ERPA, benefit sharing through the Forest Protection and Development Fund system not only takes full use of the existing facilities, human resources, and technical skills, but also helps to eliminate the focal points, without creating new units, meeting the requirements of administrative reform and saving recurrent expenditures of the Government of Vietnam".</p> <p>Reasons, the need for revision: Emphasize more, affirm benefits when implementing ERPA, share benefits through the Fund system</p>	
		<p>3. Part I</p> <p>Item 2: "BSP is an integral part of the ERPA. Vietnam hopes that aligning benefit sharing with forest management will not merely encourage individuals and communities to sustainably manage and protect forests by compensating for their efforts." Hence, missing the consequence phrase "but also" to make the sentence completed.</p>	
		<p>4. Part II</p> <p>4.1. Item 2, Table 1:</p> <ul style="list-style-type: none"> - Column 1: Documents related to pilot transfer of ER, ERPA and BSP results - Column 2: - line "Decree 156/2018/NĐ-CP": replacing Decree 99/2010/NĐ-CP 	

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		<p>Suggestion: Table 1: - Column 1: No - Column 2: legal documents - Column 3: relevant points - Line “Decree 156/2018/NĐ-CP”: be replaced by “key legal document on PFES” Because: the current column 2 is not appropriate.</p>	
		<p>4.2. Item 2: first sentence in table 1: “MARD already submitted decree...” b) <i>should be revised as follows:</i> delete this sentence because: it is not necessary to refer to the submission of ERPA decree as being inconsistent with other parts of the BSP.</p>	
		<p>5. Part III 5.1. Item 2.1 Table 3 Suggestion: - Add column “no. of items” - It is necessary to use the term "Beneficiary" consistently in Vietnamese. - Proposing more subjects to be contracted to protect forests and patrol to protect forests Because: - Consistently use the term "Beneficiary". - Because the forest protection contracted parties and those do patrolling to forest protection duty are the core force directly protecting the forest of forest owners as organizations.</p>	
		<p>5.2. Item 4.2: a) –“Recurring expenses: salary, allowances.....and other expenses (if any)” Suggestion: Add item of expenditure “for coordination in measuring, reporting and appraisal of emission reduction results” Because: support localities when participating in task assigned</p>	
		<p>5.3. Item 5.2: Paragraph 3 “After receiving.....the form to be submitted” Suggestion: delete the "Submit to Provincial Fund for approval" Because the Provincial Fund does not have the function of re-approval after the financial plan of the unit to be approved by the competent authority (e.g. DARD and PPC).</p>	
		<p>6. Overall In the List of abbreviations, “Emission reduction” is abbreviated ER while the full text</p>	

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		<p>“Emission reduction” is abbreviated as GPT. Suggestion: Unify the abbreviation of “Emissions Reduction” It is recommended to add content on Carbon Rights of stakeholders (Because the determination of Carbon rights is the basis for buying and selling Carbon credits and sharing benefits.) Check for typographical and spelling errors.</p>	
03	Quang Binh DARD, official letter no. 3158/SNN-CCKL dated 23/11/2022	<p>It is proposed to amend and supplement some contents in the Payment Coordination Chart under the Benefit Sharing Plan (page 15). As follows:</p> <ul style="list-style-type: none"> - For forest owners being households, individuals and communities: request to coordinate payments from the Provincial Forest Protection and Development Fund to the Commune People's Committee; after that, the CPC will pay directly to forest owners who are households, individuals and communities - For the activity of "contracting forest protection with the community" of the forest owner as organization: The suggestion is to consider and expand more subjects contracted for forest protection such as: political/social organizations, other organizations and individuals, etc. to facilitate the implementation process and to fit with the actual forest situation of each forest owner. - Adding forestry construction works such as: forest protection stations, watchtowers, forestry road tracks, etc. to add more facilities to serve the management and protection of forests. 	The Decree sets the eligible beneficiaries. Local investment activities would need to be agreed between the forest owners and communities.
04	Quang Tri DARD, official letter no. 2857/SNN-KHTC dated 02/12/2022	<ul style="list-style-type: none"> - In the draft Benefit Sharing Plan, define the specific area of natural forest in each province to determine the amount to be paid. However, every year, through activities of forest restoration, zoning and regeneration, etc., there will be a number of areas meeting the criteria of natural forests, which will be updated on annual forest changes data/ report. Are these newly updated natural forest areas included in the payment for forest environmental services? - Beneficiaries: In Quang Tri province, there are more than 5,000 hectares of natural forest in the border area currently assigned to the Provincial Border Guard Command for management and protection but has not yet allocated land. According to the provisions of Article 8, the 2017 Forestry Law, the Provincial Border Guard Command is not the owner of the forest. So, does the Provincial Border Guard Command belong to “other subject” at Point d, Clause 2, Article 5 of the draft Decree to benefit from this policy? - At point b, clause 3, article 8 should be added: + The remaining amount after deducting the management cost, the forest owner 	Updates to the forest status will take place annually. This work is undertaken by the FPD. The Decree sets the eligible beneficiaries and activities.

No	Agencies	Comments and Justifications	Response
		<p>prioritizes to pay for forest management activities, support for forest protection with the participation of communities, individuals, and forest protection forces contracted by the forest owner, of which a maximum of 2% is spent by the CPC with communities participating in forest management under the agreement. The rest shall be paid for the activities specified at Point b, Clause 2, Article 6 of this Decree.</p> <p>+ Add the contract norms to Annex I: clause 2 Article 6 of Decree 168/2016/NĐ-CP. Meanwhile, according to Point b, Clause 2, Article 6 on Activities that directly contribute to GHG emission reduction, it is regulated that: "b) Silvicultural measures according to current regulations, approved by competent authorities in accordance with the law". Upon the above mentioned two points, the payments from ERPA can only be used for forest management activities and implementation of silvicultural measures according to current regulations. However, at present, most of the forest management boards are shifting towards partly self-financing or fully self-financing recurrent expenditures according to the provisions of Decree No. 60/2021/ND-CP dated 21 June 2021 of the Government stipulating the autonomy mechanism of public business units. Meanwhile, the present revenue from public business service activities of the units is still very low, especially for the Special-use Forest Management Boards, the only source of revenue is the payment for forest environmental services; financial autonomy is therefore very difficult. Hence, in order to create enabling conditions for Forest Management Boards to be fully financial autonomy, it is suggested that the Government adds "paying salaries to off-state budget contracted employees" from the remaining budget after deducting the management fee.</p> <p>- In Clause 1, Article 17 of the draft Decree, it is stated: "<i>This Decree takes effect from the date of signing and promulgation until December 31, 2026.</i>" However, in Section 5.1. The estimated distribution amount for the provinces (page 37) of the draft Benefit Sharing Plan states: "At the end of ERPA (December 31, 2025), for unused funds, the VNFF reviews, synthesize and propose plans and report to the Ministry of Agriculture and Rural Development. The Ministry of Agriculture and Rural Development shall assume the prime responsibility for, and coordinate with the Finance Ministry in considering and making decision. It is recommended to review for consistency.</p>	
05	Thua Thien Hue DARD, official letter no. VB2793/SNNPTNT-CCKL dated	1. In addition to the support activities mentioned in the draft, it is proposed to support silvicultural activities that contribute directly and indirectly to emission reduction such as protection of planted protection and special use forest; plantation forest insurance policy when participating in large timber afforestation; investment in infrastructure for forestry development.	The Decree sets the eligible beneficiaries and activities.

No	Agencies	Comments and Justifications	Response
	28/11/2022	<p>Reason: Public investment resources are limited and do not fully meet urgent needs in forest management and protection activities, so the additional funding will improve forest management and protection activities in the locality.</p> <p>2. Beneficiaries: It is proposed to add the group of households assigned to manage and protect the forest.</p> <p>Reason: Article 8, the 2017 Forestry Law does not stipulate that a group of households is a forest owner, but in fact, many natural forest areas have been allocated to a group of households that need financial support for forest management and protection.</p> <p>3. Regarding the cash flow to be deducted for the locality: It is recommended to prioritize support for parties directly involving in providing the forest environmental services.</p>	
06	Thua Thien Hue PFPDF, official letter no. 239/QBV&PTR dated 24/11/2022	<p>1. The contents mentioned in the draft shall comply with the provisions of Decree 156/2018/ND-CP which will be amended and supplemented in the coming time.</p> <p>2. For the content in Table 3:</p> <ul style="list-style-type: none"> - About the beneficiaries: <ul style="list-style-type: none"> + Forest owners being households, individuals and communities: "Every year, community representatives (village heads, etc.) hold a meeting to agree on the content, plan and estimates and submit it to the forest owner as an organization and CPC" proposed to be changed to "Annually representatives of the community (village heads, heads of community forest management boards, etc.) hold a meeting to agree on the content and budget use plan and submit it to the CPC for confirmation". + Adding "Every year, community representatives (Heads of villages, heads of community forest management boards, etc.) and other organizations contracted to protect natural forests for forest owners organize meeting to agree on the content and plan to use the money, and submit it to the forest owner as the organization for certification. - Activities contributing directly to emission reduction: The silvicultural measures according to current regulations include: Zoning for natural regeneration; zoning for natural regeneration with additional planting; Nurturing forests, tending forests; Rehabilitation of natural forests; Planting new forests, replanting forests; tending and nurturing planted forests. Therefore, it is necessary to specify whether silvicultural measures are done within the forest owner's forest boundary or only limit the natural forest area of the forest owner. - Livelihood development support activities: "Support communities on the list agreed upon by the forest owner and the Commune People's Committee, approved by the 	The Decree sets the eligible beneficiaries and activities. Forest areas are defined and confirmed in the annual plan approved by the PPC. The BSP and Decree already set the time and frequency of fund distribution from the VNFF to the Provincial fund.

No	Agencies	Comments and Justifications	Response
		<p>Provincial People's Committee", should be changed to "Support communities in the list agreed upon by the forest owner and the Commune People's Committee for submission to the competent authorities for approval".</p> <p>3. For the content in Table 6, the responsibility of the Provincial Forest Protection and Development Fund: "Disbursing money through electronic payment tools for stakeholders to implement BSP and ER", should be changed to "Disbursing money according to the payment methods specified at point b, clause 2, Article 10, ERPA Decree for stakeholders to implement BSP and ER".</p> <p>4. Regarding the content at Point a, Clause 2, Article 10 of the draft ERPA Decree, it is necessary to amend and supplement "The provincial People's Committee shall prescribe the number of advances, the rate of advances, the time for payment, the area to be paid, the unit price to be paid."</p> <p>5. The benefit-sharing plan should supplement the frequency and duration of the VNFF's distribution of funds during the year for the Provincial Fund in order to create favorable conditions for the Provincial Fund to make its annual financial plan.</p> <p>6. For the case where the community is contracted to protect the forest by organizations from the payment for forest environmental services, the benefit sharing mechanism from the ERPA source should be clearly stated.</p>	
IV	CONSULTATION WORKSHOP ON 17/11/2022	COMMENTS AND OBSERVATIONS	
1.	Representatives of NGOs		
1.1	WWF Vietnam	<ul style="list-style-type: none"> - Implementation of this Program will be meaningful in contributing to Vietnam's NDC; increase the amount of emission reduction; - WWF would add comments (if any) after today's Workshop. 	
1.2	GIZ	<ul style="list-style-type: none"> - Currently, GIZ is supporting the implementation of a number of programs and projects related to sustainable forest management and emission reduction. This ERPA program has great significance for forest owners, supporting forest owners in management and protection of the existing forest area in better manner; - GIZ will refer to information from this Program so that some GIZ project activities can support the conversion of short-term to long-term plantation forests. 	
1.3	RECOFTC	<ul style="list-style-type: none"> - Currently, there is a lack of legal basis for benefit-sharing and carbon rights, so upon implementation, this BSP is the basis for other international programs and projects for reference when supporting Vietnam; 	Decree on ERPA will provide the legal basis.

No	Agencies	Comments and Justifications	Response
		- We will continue to update to serve as a basis for proposing next projects in Vietnam	
1.4	SRD	Together with this promulgated Decree and amended and supplemented Decree 156, including regulations on forest carbon sequestration and storage services, it will be a good basis for NGOs to implement related projects.	
1.5	Prof. Triệu Văn Hùng – Forestry expert	<ul style="list-style-type: none"> - For silvicultural support, it is also necessary to consider which activities should be included because the duration of ERPA's operation is short, so some silvicultural measures should be limited; - For the specialized protection force should also consider accordingly; - This is a new field, so it needs to be piloted soon, should not be expecting the perfection. - The role of forestry in the future is very important, especially in relation to ER, so the implementation of this Decree will be a premise for similar programs in Vietnam. 	
2.	Local agencies		
2.1	PFPDF Nghệ An	As mentioned above	
2.2	PFPDF Thanh Hóa		
2.3	PFPDF Thừa Thiên Huế	- As mentioned above	
2.4	Protected Forest Management Board Song Bo	<ul style="list-style-type: none"> - For the draft Decree: It is proposed to consider and adjust the provisions in Clause 2, Article 5 on residential communities, to expand not only the community legally residing in the area with natural boundaries adjacent to the forest or located in the forest of the forest owner being an organization that needs to be adjusted to be a residential community legally residing in the commune with a natural forest under the Forest Management Board's management; in Article 6 of the draft Decree, for contracted forest protection, adjustments should be made so that the Forest Management Board can sign a contract for forest protection with a specialized forest protection force; - For the draft BSP: It is proposed to consider stipulating the transition period for silvicultural measures (afforestation) because the implementation time of the Decree is only until 2025, but for afforestation with one year of planting and three years of tending; Expanding activities for forest owners who are organizations to receive investment in constructing essential works related to forest protection. 	
2.5	FPD Quảng Bình	<ul style="list-style-type: none"> - Basically agree with the draft ERPA Decree, the operation period is only 3 years, but so far the Decree has not been issued, the Ministry of Agriculture and Rural Development is requested to soon submit the Decree to the Government for promulgation; - The content of payment from the Quang Binh Provincial Fund to the forest owners is difficult for the Quang Binh Fund (newly established Fund – working on part-time basis), 	

No	Agencies	Comments and Justifications	Response
		<p>it is recommended to consider paying for the forest owners who are households and individuals through the Commune People's Committee, is it acceptable?</p> <p>- There is a large forest area but only few communes with few communities, but there are small forest areas with a great number of communities, it is recommended to consider the payment regulations accordingly.</p>	
2.6	DARD Quảng Trị	As mentioned above	
2.7	Protection Forest Management Board Tương Dương, in Nghệ An Province	<p>- Basically agree with the content of the draft BSP;</p> <p>- Agree with the opinion of the Song Bo Protection Forest Management Board, there should be additional contract of protection for the specialized force because there are areas that are tens of kilometers far from the village community.</p>	
3	MARD departments		
3.1	Legislation department	As mentioned above	

