

**Consultations in Support
of the Development of a
Reducing Emissions
from Deforestation and
Forest Degradation (REDD+)
and Compliant Benefit
Distribution System (BDS)
for Viet Nam**

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LIST OF ACRONYMS

661 Programme	Five-Million Hectare Reforestation Programme (also called 5MHRP)
ADB	Asian Development Bank
AF	Auditing firm
AR-CDM	Afforestation/reforestation Clean Development Mechanism
BDS	Benefit Distribution System
CDM	Clean Development Mechanism
CERDA	Centre of Research & Development in Upland Areas
CEMA	Committee of Ethnic Minorities Affairs
CEMMA	Committee for Ethnic Minorities in Mountainous Areas
CFM	Community Forest Management
CPC	Commune People's Committee
CoP	Conference of the Parties
CSO	Civil Society Organization
DARD	Department of Agriculture and Rural Development
DfID	Department for International Development (UK)
DI	District Inspectorate
DoF	Department of Finance (at provincial level)
DPC	District People's Committee
FC	Forestry Company
FCFs	Forest consulting Firms
FCPF	Forest Carbon Partnership Facility
FDI	Foreign Direct Investment
FIPI	Forest Inventory and Planning Institute
FLEG	Forest Law Enforcement and Governance
FLEGT	Forest Law Enforcement, Governance, and Trade
FLITCH	Forest and Livelihoods Improvements in the Central Highlands project
FMB	Forest Management Board
FPD	Forest Protection Department
FPDF	Forest Protection and Development Fund
FPIC	Free, prior and informed consent
FPU	Forest Programme Unit, also Forest Protection Unit
FSDP	Forest Sector Development Project
FSSP	Forest Sector Support Programme
GEF	Global Environment Facility
GI	Government Inspectorate
GoV	Government of Viet Nam
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
HH	Households
ICRAF	World Agroforestry Centre
IIED	International Institute for Environment and Development
IUCA	International Union for the Conservation of Nature
JAs	Juridical Agencies

JICA	Japanese International Cooperation Agency
KfW	Kreditanstalt für Wiederaufbau
MARD	Ministry of Agriculture and Rural Development
MODIS	Moderate Resolution Imaging Spectroradiometer
MoF	Ministry of Finance
MONRE	Ministry of Natural Resources and the Environment
MPI	Ministry of Planning and Investment
MRV	Measurement, Reporting and Verification
NA	National Audit, also National Audit
NGO	Non-governmental Organization
NP	National Park
NRAP	Viet Nam's National REDD+ Action Programme
ODA	Overseas Development Assistance
PAMB	Protected Area Management Board
PC	People's Committee
PES	Payment for Ecosystem Services
PFMB	Management Board for Protection Forest
PI	Province Inspectorate
PFES	Payment for Forest Ecological Services
PPC	Provincial People's Committee
REDD	Reducing Emissions from Deforestation and Forest Degradation
REDD+	Reducing Emissions from Deforestation and Forest Degradation, Sustainable Forest Management, Forest Conservation, and Enhancement of C-stocks
R-PIN	Readiness Project Identification Note
SEDP	Social and Economic Development Plan
SFE	State Forest Enterprise
SNV	Netherlands Development Organization
TFF	Trust Fund for Forests
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework on Climate Change
UN-REDD	United Nations Programme to Reduce Emissions from Deforestation and Forest Degradation
VBARD	Viet Nam Bank for Agriculture and Rural Development
VCS	Voluntary Carbon Standards
VND	Viet Nam Dong (US\$ 1 = approx VND 18,000)
VFF	Viet Nam Fatherland Front
VNFOREST	Viet Nam Administration of Forestry
WB	World Bank

PART 1. OVERVIEW OF CONSULTATION PROCESS

1. Background and introduction

An efficient, equitable and transparent benefit distribution system (BDS) is considered of vital importance to the success of REDD+¹. It has thus been a central topic of many international and national forums. As Viet Nam has been at the forefront of activities to prepare for REDD+, a national BDS that is in line with international standards yet appropriate within the local context of the country has been the focus of many of these activities. To assist in the design of such a REDD+-compliant BDS, a team of national and international consultants was convened to prepare a study of BDS issues and options, now available at http://vietnamredd.org/Upload/Download/File/Viet_Nam_REDD_Benefit_Distribution_Study_FINAL_February_2010_4420.pdf. Follow-up studies and consultancies have resulted in the identification of 17 Policy Decisions for a REDD+ BDS in Viet Nam and options for such decisions (http://vietnamredd.org/Upload/Download/File/BDS_follow-up_studies-En_3534.pdf). The Policy Decisions are:

- Policy Decision 1: Organization of REDD+ Benefit Sharing in Viet Nam
- Policy Decision 2: Legal Framework for REDD+ in Viet Nam
- Policy Decision 3: Classification of REDD+ Revenues and Creation of a Dedicated REDD+ Fund
- Policy Decision 4: Sub-National Levels at which REDD+ Revenues should be Managed
- Policy Decision 5: Institutions to be involved in Monitoring REDD+ Interventions and Actions
- Policy Decision 6: Revenue Retention by Government and Admissible Costs
- Policy Decision 7: Local Benefit Levels and Benefit Structuring
- Policy Decision 8: Types of Forest Owners Eligible to Receive REDD+ Benefits
- Policy Decision 9: Strengthened Law Enforcement for Performance-Based Distribution
- Policy Decision 10: Participatory Monitoring
- Policy Decision 11: Design of a Socially Acceptable Recourse Mechanism
- Policy Decision 12: Timing of fund disbursement
- Policy Decision 13: Institutional structure for a performance-based sub-national distribution of REDD+ benefits
- Policy Decision 14: Auditing of financial transactions
- Policy Decision 15: Non-discrimination against women
- Policy Decision 16: Freedom of information
- Policy Decision 17: Engagement with anti-corruption agencies

2. Objectives

The Prime Minister has recently approved Viet Nam's National REDD+ Action Programme (NRAP), on 27/6/2012 with the objective of implementing REDD+ over its entire forest estate. The Benefit Distribution System is one of the core components of the NRAP. In order to support implementation of the NRAP, finalize BDS policy recommendations, and develop a programme of work to implement them, the UN-REDD Programme organized consultations at national, sub-national (province, district, and commune) and local levels, aiming at obtaining views of all

¹ Reducing Emissions from Deforestation and Forest Degradation and the role of conservation, sustainable Management of Forests, and enhancement of forest carbon stocks.

stakeholder groups on the policy issues, and ensuring that these views will be reflected in the policy recommendations and programme of work as far as is feasible. This report presents results of the consultations which were held during November 2011 to January 2012.

3. Consultation process

Consultations were held at all levels: national, provincial, district, commune, and village. The focus of each consultation differed according to the stakeholders involved, as described below.

a) National level

- *Governmental organizations/agencies*
 - Comprehensive overview of the existing regulatory framework and policies at government level related to the BDS
 - Identification of gaps or conflicts in the existing regulatory framework and policies at government level related to the BDS
 - Mandates and competencies of the Government Agencies involved in the implementation of the BDS at all levels of government
- *Non-governmental organizations*
 - Comprehensive overview of current and recently completed policy and field activities on BDS, both in the context of REDD+ and in other contexts related to rural development and forestry
 - Enumeration of essential elements of a BDS in order to address concerns and interests of beneficiaries of REDD+ BDS
 - Identification of non-governmental stakeholders in BDS implementation and their competitive advantages and mandates in BDS implementation, in particular in policy-making, monitoring, recourse mechanism and local-level support.
 - Local levels

b) Provincial level governmental agencies and relevant organizations

- Overview of how the BDS for REDD+ fits into other socio-economic development strategies and programmes at provincial level.
- Identification of gaps or conflicts in the existing regulatory framework and policies at provincial level related to the BDS.
- Mandates and competencies of the government agencies involved in the implementation of the BDS, at provincial level.

c) District level governmental agencies and relevant organizations

- Overview of how the BDS for REDD+ fits into other socio-economic development strategies and programmes at district level.
- Identification of gaps or conflicts in the existing regulatory framework and policies at district level related to the BDS.
- Mandates and competencies of the government agencies involved in the implementation of the BDS, at district level.

d) Commune and village officials and local communities

- A better understanding of the perspectives of beneficiaries on the BDS, particularly in terms of practical aspects of the payments: amounts, timing of payments, payment

modality, etc.

- Beneficiary perspective on the recourse mechanism.
- Relationship between activities for REDD+ implementation and payments.
- Desirability and feasibility of benefits in-kind (e.g. support for investments like tree nurseries, small-scale wood processing, or infrastructure).

4. Methodology

4.1 Methods used for consultation

The consultation was structured mainly to obtain qualitative information by: (1) Desk review of secondary data and (2) Primary data collection through field survey with the tools of focus group discussions, key informant interviews and workshops.

Documents used as contents of consultation are the Updated Policy Decisions for the REDD+ Compliant Benefit Distribution System for Viet Nam (UN-REDD Programme, December 2010 – see Annex 1) and other relevant documents provided by UN-REDD Programme Office.

- *Desk review of secondary data:* The primary database searched consisted of the documents provided by UN-REDD programme (the Benefit Distribution System report, January 2010; the report of the follow-up study on the BDS and the BDS update report, a document prepared by the UN-REDD Viet Nam Programme, April 2011), other international and national documents on REDD+ and BDS, relevant policies in Viet Nam, and reports and data on forestry development and forest status in two targeted provinces, Bac Kan and Lam Dong.
- *Primary data collection:* Primary data collection was through field surveys implemented in two provinces with a series of stakeholders. The main tools used were focused group discussion, key informant interview and workshops.

4.2 Criteria for selection of stakeholders participating in consultation process

Central level: Consulted stakeholders were: State agencies in charge of forestry, natural resources and environment, legislation, planning and investment, finance; and non-governmental organizations (NGOs) involved with or interested in REDD+.

Province and district levels: Consulted stakeholders were: State agencies in charge of forestry, natural resources and environment, legislation, planning and investment, finance; forest consultancy agencies, mass organizations, State Forest Management Boards (SFMBs), State Forest Enterprises (SFEs).

Village level: Communities where grassroots consultations took place were selected using the following criteria:

- Presence of a diversity of ethnic groups: H'Mong, Kinh, K'ho. Tay, Nung, Dao, etc
- Diversity of forest owners: household, community, forest management board, State Forestry enterprises and private forestry enterprises, Commune People's Committee.
- Inclusive of different wealth groups (poor, near-poor, and non-poor)
- Diversity of land/forest entitlement (allocated land with Red Book, allocated land without Red Book, contracted for forest protection, no contract for forest, forest protection under CPC's management, no forest etc.)

- Diversity of gender (women and men), of age (middle, young and old)

4.3 Stakeholders, sampling size, and site selection

a) National level

Table 1. Stakeholders participating in the consultation process in Hanoi province

<i>Stakeholder</i>	<i>No. of participants</i>	<i>Site</i>
National governmental organizations/agencies Representative of Son La province (PFES piloting province)	13, of whom 3 were women	Hanoi
Non-governmental organizations	21, of whom 8 were women	Hanoi

b) Local consultation - South Viet Nam (Lam Dong province)

Table 2. Stakeholders participating in the consultation process in Lam Dong province

<i>Stakeholder</i>	<i>No. of participants</i>	<i>Site</i>
Provincial-level governmental agencies and relevant organizations	31, of whom 6 were women	Lam Dong
District level governmental agencies and relevant organizations	23, of whom 0 were women	Di Linh, Lam Ha
Commune/village staff and local communities	185, of whom 62 were women	Gung Re commune; Villages: Hang Hai, Lang Ku, Bao Tuan, Ka La, Prteng II, Lom Bo, Lac Son

Consultations were held in 7 villages in Di Linh and Lam Ha districts, as shown in the Table above. One consultation with representatives of Gung Re commune of Di Linh district was also organized. Descriptions of the villages are shown in Table 3 below.

Table 3. Villages where consultations were held in Lam Dong province

<i>Village</i>	<i>Forest area (ha)</i>	<i>Forest land holders</i>	<i>No of HH</i>	<i>No of HH subcontracted for forest protection</i>	<i>Average forest area/ subcontracted HH (ha/HH)</i>	<i>No of poor HH</i>	<i>Ethnicity</i>
Lang Ku	1,174.6	Di Linh SFE	168	45	Varies from 17 to >30	68	K'Hor, Kinh
Hang Hai	>4,000	Di Linh SFE		29	-	-	K'Hor, Kinh
Ka La	-	Bao Thuan SFE, and community (500 ha)	198	39 HHs annually, rotation among 192 HHs (except 7 HHs who are Kinh people)	-		Kinh
Bao Tuan	1,180	Bao Thuan SFE	178	59	20	42	K'Hor, Kinh
Prteng 2	4,000	Nam Ban FMB	324	200	20	67	Kinh, Ma, K'Hor, Tay, Nung

Lac Son	400	FMB	188	1	20	7	Muong, Kinh
Lam Bo	300	Lan Chanh FMB	215	10	28	42	Kinh, K'Hor, Tay, Nung, Thai

Source: Information from field survey (provided by villagers), for reference only.

c) Local consultation - North Viet Nam (Bac Kan province)

Table 4. Stakeholders participating in the consultation process in Bac Can province

Stakeholder	No of participants	Site
Province level governmental agencies and relevant organizations	30, of whom 8 were women	Bac Kan
District level governmental agencies and relevant organizations	35, of whom 10 were women	Na Ri, Ba Be
Commune/village staff and local communities	167, of whom 86 were women	Ban Ken, To Dooc, Na Le, Leo Keo

The total number of participants was 505, of whom 183 were women (36.2%).

Consultations were held in 4 villages of 2 districts, as noted in the Table above. General information about the villages is shown in table 5.

Table 5. Villages where consultations were held in Bac Kan province

Village	Forest area (ha)	Forest land holders	No of HH	No of HH subcontracted for forest protection	Average forest area managed by individual HH (ha/HH)	No of poor HH	Ethnicity
Ban Ken	37	HHs and village (not official)	45	0	0.7	-	Tay
To Dooc	60	HHs, Community	30	0	0.5	5	Nung
Leo Keo	130.6	Ba Be NP	47	47 (used to be contracted under 661)	-	-	Tay
Na Le	> 400 ha	Ba Be NP	86	0	0	-	Tay, Nung, Dao, Kinh

5. Consultation team

A consortium of consultants from CERDA, ICRAF and SNV was contracted by UNDP Vietnam to conduct the local consultation concerning REDD and BDS. The team includes 1) Vu Thi Hien, team leader, Director of Centre of Research & Development in Upland Area (CERDA) – local NGO; 2) Do Trong Hoan, Climate Change manager, ICRAF and Nguyen Trung Thong, SNV. All members of the team are knowledgeable in the areas of climate change, REDD+ and participatory research.

6. Materials used during consultation process

	<i>Document</i>
1	National consultation: National governmental workshop
	Document of Updated Policy Decisions for the REDD+-compliant Benefit Distribution System for Viet Nam in English and Vietnamese, sent prior to the workshop Presentation of brief on the 17 BDS policies List of policies relevant to Forest, Rural Development and Benefit-sharing in Viet Nam
2	Provincial consultation
2.1	Workshop (before consultation with district, commune and village stakeholders)
	Document of Updated Policy Decisions for the REDD+-compliant Benefit Distribution System for Viet Nam in Vietnamese, sent prior to the workshop Presentation of brief on the 17 BDS policies
2.2	Workshop (after consultation with district, commune and village stakeholders)
	The first findings based on the results of consultation with district, commune and village stakeholders
3	District consultation
	Climate change and REDD+ awareness-raising presentation drawn up by the consultation team, illustrated by video clip. Presentation on brief of the 17 BDS policies
4	Commune and village consultation
	Climate change and REDD+ awareness-raising presentation drawn up by the consultation team, illustrated by video clip. REDD+ booklets produced by UN-REDD programme.

7. Time plan

	<i>Activities</i>	<i>Amount of time</i>	<i>Time</i>	<i>Venue</i>
1	Consultation at national level			
	With government agency	0.5 day	14h-17h 13/12/2011	Hanoi
	With NGOs	0.5 day	14h-17h 14/12/2011	
2	Consultation in Lam Dong province			
	With provincial government agencies and other entities (before and after the local consultation)	0.5 day	8-11h 22/12/2011	Da Lat
		0.5 day	13h30-17h 29/12/2011	Da Lat
	With district agencies and other entities	0.5 day	8-11h 23/12/2011	Di Linh
		0.5 day	8-11h 26/12/2011	Lam Ha
	With commune and village staffs and local communities in Di Linh district	1.5 days	4h-17h, 23/12/2011;	Communes: Gung Re, Bao Thuan
			19h-21h30, 23/12/2011	Hang Hai, Lang Ku (Gung Re commune)

			8h-12h, 24/12/2011	Bao Tuan, Ka La (Bao Thuan commune)
e)	With commune and village staff members and local communities in Lam Ha district	1.5 days	19h-21h, 26/12/2011;	Preteng II (Phuc Son, Commune)
			14h-17h, 27/12/2011	Lam Bo (Phuc Tho commune)
			19h-21h30, 27/12/2011	Lac Son (Phu Son commune)
3	Consultation in Bac Kan province			
	With provincial government agencies and other entities (before and after the local consultation)	0.5 day	8h-11h 3/1/2012	Bac Kan town
		0.5 day	8h-11h 9/1/2012	Bac Kan town
	With district agencies and other entities	0.5 day	8h-11h 4/1/2012	Na Ri
		0.5 day	8h-11h 6/1/2012	Ba Be
	With commune and village staff members and local communities in Na Ri district	0.5 day	8h-11h 5/1/2012	Ban Ken, To Dooc (Lang San commune)
	With commune and village staff members and local communities in Ba Be district	0.5 day	14h-16h30 6/1/2012	Na Le, Leo Keo (Quang Khe commune)
4	Meeting with Viet Nam REDD+ office	0.5 day		Hanoi

PART 2. RESULTS OF CONSULTATIONS AND RECOMMENDATIONS OF STAKEHOLDERS

1. General perceptions of stakeholders on 17 Policy Decisions of BDS in Vietnam

1.1 . National level

The opinions of consulted stakeholders, after consultation on the 17 Policy Decisions of BDS, are summarized in Table 6, below (refer to Annex 1 for information on the Policy Decisions and options).

Table 6: General perceptions of central and provincial organizations/agencies on 17 policy decisions of BDS in Viet Nam

a) National Level

<i>Policy Decision</i>	<i>National governmental agencies</i>	<i>Non-governmental organization</i>
Policy Decision 1	All agreed with the proposed policy decision	All agreed with the proposed policy decision
Policy Decision 2	All agreed with the proposed policy decision. It was also noted that there is no need to be concerned about “carbon rights” – it is necessary to clarify who are beneficiaries based on the status of forest and people in the current Vietnamese context. At present, income from forest is not significant; if REDD+ provides a good revenue, there will be conflict, if the policies on protection of protected and special use forest are not clear. “Option b” “Enact specific legal instruments to ensure clarity concerning REDD+ and administration of REDD+ revenues, without undertaking broader legal reform” is considered to be a good choice	All agreed with the proposed policy decision. It was noted that the clarity of ownership of carbon is important to carbon markets, but will add more complexities to current legal frameworks for REDD+ in Viet Nam with the actualities of forest users. A landscape approach would therefore become vital to identify those who on the landscape have their share in providing carbon sequestration and/or emission reduction services, and should enjoy their benefit from REDD+ regardless of having or not having forest: REDD+ book or contract of forest protection. “Option b” Enact specific legal instruments to ensure clarity concerning REDD+ and administration of REDD+ revenues, without undertaking broader legal reform” is considered to be a good choice
Policy Decision 3	All agreed with the proposed policy decision	All agreed with the proposed policy decision
Policy Decision 4	All agreed with the proposed policy decision, and it was suggested that the REDD+ fund can be a branch of Forest Development and Protection Fund (FDPF) but with an independent structure.	All agreed with the proposed policy decision, but it was noted that the REDD+ fund’s management should be independent of any other financial system. REDD+ money should be in the bank system, not in the treasury.
Policy Decision 5	All agreed with the proposed policy decision.	All agreed with the proposed policy decision.
Policy	All agreed with the proposed policy	All agreed with the proposed policy decision, but

Decision 6	decision.	it was noted that the magnitude of transaction and operational costs need to be determined by a detailed, publically available study.
Policy Decision 7	All agreed with the proposed policy decision.	All agreed with the proposed policy decision.
Policy Decision 8	All agreed with the proposed policy decision.	All agreed with the proposed policy decision.
Policy Decision 9	All agreed with the proposed policy decision.	All agreed with the proposed policy decision. It was noted that traditional knowledge and customary laws in forest management should be recognized legally. It was suggested that a hotline be set up at provincial and central level for information dissemination and as a complaints mechanism.
Policy Decision 10	All agreed with the proposed policy decision.	All agreed with the proposed policy decision, and it was noted that FPIC should be compulsory during REDD+ BDS implementation. NGOs and CSO would take official roles in independent monitoring system.
Policy Decision 11	All agreed with the proposed policy decision.	All agreed with the proposed policy decision.
Policy Decision 12	All agreed with the proposed policy decision.	All agreed with the proposed policy decision.
Policy Decision 13	All agreed with the proposed policy decision.	All agreed with the proposed policy decision.
Policy Decision 14	All agreed with the proposed policy decision.	All agreed with the proposed policy decision.
Policy Decision 15	All agreed with the proposed policy decision.	All agreed with the proposed policy decision.
Policy Decision 16	All agreed with the proposed policy decision, and it was noted that there should be a legal framework and rules dealing with transparency and publicity of information.	All agreed with the proposed policy decision. It was noted that “Freedom of information” should be changed to “Information Transparency and Accessibility “ to ensure the mechanism is workable among ethnic minority communities in remote areas. Information access should be a right of all citizens.
Policy Decision 17	All agreed with the proposed policy decision.	All agreed with the proposed policy decision.
Supplementary	A Policy Decision on “Rights of indigenous people and forest-dependent communities” should be added to ensure that safeguards are respected.	

b) Provincial level

Policy Decision	Province	
	Lam Dong	Bac Kan
Policy Decision 1	All agreed with the proposed policy decision.	All agreed with the proposed policy decision.

Policy Decision 2	All agreed with the proposed policy decision.	All agreed with the proposed policy decision.
Policy Decision 3	All agreed with the proposed policy decision. It was noted that performance payments should be made periodically on the basis of verified net emission reductions and periods between payments should not be longer than 1 year.	All agreed with the proposed policy decision. It was noted that performance payments should be delivered directly to the participants in cash transfers, not delivery of service through their legal institutions, such as cooperatives. Performance payments to be made periodically on the basis of verified net emission reductions and the period between payments should not be longer than 2 years.
Policy Decision 4	All agreed with the proposed policy decision.	All agreed with the proposed policy decision.
Policy Decision 5	All agreed with the proposed policy decision. It was noted that independent monitoring is required. Monitoring organizations should come from higher levels or from other locations to avoid complicity.	All agreed with the proposed policy decision. It was noted that independent monitoring, with the participation of NGOs and CSOs, is necessary.
Policy Decision 6	All agreed with the proposed policy decision	All agreed with the proposed policy decision. It was noted that the magnitudes of transaction and operational costs need to be determined by a detailed, publically available study
Policy Decision 7	All agreed with the proposed policy decision.	All agreed with the proposed policy decision. It was noted that communities can get legal status based on Laws on Co-operatives and can request support from NGOs regarding institutional development and capacity-building
Policy Decision 8	All agreed with the proposed policy decision.	All agreed with the proposed policy decision. It was noted that with regard to special use and protected forests, now both categories are under the management of state entities, but consideration should be given to co-management and co-benefit between state owned companies, special use and protected forest management boards according to the Forest protection and Development Plan (2011-2020)
Policy Decision 9	All agreed with the proposed policy decision.	All agreed with the proposed policy decision.
Policy Decision 10	All agreed with the proposed policy decision.	All agreed with the proposed policy decision.
Policy Decision 11	All agreed with the proposed policy decision.	All agreed with the proposed policy decision.
Policy Decision 12	All agreed with the proposed policy decision.	All agreed with the proposed policy decision.
Policy Decision 13	All agreed with the proposed policy decision.	All agreed with the proposed policy decision.
Policy	All agreed with the proposed policy decision.	All agreed with the proposed policy decision.

Decision 14		
Policy Decision 15	All agreed with the proposed policy decision.	All agreed with the proposed policy decision.
Policy Decision 16	All agreed with the proposed policy decision.	All agreed with the proposed policy decision.
Policy Decision 17	All agreed with the proposed policy decision.	All agreed with the proposed policy decision.

2. Recommendations of stakeholders

2.1 .National level

2.1.1 National governmental agencies

It was recognized that there were concerns as to whether '*carbon rights*' would come as an addition to the already complex layers of unresolved property rights. In Viet Nam, for natural forest, ownership is held by the entire people of Viet Nam, and the State takes the role of representing this ownership. If forest carbon is considered a “commodity”, the carbon right will belong to the forest owner. If the government is to receive financial benefit from the international buyers for credited carbon through REDD+, it would be logical for the government to retain the rights over any carbon rights from forests. In this perspective, REDD+ BDS can be implemented using current laws and regulations. Further comments on the issue were:

- Since the benefit from forest protection has not been a significant part of smallholder income, forest ownership has not been a main concern of stakeholders. If REDD+ is implemented and additional income can be foreseen, forest user rights and allocation may attract more interest; conflicts may arise if unclear and overlapping laws and regulations are applied.
- PFES’s lessons learnt on identification of benefit receivers could be an important chance for REDD+’s BDS to benefit from that experience. PFES’s approach has been based on “payment to forest land and forest holders”. Those who hold no forest or forest land will not receive payment from REDD+.
- It is suggested that forest and forest land be allocated to individual households, and be managed (for implementing REDD+ interventions) by legally recognized community organizations, e.g.. cooperatives.
- The REDD+’s revenue receivers should be identified through a bottom-up approach. Through the process, questions of “who will be eligible to receive the benefit?”, “what forest type and area to be eligible to REDD+ payment?”, and “What institutions will be involved in REDD+?” should be answered.

The REDD+ Fund should be established as a sub-branch of the Forest Protection and Development Fund with three management levels: central, province, and district (if this is found necessary).

A framework of regulations on REDD+’s BDS information transparency and publicity should be developed.

CSOs and NGOs should be encouraged to participate in REDD+ monitoring, but not in the legal recourse mechanism

2.1.2. Non-governmental organizations

Regarding ‘carbon right’ and identifying stakeholders eligible to receive REDD+ benefit, the comments were:

- The clarity of ownership of carbon is important to the carbon market, but will add more complexities to current discussions and legal frameworks for REDD+ in Viet Nam, where consideration of the rights pertaining to land-and-forest-as-property has given rise to confusions and contestation. To avoid dealing with the complexities of rights relating to “carbon-as-a-commodity”, one alternative to be taken is seeing “carbon right” on the model of “usufruct rights”, in which different types of stakeholders can participate without being forest/forest land holders. A landscape approach would therefore become vital, to identify who on the landscape have their share in providing carbon sequestration and/or emission reduction services.
- The landscape approach to usufruct rights over carbon would rather facilitate a “co-investment” model than “buyers-sellers” model on the carbon market. It would also eliminate the distinction between direct and indirect REDD+ benefit receivers. However, mapping of all relevant stakeholders and their contributions in providing “carbon service” as well as ensuring fair and effective benefit sharing among these stakeholders would take more time compared to the simple ownership model. This may be taken as a mid-term or long-term option as an approach to the carbon right issue.
- The landscape boundary would be identified based on administrative borders, or otherwise, depending on the specific criteria set out by the programmes/projects.

On the issue of whether REDD+ should be mainstreamed into the Government’s socio-economic development plan, and if so, how, the comments were:

- The following difficulties have been identified relating to mainstreaming REDD+ into Gov’s SEDP:
 - It would be very difficult to ensure transparency in financial management once REDD+ revenue is pooled into State budget.
 - The SEDP has been developed with a very top-down approach, which would prove a hindrance to the following of REDD+’s principles, such as the need for free, prior and informed consent (FPIC) .
- A phased approach should be taken in mainstreaming REDD+ into the Government’s SEDP, where only REDD+ intervention activities would be included but not the REDD+ fund.
- The mainstreaming process would be undertaken in parallel with the necessary legal reforms. Such legal reforms include:
 - Modifying the SEDP process framework to be more compliant with international requirements on REDD+
 - Accelerating forest/forest land allocation
 - Reforming policies to facilitate the establishment and management of a REDD+ Fund that would ensure equity, effectiveness and efficiency of REDD+ BDS.

On the issue of establishment of an acceptable recourse mechanism, the comments were:

- An independent monitoring system should be established at least two levels: national and provincial.
 - At national level, the monitoring board should include: Inspectorates of MARD, MONRE and MOF; CEMA; Viet Nam Fatherland Front; NGOs, CSOs, and Government Inspectorate.

- At provincial level, the monitoring board should include PPC’s Inspectorate, Anti-corruption Commission, NGOs and CSOs.
- Monitoring of financial transactions should be independent with monitoring of REDD+ interventions implementation.
- The monitoring system should be operated in a participatory manner, in which Gov agencies, NGOs, and CSOs are all invited to become involved.

2.2 . Lam Dong province

2.1.1. Stakeholders at province level (mainly DARD officials)

The institutional structure of REDD+ BDS at province level (and competencies of relevant institutions) was suggested as follows:

- A provincial REDD+ Steering Committee should be established with the involvement of DARD, DONRE, DPI, DOF, and provincial CEMA
- Implementation stakeholders are DARD, PPC at district level, SFEs, FMBs, private forestry companies, individual households and communities.
 - DARD would be in charge for REDD+ intervention and internal carbon monitoring
 - DONRE would be in charge for management of forestry land and forestry land lease contracts.
 - DOF would be in charge in verifying the allocation and use of REDD+ revenue.
 - DPI would be in charge in mainstreaming REDD+ into the provincial SEDP.
- REDD+ revenue disbursement will be managed by an independent REDD+ fund that will directly transfer REDD+ revenue (through a commercial bank such as Agribank) to forest/forest land holders. State forest land holders such as SFEs and FMBs will then transfer REDD+ revenue to sub-contractors. The REDD+ fund should be independent from FPDF, and will only be managed at province level only since the number of forest holders in Lam Dong province is relatively small: there are about 30 State forest holders, 400 private companies, and a small number of individual households and communities who have been granted forest land rights.
- There are four main areas of REDD+ monitoring: financial allocation monitoring, carbon monitoring, social monitoring, and REDD+ intervention monitoring. Financial auditing will also be required. The different agencies involved in each of monitoring areas are indicated in Table 7.

Table 7. Agencies involved in REDD+ monitoring at province level

Independent monitoring				
<i>Carbon</i>	<i>REDD+ intervention</i>	<i>REDD+ fund allocation</i>	<i>Social aspects</i>	<i>Financial Audit</i>
Forestry consulting firms	Service providers	Independent consulting firm, CSOs	Mass organizations	Auditing firms

- CSOs and mass organizations such as the Farmers’ Union and Women’s Union are lacking technical capacity to monitor REDD+
- The People’s Council so far has the functions for irregular/thematic monitoring rather than regular monitoring.
- The provincial CEMA should take the leading role in REDD+ monitoring at province level
- There has been no clear separation between implementing and monitoring functions of Department of Forestry and Department of Forest Protection at provincial level. At

community level, the implementation and monitoring functions have been performed by the Communal Forestry Board and representatives of the villages.

Legal and institutional gaps of the province to implement a compliant REDD+ BDS:

- Forest protection and development activities, including PFES, have been integrated into Lam Dong's socio-economic development. The province considers REDD+ will be a part of the forestry sector's agenda, hence there is a legal basis for mainstreaming REDD+ into the local SEDP.
- Agencies such as DARD, District People's Committees, SFES, FMBs, and relevant stakeholders such as private forestry enterprises, households and communities have been implementing the forestry's sector action agenda. To implement REDD+, legal documents regulating their roles and functions in REDD+ should be developed by the province's authorities.

Who will be eligible to receive REDD+ benefits?

- Role of communities in forest protection and development: in Lam Dong, most of the members of communities were immigrants from other provinces or persons relocated by State's resettlement programmes after the re-unification of the country in 1975. The interconnections between the members of the communities are often loose, hence they would not be seen as communities elsewhere. Development of community-based regimes and raising communities' awareness on forest protection would therefore be rather challenging. The pilot programme of community forest management in Ka La village (Di Linh district) has faced many constraints and caused conflicts in the community. Further, the education level of the community is very low, and they cannot manage the forest, so community capacity-building is essential before allocating forest to communities in Lam Dong.
- Good performance in forest protection of Lam Dong province has been owing to the centralized State management regime. A devolved forest management system would likely lead to serious deforestation since small holders' awareness and capacity are low while opportunity costs of deforestation are often very high, e.g. deforestation for coffee plantation. In short, securing tenure for households and communities in the province could very probably lead to increased degradation and deforestation.
- PFES payment has encouraged local households to participate in forest protection through sub-contracts with SFES and FMBs.
- Lam Dong's success in forest protection has been partly contributed "resistance" to government policies encouraging long-term forest allocation to local individual households and communities. The province would prefer an as-simple-as-possible and locally appropriate forest benefit sharing system. For REDD+ BDS, it is suggested that PFES's approach would provide a good model, where two main types of forest holders, FMBs and SFES, would maintain their role as forest holders and act as a hub to channel financial incentives to individual households through forest protection contracts. The province's experience show that this approach has been successfully practised and adopted by relevant stakeholders.
- Poor households have been the preferred group, but not the only group, to be sub-contracted for forest protection
- Private enterprises who have forest concession contracts in Lam Dong receive no benefit from PFES. There is a need to consider their role in REDD+.
- In answer to the question who would be responsible to compensate for any financial loss in implementing REDD+ contracts (if any), given the centralized forest management context in the province, it was stated that province's budget would be used for compensation if such loss occurred.

2.1.2. Stakeholders at district level

2.1.2.1. *Di Linh district:*

Forest land holders eligible to receive REDD+ benefit:

- The province's opinion is that ethnic minorities should be prioritized in forest protection contract for two reasons: (i) their traditional practices have been tightly attached to the forest, and (ii) benefits from forest protection contracts are significant to their income.
- It was asked if households who hold no forest land and/or have no contract for forest protection would be eligible to receive REDD+ benefit or not. Under current forest benefit sharing, such households will enjoy indirect benefits from in-kind payment (e.g. construction of public facilities). Under PFES, it was suggested that the in-cash/in-kind payment ratio should be 50/50. However, taking into account that only 7-8% (average) of households in the villages are contracted for forest protection annually, future programmes should reduce this ratio.
- Some SFES want to return their forest holder right over poor forest (yielding very low benefit), but the district's authority could not take over such forest since the establishment of new FMBs is not allowed.

Benefit sharing among stakeholders:

- Representatives from FMBs and SFES wished to take the management fee only. However, it was stated that the rate should be higher than that of current programmes, as REDD+ will require more monitoring of local communities. Each FMB has only 10 or more persons but has to manage a forest area of more than 7,000 ha.
- The use of customary laws has been practised in some villages. In Lam Dong, using the family community for forest management would probably work better than the village community since the interconnection is tighter.
- Establishment of cooperatives is a good approach for local communities to obtain legal entity status. This process has been quick, and has been used in the agricultural sector.
- The REDD+ fund should transfer payments to forest holders rather than direct transfer to sub-contractors.

The institutional structure of REDD+ BDS at province level:

- District People's Committee should have a representative in REDD+ Steering Committee at province level to better coordinate REDD+ activities at district level.
- REDD+ Fund should be established as an independent structure.

2.1.2.2. *Lam Ha district:*

Forest land holders eligible to receive REDD+ benefit:

- Opinions of representatives from FMBs:
 - Current forest holders should also implement REDD+ (design and implement activities) and receive benefits, while the forest ranger, with limited personnel, should only play a monitoring role.
 - The FMBs should have adequate personnel to implement REDD+ activities (about 23 persons/FMB, each FMB to cover the forest in 2 communes)
 - Allocation of forest to community and households will probably cause conflicts between FMBs and local households.
 - Transfer of REDD+ benefit to local households should be made in the same way as PFES.

- In Phuc Tho commune, 200 ha of forest has been allocated to the local community, but the performance of forest protection has been poor.
- REDD+ may cause overlappings with other programmes and supports such as 661, Resolution 30a programmes, PFES, etc, and create difficulties in management. Some households are enjoying benefits from more than one programme, while others are receiving no support at all.
- Opinions of representatives from district government:
 - Forest being held by FMBs should be allocated to local people in order to improve forest protection performance and reduce workloads to FMBs.
 - The district authorities have some good experience with cooperatives in agriculture, and operation of cooperatives for REDD+ should be feasible. This was in line with opinions of village leaders, who want forest to be allocated to local communities that are organized in cooperatives structure.

2.1.3. Stakeholders at commune and village levels

Opinions of stakeholders at community level were synthesized as follows:

Forest land holders eligible to receive REDD+ benefit:

- In general, villagers were of the opinion that there will be policies allowing them to be the second forest holder, and clarifying their rights and benefits from the forest.
 - In Hang Hai and Lac Son villages, villagers declined to discuss benefit sharing from REDD+, seeing themselves as mostly non-relevant to forest management.
 - In Prteng 2 village, villagers said if REDD+ is to be implemented in the same way that PFES was being implemented, they would have no right to make any interventions to the forest.
 - In Lang Ku village, villagers did not want to become forest holders since the forest there had been seriously threatened by highly armed forest poachers
- People from 5 out of 7 villages expressed their agreement to obtain forest land in the form of community forest. People in Lam Bo village wanted to be forest holders on a household basis, while people in Lang Ku village did not want to be forest holders (they are too afraid of the heavily armed forest poachers).
- In 6 out of 7 villages, villagers thought that forest allocation to the local community or to households will help to better protect the forest.
- Villagers were of the opinion that to get payment from current supporting programmes they have to perform forest patrolling (3-4 times/month) together with staff of FMBs and SFEs. The payment has been insufficient to cover gasoline cost for forest patrolling. Some households expressed their wish to be hired by SFEs and FMBs for other work than forest patrolling, at a better payment rate.
- In all 7 villages, sub-contractors agreed to share future REDD+ benefit with non-contractors within the community. Because the number of contractors is relatively small compared to the number of non-contractors, some sub-contractors (in Lang Ku village for instant) only agreed to share benefits with others when the payment rate is high (e.g. 8 million VND/household/year), and the percentage of revenue to be shared suggested by villagers was low (5% to 30% of total revenue).
- People in 5 out of 7 villages consider cooperatives as good models for the community to obtain legal entity status and to implement REDD+ activities together. However, some communities feel that this model is very new to them.

Practical aspects of the payments:

- Most villagers preferred payment in cash to payment in-kind. In 6 out of 7 villages people wanted 100% of the payment in cash. In Lam Bo village, people requested more time for consideration of their favoured form of payment.
- Advance payment was required by all communities. The percentage of advance payment ranges from 40% to 60% of total payment amount.
- Many villagers estimated the payment amount sufficient for forest protection was 800,000 VND/ha/year.
- In all villages people wanted to get payment every 3 to 6 months. In PFES covered villages, villagers tended to suggest that REDD+ adopt the same payment frequency as PFES.
- Most villagers preferred to receive payments directly from REDD+ Fund at province level through bank accounts. Somewhat fewer people wanted to receive money from the village's leader (who will get the payment for the whole village from provincial REDD+ Fund). None of the villagers wanted their REDD+ revenue to be transferred through district and commune managerial levels.

Acceptable recourse mechanism and information feedback mechanism:

- Disputes and conflicts relating to REDD+ BDS should be resolved much faster than currently; one local dispute took years to be settled.
- Villages suggested that one institution at province level should be in charge of providing REDD+ information to all stakeholders and receiving REDD+ complaints and accusations. A hot line should be established for this purpose.
- At community level, people suggested that 1 or 2 representatives of a village (elected by villagers) would be in charge of informing higher level authorities about disputes and complaints on REDD+ within the communities or between the communities and external parties.
- Viet Nam Fatherland Front and mass organizations at community level were recognized as being effective in mediating the resolution of conflicts and disputes.

2.3 Bac Kan province

2.3.1. Stakeholders at province level

Stakeholders at province level were supportive of the 17 Policy Decisions. The foremost important issue to the stakeholders was identifying who will be eligible to receive REDD+ benefit, and for what types of forest. Other concerns were about the institutional structure of and policy gaps for REDD+ BDS, and capacity-building for stakeholders so that they would be able to participate effectively in REDD+. Specific recommendations are described in the following paragraphs.

Forest land holders eligible to receive REDD+ benefit:

- The province is positive about allocation of forest to local communities to implement REDD+. The constraints on this activity would be on technical and financial aspects rather than on the policy side. The forest allocation has been non-specific for REDD+, especially forest carbon-stock assessment has not been the content of forest assessment in forest allocation. The province has had a plan to allocate forest land to individual households and communities but has also been struggling to find financial resources to implement the plan.
- Although a forest co-management regime is a new issue in the province, it would be possible if there is consensus from both FMBs/SFEs and communities.

The institutional structure of REDD+ BDS at provincial level:

- A provincial REDD+ Steering Committee should be established with the involvement of the Province People’s Committee, DARD, DONRE, DPI, DOF, the Viet Nam Fatherland Front and provincial CEMA. Representatives of District People’s Committees should also be involved
- An independent REDD+ fund should be established, if the Department of Finance will not manage the fund, to ensure separation of REDD+ revenue and the State budget.
- There are four main areas of REDD+ monitoring: financial allocation monitoring, carbon monitoring, social monitoring, and REDD+ intervention monitoring. Financial auditing will also be required. The different agencies to be involved in each of monitoring areas have been indicated in Table 8, below.
- It is suggested that CSOs and mass organizations should play key roles in independent monitoring. However, intensive capacity-building programmes will be needed for such organizations to perform their monitoring functions effectively.

Table 8. Agencies involved in REDD+ monitoring at province level

<i>Independent monitoring</i>				
<i>Carbon</i>	<i>REDD+ intervention</i>	<i>REDD+ fund allocation</i>	<i>Social aspects</i>	<i>Financial Audit</i>
Forestry consulting firms	DARD, particularly Forest Protection Department and Department of Forestry	Department of Finance	CEMA, Women Union, Fatherland Front, Farmers’ Union, Forestry Association	Auditing firms

Legal and institutional needs of the province, in order to implement a compliant REDD+ BDS:

- There is a need for policy measures to allow non-State organizations to monitor State organizations. So far, only the People’s Council has the mandate to perform such monitoring activities.
- Policies on long-term forest allocation to local communities would be in line with the Action Agenda of the Forestry Sector up to 2020.
- Legal documents that officially consider roles of customary laws in forest management should be developed (e.g. documents that specifically guide local governments on how to implement Ordinance 70 of MARD).
- Policies on forest land management and allocation should consider and resolve the contradictions between *de jure* state ownership and *de facto* customary land users.
- Capacity-building needs assessment would be required so that priorities of the capacity-building programme will be identified. While mass organizations clearly need external supports for capacity enhancement, state agencies may manage to build capacity themselves to perform their mandates once REDD+ has been mainstreamed into provincial socio-economic development plans.

2.3.2. Stakeholders at district level

2.3.2.1. Na Ri district

Forest land holders eligible to receive REDD+ benefit:

- There was a large area of protected forest without any official holders. This type of forest exists in all communes of the district and should be allocated to local communities to make them eligible for REDD+ payment.
- Deforestation caused by illegal logging and mining have been serious threats to Na Ri’s forest, while two big forest landholders (one SFE and Kim Hy Natural Reserve’s Management Board) have not managed to protect the forest by themselves.

- Representatives from the Women’s Union and the District People’s Committee suggested a co-management regime between SFE and Kim Hy Natural Reserve’s Management Board with local communities, where both sides will have equal power in making decisions. REDD+ revenue would be shared between the two sides, but would not exceed 20/80 (State actor/local community), considering their contribution to forest protection and development outputs.
- If possible, forests currently managed by these State actors should be allocated to local communities on long-term (50 year) contracts.
- A representative of the Natural Reserve (Kim Hy, Bac Kan) suggested new policies to be issued allowing local communities to enjoy more benefits from the forest. There are about 6,000-7,000 individual forest holders in Na Ri district. The consulted stakeholders would need to organize themselves in cooperatives (or similar structure) to get the necessary legal status for entering into contracts and agreements on REDD+. Such cooperatives would need support from NGOs and the Government to develop their capacity in implementing REDD+.

The institutional structure of REDD+ BDS at province level:

- It was agreed that a REDD+ Steering Committee should be established at province but not district level. However, the District People’s Committee and District Forest Ranger should have their representatives on the REDD+ Steering Committee at province level .

2.3.2.2. *Ba Be district*

Forest land holders eligible to receive REDD+ benefit:

- There was a large area of protection forest previously managed by 661 Programme’s management board at district level. After the 661 programme ended in 2010, the area has been temporarily managed by the Commune People’s Committees and villages. This type of forest exists in all communes of the district and should be allocated to local communities to make them eligible for REDD+ payment.
- Many households are currently neither holding forest land nor being contracted for forest protection. These households should somehow receive benefits from REDD+ through forest allocation to communities or groups of households.

Benefit sharing between local stakeholders

- Most stakeholders supported long-term forest allocation to local communities, particularly “non-user” forest and forest under the management of SFEs and FMBs. Local stakeholders suggested that at least a co-management regime should be established with the benefit sharing between SFEs and FMBs with local communities set at a ratio of 20/80. Ba Be SFE did not support this idea and suggested that the SFE will maintain their user right on the forest land, and will contract local communities for REDD+ activities. The management fee would be 20-25% of total REDD+ revenue.
- The idea of establishing cooperatives to help local communities in obtaining legal entity status for REDD+ implementation was strongly supported. However, supporting policies will be needed to establish the cooperatives network, at least at district level.

The institutional structure of REDD+ BDS

- The District People’s Committee should have its representative on the REDD+ Steering Committee at province level
- There would be huge demands for capacity-building for local communities as well as mass organizations to enable them to carry out a fair and effective REDD+ BDS operation.

Acceptable recourse mechanism and recognition of customary law:

- Disputes and complaints would be settled first at village level by a conflicts mediation team (already established at each village), using each village's regulations.
- It is important that the customary laws of local communities should be recognized and applied officially. These laws were often effective in resolving internal community conflicts, but in many cases were in conflict with statutory laws.

2.3.3. Stakeholders at commune and village levels

Forest land holders eligible to receive REDD+ benefit:

- Villagers showed their interest in holding collective forest user rights (as communities) for the un-allocated forest and forest that is currently under the management of the district's armed force. In some cases, these forests were being protected by local communities without any financial incentives (as at Na Le village). These forests should not be allocated to individual households to avoid conflicts between forest receivers and non-receivers.
- The forest allocation or forest protection contract should be long-term (30-50 years).
- For forests under the management of FMBs, as in the case of Leo Keo village, they proposed a co-management regime with the benefit sharing ratio between FMBs and local communities set at 10/90. People expressed their opinion that the FMB did not contribute to forest protection as much as villagers, and hence the FMB should enjoy much lower benefits. In other villages, people agreed with a benefit sharing ratio of 20/80.
- The idea of establishment of cooperatives so that local communities can obtain legal entity status and organize themselves to implement REDD+ was welcomed in all visited villages.

Practical aspects of the payments

- Most villagers preferred payment in cash to payment in-kind. However, if the amount of payment is low, e.g. under 50,000 VND/ha/year, the payment would be better made in kind. In To Dooc village, villagers wanted 90% of payment in cash and 10% of payment in kind.
- Advance payment was required by all communities. The percentage of advance payment suggested was about 50% of total payment amount.
- Most of the villagers wanted to receive payment on an annual basis, as they have experienced with the 661 Programme.
- Most villagers preferred to receive payment directly from REDD+ Fund at province level through bank account, and thought that the number of intermediary levels should be minimized.

Acceptable recourse mechanism and information feedback mechanism

- Any conflicts should be first settled at village level through the conflict mediation team (e.g. village leaders, Women's Union at village level).
- A hotline should be established so that people can directly report their complaints and suspicions to the relevant authorities. All requests made through this hotline should be recorded and answered within two weeks.
- Conflicts between the village and the local authorities should be mediated by the Viet Nam Fatherland Front, the Commune's Justice Division or the Commune's Public Security Division.

PART 3. MAIN FINDINGS AND CONCLUSIONS

1. General perspectives on 17 policy decisions of BDS

Almost all consulted stakeholders, at all levels, agreed with the 17 policy decisions of BDS, with no objections, and only supplementary suggestions.

The field experience in Lam Dong and Bac Kan provinces revealed a great difference in access to forest land and forest resources of different groups of forest dwellers. In particular, there are groups of local people living around the forest but having no opportunities to access forest resources even through the 12-month forest protection contract. Figure 1 below shows the forest land area managed by different groups of forest user in Bac Kan and Lam Dong provinces.

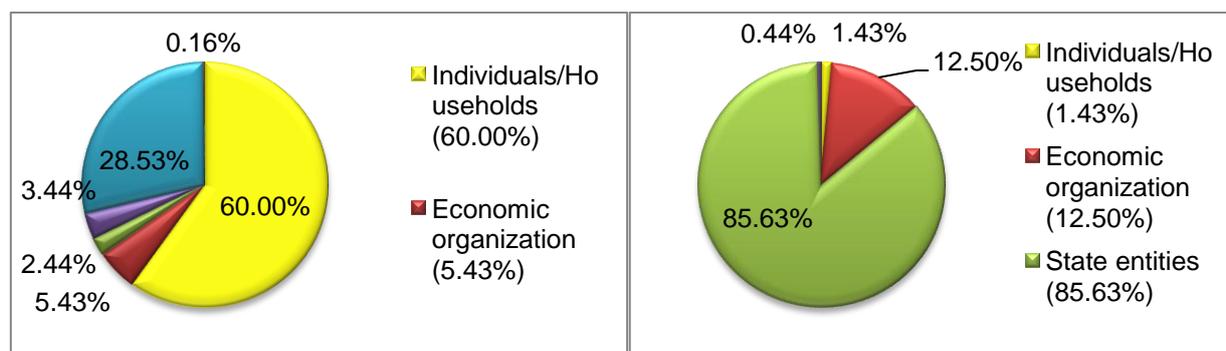


Figure 1. Forest user groups in Bac Kan province (left) and Lam Dong Province (right)

It can be seen from the figure that, in Bac Kan, individual households manage 60% while State actors manage only 2.4% of forest land, 28.5% now is under the Commune People's Committee (which has a plan for allocation to households); in contrast in Lam Dong, State actors hold over 86.9% of forest area, the private company holds 12.7% while local people hold only 1.5%. Non-forest-owners can access and use forests through a contract scheme, but only a small number of households have done this in Lam Dong. In Bac Kan, the contracts are for forest protection, management and assisting natural forest regeneration for a 5 year cycle; while in Lam Dong, sub-contracts for forest protection are only for a duration of 12 months. These tenure situations will probably challenge the local REDD+ BDS in the two provinces in different ways: concerning segregated forest land eligible to REDD+ in Bac Kan and concerning rent-seeking by State actors in Lam Dong.

According to consulted stakeholders, a Policy Decision on "Rights of indigenous people and forest dependent communities" should be added to ensure social safeguards, and especially that the rights of ethnic minorities and forest-dependent communities on forest land and resources are fully respected in reality. This is very important taking into account the context of Viet Nam where there are great variations in opportunities to use forest resources between different forest dweller groups: State actors, local people, different local households in the same community, and differences in provinces' approaches to implementing the national land/forest tenure policies.

With such a land tenure situation, to implement REDD+ in Viet Nam, it is necessary to consider both the REDD+ BDS landscape approach and the carbon rights approach

All commune and village stakeholders support the conditions of compliant BDS presented in the 17 BDS policy issues, especially the emphasis on participation, transparency and equity.

2. Considerations of existing national regulatory framework and policies related to the BDS

Viet Nam has a range of policies that relate to rural development, forests and payment for environment services. In the Vietnamese context, as mentioned above, there is a great difference in access to forest land and forest resources for different groups of forest dwellers. A number of households in Lam Dong, for example, have no access to forest even through the 12-months forest protection contract.

Lam Dong is a province where FPES has been piloted; during the compliant BDS consultation, a number of consulted commune and village cadres and villagers in Lam Dong declined to discuss benefit sharing from REDD+, as most of them see this and other forest issues as not relevant to themselves. Some villagers in Lam Dong said if REDD+ is to be implemented in the same way that PFES was being implemented, they will have no right to make any interventions relating to the forest. Commune and village cadres and villagers in Lam Dong were of the opinion that there should be policies allowing them to be the second forest holder after the state entities, and clarifying their entitlement to rights and benefits from the forest.

Regarding the special use and protected forest protection contract, in Lam Dong the local people were of the opinion that in order to get payment from current programmes they have to perform forest patrolling (3-4 times/month) together with staff of FMBs and SFE in the FPES area. The stakeholders said the payment has been insufficient to cover gasoline costs for the forest patrolling. Some households expressed their wish to be hired by SFEs and FMBs for other works than forest patrolling (such as tree planting) for a better payment rate. In some cases in Bac Kan, the forests have been being protected by local communities without any financial incentives (as in Na Le village).

During the consultation process, stakeholders all focused on the “foremost” issue of benefit sharing, that is: who will receive benefits from REDD+? Key questions are whether only the current forest users have the rights to get benefit from REDD+, whether payments are equal; and whether REDD+ will contribute to poverty reduction.

Regarding governance, the facts also led to the need of differentiation of governance between REDD+ and the other forestry programmes (661 Programme, 30a Programmes, Decree 99 on Payment for Forest Environmental Services) which have been implemented in the country for years. These programmes have different policies on providing benefits to different forest dweller groups in practice; not all are set up on a performance basis. Therefore, a REDD+-compliant BDS should be coupled with proper alternated policies or approaches to minimize negative impacts, potential risks and rent-seeking, due to uneven forest/forest land resources accessing opportunities.

To ensure a compliant BDS, Viet Nam has to solve difficulties with the unclear concept of carbon rights and higher level of governance, and all stakeholders agreed that Viet Nam needs to “Enact specific legal instruments to ensure clarity concerning REDD+ and administration of REDD+ revenues, without undertaking broader legal reform”.

3. Identification of gaps or conflicts in the existing regulatory framework and policies at government level related to the BDS

It is unclear how big the gaps or conflicts are in the existing regulatory framework and policies at government level related to the BDS. It will depend on what structure the REDD+ intervention operates on: a national-based or a project-based system?

In any case, REDD+ BDS requires a transparent performance-based system, independent monitoring system and higher level of governance. These have been almost absent from the current forest programmes like the 661 Programme and FPES, and in addition Carbon rights will give rise to complicated issues in Viet Nam as there are great variations in opportunities to use forest resources between different forest dweller groups, as mentioned above. Therefore, to establish a compliant REDD+ BDS, will require adjustment and supplementation in terms of policy at government level, such as: MRV to adapt the performance-payment; independent monitoring system; effective information system; effective recourse mechanism, capacity-building and institutional development for sub-national level to ensure FPIC is respected; definition of legal role of NGOs and CSO in monitoring system, and; a clear view of carbon rights. Regarding the benefits from forest management in the REDD+ context, a clear mechanism of co-management and co-benefit between state actors and forest-dependent communities is needed, towards special use and protected forest area according to Viet Nam forest protection and development in the period of 2011 to 2020; realization of forest/forest land allocation policies in reality, definition of REDD+ implementation structure with description of the responsibility of each unit in REDD+ intervention, REDD+ fund management and financial transaction, independent monitoring to ensure no overlapping and transparency, and; reform of the Law to ensure appropriate legal status of forest communities or appropriate reform of the law on co-operatives.

4. Comprehensive overview of current and recently completed policy and field activities on BDS, both in the context of REDD+ and in other contexts related to rural development and forestry.

The law on forest protection and development (2004), 661 Programme, 147 forest programmes, 30a Programme on fast and sustainable poverty alleviation in 61 poor districts, Decree 99 on Payment for Forest Environmental Services have been implemented for years. All stakeholders agreed that *“forest law enforcement continues to be weak in Viet Nam” ... “A failing institutional design is a key lesson from the weak performance of Program 661 projects in Viet Nam where district-level FPU and Forestry Companies often combine the tasks of implementation and enforcement”*.

Most of the stakeholders in Bac Kan (government officers and local communities) made recommendations that current forest management by Forest Management Boards or State forest enterprises is not effective and partly contributes to deforestation and degradation in the province. One of the reasons for this is that illegal logging has been still happening. The participation of stakeholders in the FPES programs is weak and the top-down approach is dominant. FPES villagers who have had the chance to be party to the contract in Lam Dong said that they just received money without knowing anything relating to the programme.

Regarding the forestry sector and the relevant benefit system, in Lam Dong, all villagers and officials at district and commune levels disparaged the effectiveness of short term (1 year) sub-contracting for forest protection. In Bac Kan, deforestation caused by illegal logging and mining have been serious threats to Na Ri’s forest and the community’s livelihood while two big forest landholders (one SFE and Kim Hy Natural Reserve’s Management Board) have not managed to protect the forest by themselves. The communities who are living near the special use and protected area get nothing or only small benefit from the forest.

The criteria or condition expected by REDD+ BDS seem to be almost absent in the current policies and the programmes like 661 Programme, 147 forest programmes, 30a Programme on fast and sustainable poverty alleviation in 61 poor districts, Decree 99 on Payment for Forest Environmental Services. As mentioned above, it needs reform in terms of policy, approach and the ways of implementation at ground level as well.

5. Enumeration of essential elements of a BDS in order to address concerns and interests of beneficiaries of REDD+ BDS.

The first issue invariably put forward during BDS consultation process was that of who is eligible to participate in REDD+ BDS. According to almost all consulted stakeholders, the right of use of forest/forestland officially, especially in Lam Dong province, seems to be a prerequisite for REDD+ BDS.

In Lam Dong, commune and village cadres and villagers were of the opinion that there should be policies allowing them to be the second forest holder, and clarifying their rights and benefits from the forest.

Arising from the fact that forest degradation still has been happening in the forest managed by state entities, and in order to implement REDD+ BDS intervention, in Bac Kan there are some proposals, such as that the forest currently managed by these State actors should be allocated to local communities on a long-term basis (30 to 50 years) or to households for later integration. A similar consensus was found in Lam Dong, except for the DARD officials at province level. They preferred the option of a long-term allocation of special use and protection forest to the local community, which was believed to be effective in extensive and deep diffusing of a “forest protection consciousness” through generations. In Bac Kan, there were large areas of protection forest without any official holders. This type of forest exists in all communes of the district and should be allocated to local communities to make them eligible for REDD+ payment.

It is vital to REDD+ implementation, that eligible REDD+ benefit receivers are clearly identified. At local level, the commune and village cadres and communities seemed to agree that all villagers, regardless the status of forest land use or forest ownership, should receive REDD+ benefits. It was recognized that forest area is large and would only be effectively protected while the whole community is actively involved, and therefore it will be fair that all community members should actively participate in forest protection and management and obtain the benefit either directly or indirectly based on their performance.

Regarding this issue, non-government organizations which were consulted suggested an approach that considers REDD+ interventions on the ground as an emission reduction service. Once the service is obtained on a certain landscape, all contributors in the landscape will be rewarded. This approach may help to avoid complications in identifying and clarifying carbon rights, a major challenge at the moment. However, mapping of all service providers on a landscape and quantifying their contribution will certainly take time and effort, and should be a priority of a medium-term plan. Collaboration with institutions and NGOs experienced with this approach will also be required in taking this option.

REDD+ revenue disbursement more directly from centre/province level to legally recognized organizations, including community organizations is favoured by stakeholders at community level. They also wished to have the right to make decisions internally on how to use REDD+ revenue.

There are about 6,000-7,000 individual forest holders in Na Rib district, Bac Kan province. The consulted stakeholders would need to organize themselves in cooperatives (or similar structure) to get the necessary legal status for entering contracts and agreements on REDD+. Such cooperatives would need support from NGOs and the Government to develop their capacity and institution officially to sign the REDD+ contract independently and implement it accordingly; they also wished to have the right to make decisions on how to use REDD+ revenue internally.

The co-management and co-benefit mechanism between Forest Management Board/State Forest Enterprises and local community was suggested and approved by stakeholders in Na Rib district, Bac Kan province.

6. Overview of how the BDS for REDD+ fits into other socio-economic development strategies and programmes at provincial level, and in the same time meets international REDD+ requirements

On the issue of should REDD+ be mainstreamed into the Government’s socio-economic development plan, and if so, how this can be achieved, the comments were that difficulties have been found in mainstreaming REDD+ into Gov’s SEDP, namely:

- The transparency in financial management would hardly be ensured once REDD+ revenue is pooled into State budget.
- The SEDP has been developed with a very top-down approach, which will obstruct the implementation of “REDD+’s rules” such as FPIC.
- The strict independent monitoring is almost completely absent.
- The REDD+ structure has been unclear, so to the mainstreaming process is not clear either.

With relation to merging REDD+ activities into socio-economic development plans, most of the stakeholders suggested that REDD+ should be a part of local SEDP rather than being an independent programme. Though the REDD+ structure and planning sector need to be developed and a set of indicators for REDD+ definitely needs to be set up, the clear definition of responsibilities of each participating institution will also be of vital importance for the REDD+ BDS to be in operation.

Based on the results of the whole consultation of stakeholders at all levels, REDD+ should work through 3 independent channels: REDD+ interventions with internal MRV, financial transaction and independent monitoring. Potential stakeholders to each of the three channels (intervention, financial transaction and monitoring) were found during consultations and are presented in Table 9 below.

Table 9. Stakeholders involved in REDD+ BDS for the three independent channels

<i>Role Level</i>	<i><u>Channel 1</u> REDD+ interventions</i>	<i><u>Channel 2</u> Financial transaction</i>	<i><u>Channel 3</u> Independent monitoring</i>
Central level	REDD+ Office, VNFOREST,	REDD+ Fund, Banks	National Audit (NA), Auditing firms (AF), Viet Nam Fatherland Front (VFF), Mass organizations (MOs), Juridical agencies (JAs), NGOs and CSOs, Government Inspectorate (GI), Committee on Ethnic Minority Affairs (CEMA)
Province	Department of Forest	REDD+ Fund or	NA, AF, VFF, MOs, JAs, NGOs

level	Protection, State Forest Management Boards, State Forestry Enterprises	Forest Protection and Development Fund, Banks	and CSOs, Province People's Council, Forestry Consulting Firms (FCFs), Province Inspectorate (PI)
District level (optional)	Department of Forest Protection, State Forest Management Boards, State Forestry Enterprises		AF, VFF, MOs, JAs, NGOs and CSOs, District People's Council, FCFs, District Inspectorate (DI)
Community level	Legally eligible community organizations, households, State Forest Management Boards, State Forestry Enterprises	Banks	AF, VFF, MOs, JAs, NGOs and CSOs, Commune People's Committee, FCFs, PI/DI

State forestry organizations in Bac Kan suggested new policies to be issued allowing local communities to enjoy more benefits from the forest and also suggested that state forest entities should turn into either technical assistant and consulting units or co-managers with local communities in implementing REDD+ interventions in the state-managed forest.

7. Relationship between activities for REDD+ implementation and payments.

On the forms of REDD+ payment, local stakeholders aware that REDD+ interventions would request advance investment in labor and materials like seedlings, petrol and so on, agreed that participation payment and performance payment should be operated in parallel. A rotation of performance payment should be no longer than 24 months, otherwise local communities will be discouraged about involvement in REDD+. Participation payment should be in the form of an advance of about 40-50% of the total estimated REDD+ revenue in the 2 year rotation. The advance will be paid to receivers every 3 or 6 months (about 4 to 8 payments in one rotation). The local legally recognized community structure (e.g. cooperatives) shall bear responsibility to manage this advance payment and internally allocate the revenue to the community's members in such a way as to ensure transparency, publicity, consensus and credibility of fund allocation. The leaders of legally recognized community structures would be the persons to sign REDD+ contract and would be in charge legally of the advanced investment (Participation payment).

8. Organization of local BDS, particularly in terms of practical aspects of the payments: amounts, timing of payments, payment modality, etc. Desirability and feasibility of benefits in-kind (e.g. support for investments like tree nurseries, small-scale wood processing, infrastructure)

A hundred percent of consulted villagers preferred direct cash payment to in-kind payment (e.g. seedlings or manufacturing units), with a fundamental concern about loss, in developing infrastructures that will probably not be under their management. Two communities (Ka La village in Lam Dong - UN-REDD pilot village - and Na Le village in Bac Kan, that are legal forest users) suggested an internal REDD+ revenue management mechanism as follows:

- REDD+ revenue obtained by the community should be managed by their own community, thus used and allocated for their own needs and rated by their own perspective of fairness and efficiency.
 - A management fee will be paid to a management board for administration, planning, implementation, internal monitoring, reporting and transaction works
 - An implementing fee will be paid to establishment and maintenance labour and non-labour cost.

- A community fund to be established for developing community works, social events and welfare and all will be decided by the whole community.
- The rest of REDD+ revenue will be delivered equally to participating members.
- All the expenses from received REDD+ revenues will be recorded and made public within the community and reported to the agencies as requested.

The consulted stakeholders also suggested a co-management regime between SFE and the Forest Management Board with local communities, where both sides will have equal power in making decisions and co-implement the REDD+ contract. REDD+ revenue would be shared between the two sides, but would not exceed a 20/80 ratio (State actor/local community), considering their contribution to forest protection and development outputs. All the expenses from received REDD+ revenues will be recorded and made public.

Based on the stakeholders' opinions, the operation of the REDD+ Fund from central level to local level, and an independent and effective monitoring system of fund should be set up and properly operated. 100% of consulted stakeholders agreed upon an independent REDD+ Fund at central level. REDD+ money should be channeled through a banking system that will be capable of working efficiently in rural areas with low cost. The banks for REDD+ fund disbursement will be selected through a tender process. At province level, the REDD+ fund will either be independently operated or work through an affiliated Forest Protection and Development Fund. In both ways, the REDD+ revenue accounting will be completely independent.

The REDD+ Fund disbursement as envisaged by stakeholders is described in Figure 2 below.

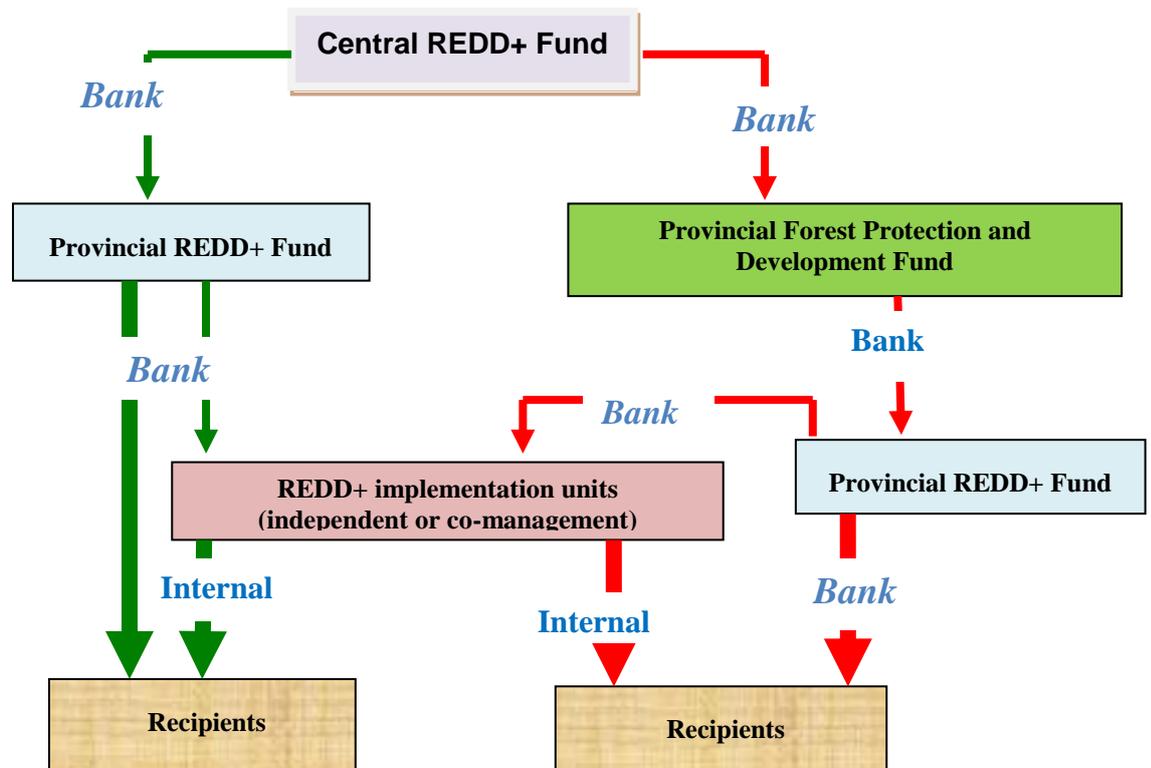


Figure 2. REDD+ Fund disbursement pathway

It was agreed that neither the REDD+ implementing agencies (within the forestry sector) nor the finance sector shall manage REDD+ Fund. It will be rather managed by a REDD+ Steering Committee at central and provincial level. The REDD+ Fund shall be audited by both national and international auditors, as required by national regulations and UNFCCC requirements.

Participation of CSO and NGO in managing the REDD+ Fund should be considered, since it will eventually enhance transparency during the operation of the BDS system.

Financial transactions should take place through bank accounts as much as possible. Most of the recommendations, especially those at commune and village levels, expressed the wish of having as few intermediate steps as possible in financial transactions (such as bypassing district and commune levels or State Forestry Organizations) in order to reduce both the risk of corruption and transaction costs.

9. Beneficiary perspective on how to obtain an effective recourse mechanism.

Advisory opinions showed that the establishment and operation of an effective complaint scheme are really necessary to REDD+ and are useful tools to raise the confidence of local inhabitants and are factors contributing to more effective forest governance.

According to opinions at community level, in order to effectively deal with complaints at grassroots level, there needs to be a capacity development process, seriously evaluated and regularly monitored with the participation of the inhabitants to increase the quality of the system. At present, the complaint-solving system does not seem to have gained the confidence of local communities.

The following table will show the issues of conflict and their solutions, according to opinions offered from village and individual level:

Table 10. Issues of conflict/complaint and proposed solutions by local communities

<i>Issues of conflict</i>	<i>Solution</i>	<i>Intervention</i>
Internal conflict and complaint	Self-reconcile in internal community or use mediating system at grassroots level.	Need to train the mediating system at grassroots level
Internal conflict and complaint cannot be solved. Conflict and complaint between community/ household and other organizations/ individuals	Referee Justice	Need hotline to advise the policy and law with high responsibility and high qualification
To be advised about queries, conflicts, complaints and information	Hotlines at central and provincial level	Independent regular monitoring on the quality of the hotlines
Time to answer, advise/ solve conflicts, complaints	7-10 days	

Policy reform should encourage more involvement of civil society and non-governmental organizations in supporting local communities in the recourse mechanism.

Complaint-solving systems need the participation of non-governmental organizations and the civil society.

Hotlines should be maintained at central and provincial level (not at commune or district level).

10. Mandates and competencies of the Government Agencies involved in the implementation of the BDS, at national and province levels.

The BDS team designed the form to collect information about the mandates and competencies of the Government Agencies involved in the implementation of the BDS, at national and province levels. The team requested orally and sent the form to the consulted stakeholders from government agencies, so that they could fill out the form, but the team received nothing from them in response. So no information in this regard is provided in the report.

The observation shows that all stakeholders agreed that there should be 3 channels to implement REDD+ and BDS. The mandate of government agencies involved in BDS needs to be clear and restructured when the compliant BDS is set up to ensure transparency and accountability. In terms of REDD+ BDS's capacity, almost all government staff had poor or totally absent capacity.

11. Identification of non-governmental organizations in BDS implementation and their competitive advantages and mandates in BDS implementation, in particular in policy making, monitoring, recourse mechanism and local-level support.

Ten² international and local non-government organizations were invited to provide information concerning their competitive advantages and mandates in BDS implementation, in particular in policy-making, monitoring, recourse mechanism and local-level support by filling in the forms provided. The team received 100% responses. The relevant information can be summarized as follows.

1) REDD+ relevant issues and organizations' concern

Issues	Percentage of organizations			
	High concern	Medium concern	Low concern	No concern
BDS policy planning	90%	10%		
BDS monitoring	70%	30%		
BDS recourse mechanism	70%	10%	20%	
REDD+ intervention at local level	70%	20%		10%

Note: The number of organizations participating in the survey was 10

2) Types of experiences on BDS of consulted NGOs

Types of experiences	
Participate in analysis and building up BDS under UN-REDD program in 2009	RECOFTC
Member of BDS sub-working group, Viet Nam REDD network	RECOFTC, SNV, ICRAF, WWF, CERDA, Towards Transparency,
Analyze the benefit-sharing system in PES	RECOFTC, ICRAF,

² RECOFTC (The Center for People and Forests), PanNature (People and Nature Reconciliation), CSDM (The Center For Sustainable Development In Mountainous Areas, SRD (Sustainable Rural Development), CIFOR (Center for International Forestry Research), SNV (Netherlands Development Organization), WWF (Worldwide Fund for Nature), ICRAF (World Agroforestry Centre, Towards Transparency, CERDA (Centre of Research and Development in Upland Areas).

	CIFOR
Analyze the relationship between voluntary carbon market and forest resource community based management	RECOFTC
Monitoring and evaluation of forest law enforcement	PanNature
Monitoring the recourse mechanism of the infrastructure programs according to criteria on safeguards and information publicity (WB and ADB)	PanNature
Research on the comparative BDS in 12 countries	CIFOR
Implementation of project on REDD+ and poverty reduction of which one component works on BDS	SNV
Consultation on BDS with beneficiaries/villagers in Di Linh and Lam Ha, UN-REDD program	SNV
Implementing the project “Carbon stock enhancement and biodiversity conservation in Quang Nam and Thua Thien Hue provinces, 2012-2014” One of the objectives of the project is the development of the document on voluntary carbon market. The consent of all relevant stakeholders on the BDS must be consistent with Viet Nam’s REDD+ and it is requested as a pre-requisite.	WWF
Field research on REDD+ recourse mechanism for planning and managing risk and design BDS at local level	ICRAF
Develop tools to facilitate transparency and publicity in REDD+ BDS and carbon finance projects	Toward Transparency
Develop measures to prevent corruption in REDD+ BDS. Tools for monitoring REDD+ at local level and plan to test them in Lam Dong in 2012	Toward Transparency
Implementing the REDD+ pilot at local level, BDS is a component of the project.	CERDA
Local consultation on REDD+ BDS (in consortium with ICRAF, SNV) contracted with UNDP	CERDA

PART 4: RECOMMENDATIONS

- 1) Stakeholders' eligibility for REDD+ BDS: in the Vietnamese context, where there are great variations in opportunities to use forest resources between different forest dweller groups, State actors and local community, different local households in the same community, the vital question of “what is stakeholders' eligibility for REDD+ BDS?” should be answered when designing REDD+ BDS. In addition, the other important issue is benefit-sharing, that is, who will receive benefit from REDD+. The consulted NGO stakeholders expressed the view that if it is the case that only the current forest users have the rights to get benefit from REDD+, that would not be equitable, and REDD+ could not contribute to poverty reduction. The government officials were of the opinion that the people who will benefit from REDD+ should not be only the existing forest users, and that if the implementation is done so, there will be conflict within communities, and between communities and the state forest entities. Therefore, the Policy Decision 8 “Types of Forest Owners Eligible to Receive REDD+ Benefits” should be changed to “Stakeholders' eligibility for REDD+ BDS” to find out who are eligible to access REDD+ benefit, to ensure equity.
- 2) FPIC and Safeguards should be compulsory: Almost all consulted stakeholders, especially commune and village cadres and villagers support the international expectations of REDD+ and BDS and all agreed with the 17 BDS policy decisions. FPIC and other safeguards are highly appreciated by stakeholders, especially by commune and village cadres and villagers, in the hope that corruption can be prevented and the effectiveness of investment can be higher, that the benefit goes to the right subjects and consequently that the forest will be well protected and the local people's livelihoods will be more certain. So, FPIC and other safeguards should be compulsory in REDD+ BDS pilot implementation in Viet Nam.
- 3) “Rights of ethnic minorities and forest-dependent communities” should be the specific policy decision. The reason is that REDD+ not only can bring the benefit or advantage but also can create disadvantages or risk for any stakeholder, especially ethnic minorities and local communities who live near the forest. It is necessary to foresee this in order to prevent the disadvantages or risk which may be caused by REDD+. The ethnic minorities in Viet Nam who all live inside or around forest could potentially suffer a negative impact from REDD+. So, the specific policy decision of “Rights of ethnic minorities and forest-dependent communities” should be added to ensure the ethnic minorities and forest-dependent communities, especially the poor, have opportunities to access forest/forest land on a long-term basis and to ensure their full participation in REDD+ and BSD.
- 4) Mapping of purpose of different forest types: It is important to define clearly the forest dependent groups, and the long-term purpose of each type of forest, respectively, into three categories: for defence or for environmental services/REDD+ or solely for economic purposes.
 - Group 1: State entities including Forest Management Boards (National Park, Natural Reserves, Protection forest) and State Forest Enterprises. What is the purpose of their involvement with the forest: defence or environmental services/REDD+ or solely for economic purposes?

- Group 2: Privately owned forest enterprises. What is their purpose in managing the forest : is it for environmental service or solely for economic purposes?
- Group 3: Communities and households (which may form legal associations later) living inside or around forest who are allocated forest land. What is their purpose in managing the forest: for environmental service/REDD+ or solely for economic purposes?
- Group 4: Communities and households (which may form legal associations later) living inside or around forest who have not had opportunity to access forest land or forest, neither shorter nor long term. What are their interests in contributing to forest protection and REDD+ benefit?

5) Kind of contracts to protect forest: short-term basic or long-term basic or abolition.

Forest and forest land should be either allocated or leased on a long-term basis. This may help to lessen the current pressure on the State budget and practically socialize forest protection and management as per the policy's expectation. Two questions should be taken into account:

- Should the current short-term sub-contracting be maintained or modified or abolished?
- Should long-term forest use rights from 30 to 50 years be offered instead of one year forest protection contracts?

According to the “Plan of forest protection and Development in the period from 2011 to 2020”, another option can be: instead of the forest protection contract, forest co-management mechanisms and co-benefit from forest between State entities and communities can be established.

6) Running a system of forest co-management and co-benefit from forest as policy's expectation.

- The possibility of a mechanism of co-operation between State entities and communities in forest co-management and appropriate co-benefit of the revenue from special use and protective forest should be taken into consideration. With the state managed forest for the purpose of environment service including the protected and special use forest: a mechanism of co-management and co-benefit between State entities and local community should be applied on a mid-term or long-term basis for REDD+ BDS, for at least one cycle of REDD+.
- With the natural production forest managed by State entities for economic purposes, two mechanisms should be considered for REDD+ BDS. 1) Forest is allocated to the local community for a period of 30-50 years under the supervision of State entities; and 2) Long-term co-management (30-50 years) between State actors and community or households (which may move to legal association status later).
- More studies on co-benefit mechanisms will then need to be conducted.

7) REDD+ approach: The issue of carbon rights is not easy to deal with. The landscape approach to REDD+ BDS should be taken into consideration as an long-term alternative to the carbon right-based approach, which is facing barriers due to unclear and overlapping policy frameworks on forest land/forest tenure in Viet Nam. REDD+ interventions on the

ground should be considered as an emission reduction service. Once the service is obtained on a certain landscape, all contributors in the landscape will be rewarded, regardless of status of land/forest ownership. This should be a priority for medium-term planning.

8) Structure of REDD+ interventions: Based on the obstacles which have been evident in regard to the forest land/forest tenure, legal framework and capacity of the sub-national entities and communities, two structures should be considered: the national and sub-national socio-economic development process and *ad hoc* project-based intervention. The project-based system may be more realistic, efficient and adjusted to international REDD+ expectations and it should be tested before the national-based approach. All consulted stakeholders expected that REDD+ will work through three independent channels: REDD+ intervention, financial transaction and independent monitoring. To run this system, it is vital to have clear definitions of the differentiated responsibility of each unit of the structure at all levels.

9) BDS for REDD+ fits into other socio-economic development strategies and programmes at provincial level.

The mainstreaming process would take place in parallel with necessary legal reforms. Such legal reforms are:

- Modifying the SEPD process framework to be more compliant to international requirements on REDD+ and on BDS.
- Accelerating forest/forest land allocation.
- Reforming policies to facilitate the establishment and management of a REDD+ Fund that would ensure equity, effectiveness and efficiency of the REDD+ BDS.
- Legal community-based entity: There are existing legal regulations that support local communities in obtaining legal entity status, such as the Law on Cooperatives (2003). The State should continue promulgating policies to facilitate both capacity development for local communities and their access to cooperatives, e.g. shortening administration procedures, charter capital and tax regulations and monthly tax report for renovated cooperatives so that they will be in a more favourable condition to have the appropriate status as a legal entity in implementing REDD+. Experience from community forestry in Nepal where “forest user groups” have their own legal entity could provide good lessons for policy development towards this aspect.
- To ensure that social aspects of REDD+ safeguards will be respected, local communities, particularly ethnic groups, should play a more important role than in previous forestry BDS programs where conditionality was lacking (no performance payment) and a top-down approach was dominant. In a compliant REDD+ BDS, the local community should become an independent partner, being authenticated as a legal entity and taking their own responsibility in developing the REDD+ proposal, signing the REDD+ contract and implementing REDD+ intervention by themselves.

10) Participation payment. Consideration should be given to providing participation payment in the form of a preferential loan (no interest) from the banking system. The loan will be made available every 6 months to candidates according to the verified outcomes/results. All transactions should be approved by local REDD+ implementing organizations (legalized) for candidates who have membership. The loans should be assigned to the leaders of the legal community-based entity (e.g. co-operative) with the guarantee of commune authority. This

mechanism can help to rescind the loan if the REDD+ contract should fail.

11) Performance payment: The time-period for performance payments should not exceed 2 years as a longer time-interval will consequently lengthen the participation payment period, thus potentially leading to heightened risk of REDD+ contract disobedience

12) REDD+ revenue to be retained at government levels: The amount retained at government level should be promptly and regularly clarified, identified and publicized.

13) Capacity-building at sub-national level: Field observation at sub-national level shows that knowledge on climate change, REDD+ and compliant BDS is either very low or completely absent. Therefore, awareness-raising, institutional development and capacity-building at grassroots level shall play an important role in REDD+ BDS implementation. Careful consideration is required about whether the resources for this capacity-building resources should be taken from REDD+ revenue or mobilized from non-State actors; a good way of fund balancing must be found.

14) Information transparency and accessibility

How to ensure that real FPIC is achieved at ground level is a big question. It is not easy to apply genuine FPIC method when almost all local cadres have had disproportionate experience with a top-down approach and in addition almost all local people have been used to sitting around to wait for orders and instructions from the higher level, as a remnant of the system based on administrative subsidies. Therefore, new activities are needed:

- A network of key farmers, including the people who are volunteers and can influence the community by his/her prestige (having the character of elders traditionally), should be set up at village level and developed and professionally trained to be capable of supporting information accessibility at grassroots level in local plain language.
- Information hubs that stakeholders can access should be established and publicized with clear guidance and advice.
- The REDD+ information system should be regularly updated.

15) Strengthened Law Enforcement for Performance-Based Distribution and customary laws. To do this successfully, the crucial factor is to maximize the community-based forest management and community-based monitoring system. The role of benefit receivers in the process needs to be officially defined; there needs to be a recognition that the customary laws can support the state laws in a way that is more realistic, feasible and valid.

16) Non-carbon factor monitoring: Monitoring of non-carbon factors such as FPIC and safeguards, should be compulsory; this is an effective way to prevent corruption and promote a higher level of forest governance.

17) Customary laws: Village Convention based on customary laws for forest protection should be developed and later recognized legally for REDD+. It is essential to admit community rules to maintain those “customary laws” at grassroots level that help the state law to be more concrete, and realistic and effective in practice. Experience has shown that management by traditional customary law is often effective and powerful not only in

protecting the forest, and maintaining discipline, adding value through community solidarity, but also in mediating conflicts in communities.

18) Recourse mechanism: Any complaint-solving system needs the participation of villagers representing community groups who are implementing REDD+. This network of trained key farmers will enable them to represent their communities in mediating and in the complaint-solving process and will protect his/her villagers' rights in any event.

19) Role of ethnic minority women in forest protection and REDD+: Some experience showed that ethnic minority women work more closely with the forests. In both the past and present, women are recognized by the community as the biggest contributors to the development of forest protection regulations in their own system and they are the best forest protection supervisors. However, when discussing at the grassroots level the issues of gender equality in REDD+, it seems that neither women nor men are interested in giving priority to women in terms of payment from REDD+. They want to deduct a percentage of the REDD+ revenue to support women in difficult circumstances in each case and in each specific payment period. They did not want revenue to be used for such support in a long-term commitment. There are suggestions from the people in the community that "REDD + contract and account should be jointly managed by the spouses, thus there must be dual signatures".

The collection of researches and evidences on "The roles of ethnic minorities in sustainable forest protection and development with traditional customs" has affirmed the very important roles of women in relation to REDD+ in sustainable forest protection and development in the past, present and future. Thus, there is a concentration on acknowledging and training women as they will participate more in REDD+ in key roles. This ensures that the rewards from application of R-coefficients (similar to K-factors under PFES, but specific to REDD+) are because of their contribution rather than because women are a socially disadvantaged group.

20) Role of CSO and NGOs. Based on the experiences of NGOs who work with local authorities and communities, ensuring FPIC and other safeguards through their projects, the role of CSOs/NGOs in REDD+ BDS monitoring system at all levels and in supporting communities at ground level in terms of capacity-building and institutional development should be officially defined.

21) A Reserve Fund: The reserve fund should be established at the same level as the REDD+ Fund, aiming at containing risks which may occur during REDD+ implementation, such as forest burning or natural disasters.

22) Awareness on REDD+ BDS governance: In conformity with the compliant BDS in REDD+ internationally, it is imperative to differentiate between REDD+'s governance and the governance of the previous and ongoing forest programs like 661 program or PFES. It is also imperative to ensure that there is no "assimilation" or confusion in term of governance /management between REDD+ and the 661 programme or PFES in reality, especially in PFES provinces.

ANNEX 1. Updated Policy Decisions for the REDD+ Compliant Benefit Distribution System for Viet Nam (UN-REDD Programme, December 2010)

Background

In 2009, the UN-REDD Programme and GTZ jointly supported an analysis of policy issues that need to be addressed in developing a REDD+ compliant benefit distribution system (BDS) for Viet Nam. The original report, which is available at <http://www.un-redd.org/UNREDDProgramme/CountryActions/VietNam/tabid/1025/language/en-US/Default.aspx>, included a comprehensive description of numerous financial, institutional and governance issue, and discussed 16 Policy Decisions required for an effective REDD+ compliant BDS. In some cases, concrete policy recommendations were made; in other cases it was concluded that further research and analysis was required in order to formulate specific recommendations.

The UN-REDD Programme has supported some follow-on analyses; others are planned. Various related activities undertaken since the original study have identified additional Policy Decisions, not included in the report of the original study. Therefore, this document contains the original 16 Policy Decisions, supplemented by several new policy decisions, and up-dates the information to reflect the results of the follow-on analyses, and other developments related to REDD+ in Viet Nam. For each Policy Decision, the issue is described, together with the recommended course of action and the activities required in order to implement the policy decision.

A total of 17 Policy Decisions are now identified (some of the original 16 were merged). They are:

- Policy Decision 1: Organization of REDD+ Benefit Sharing in Viet Nam
- Policy Decision 2: Legal Framework for REDD+ In Viet Nam
- Policy Decision 3: Classification of REDD+ Revenues and Creation of a Dedicated REDD+ Fund
- Policy Decision 4: Sub-National Levels at which REDD+ Revenues should be Managed
- Policy Decision 5: Institutions to be involved in Monitoring REDD+ Interventions and Actions
- Policy Decision 6: Revenue Retention by Government and Admissible Costs
- Policy Decision 7: Local Benefit Levels and Benefit Structuring
- Policy Decision 8: Types of Forest Owners Eligible to Receive REDD+ Benefits
- Policy Decision 9: Strengthened Law Enforcement for Performance-Based Distribution
- Policy Decision 10: Participatory Monitoring
- Policy Decision 11: Design of a Socially Acceptable Recourse Mechanism
- Policy Decision 12: Timing of fund disbursement
- Policy Decision 13: Institutional structure for a performance-based sub-national distribution of REDD+ benefits
- Policy Decision 14: Auditing of financial transactions
- Policy Decision 15: Non-discrimination against women
- Policy Decision 16: Freedom of information
- Policy Decision 17: Engagement with anti-corruption agencies

POLICY DECISION 1: ORGANIZATION OF REDD+ BENEFIT SHARING IN VIET NAM

ISSUE TO BE ADDRESSED

International negotiations on REDD+ continue, so as yet there is no clarity on many issues concerning the form and institutional arrangements that will apply. However, as a possible component of a new financial mechanism under the UNFCCC, it is clear that REDD+ revenues will be generated

	<p>through a process of national accounting and national reporting. Therefore the role of central government in administering REDD+ in Viet Nam is clear.</p> <p>However net emission reductions are to be converted into REDD+ revenues, a number of key questions need to be resolved. These include:</p> <ul style="list-style-type: none"> • Responsibility for managing certified net emission reductions • Responsibility for planning and managing REDD+ interventions at sub-national (local) level
RECOMMENDED PRINCIPLE OR POLICY TO BE ADOPTED	<p>The GoV will be responsible for converting certified net emission reductions into REDD+ revenues, and therefore for distributing the resulting revenues to sub-national entities and to the ultimate beneficiaries in a transparent, equitable and cost-efficient manner.</p> <p>Planning of REDD+ interventions will be integrated into the national and sub-national socio-economic development process, rather than based on <i>ad hoc</i> project proposals.</p>
CURRENT STATUS AND ACTIONS REQUIRED TO CONFIRM POLICY OPTION	<p>These policies have been considered by the GoV, and have effectively been endorsed. However, a formal statement of these policies needs to be developed, approved and disseminated.</p>

POLICY DECISION 2: LEGAL FRAMEWORK FOR REDD+ IN VIET NAM

ISSUE TO BE ADDRESSED	<p>REDD+ is new to Viet Nam, and international requirements concerning management of REDD+ revenues are likely to require approaches to governance and a degree of legal certainty that have not been encountered in similar schemes such as PFES, or the 661 program. Furthermore, REDD+ brings with it legal concepts that are novel to Viet Nam, such as ownership or rights to forest carbon, as well as questions on attribution of increased forest resources to explicit management of forest resources.</p> <p>Therefore in order to facilitate REDD+ implementation, the legal framework in which REDD+ operates should be equitable, effective and efficient in order to meet international expectations. It should clearly define rights, particularly those of communities living in and around forest areas, a financial mechanism that allows REDD+ funds to reach the local beneficiaries, the fund's governance structure, how funds are monitored, roles, rights, and responsibilities of major stakeholders, etc.</p> <p>Three specific legal issues to need to be addressed as a priority in Viet Nam: (1) The rights to carbon, land and forests, particularly forest allocation and associated land use rights; (2) The coordination of the action of the government authorities involved with REDD+, in particular MARD and MONRE; and (3) Ensuring that all legitimate beneficiaries are recognized, in particular addressing the legal status of local communities. Three options are identified to address these issues:</p> <ol style="list-style-type: none"> a) Implement REDD+ by interpreting only existing legal instruments, without legal reform. b) Enact specific legal instruments to ensure clarity concerning REDD+ and administration of REDD+ revenues, without undertaking broader legal
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	<p>reform.</p> <p>c) Undertake a broad legal reform which addresses all aspects of REDD+ governance and administration of REDD+ revenues.</p>
RECOMMENDED PRINCIPLE OR POLICY TO BE ADOPTED	<p>The current legal environment supports many of the requisite elements for a National REDD+ Programme, but these are not coherent and comprehensive. Under Phase I of the UN-REDD Viet Nam Programme a framework strategy is under development; early discussions with MARD have led to the conclusion that a new legal instrument is required to encompass all elements of the National REDD+ Programme in one government-level decision (i.e. option (b) above).</p>
CURRENT STATUS AND ACTIONS REQUIRED TO CONFIRM POLICY OPTION	<p>Under the current activities of the UN-REDD Programme a framework National REDD+ Strategy document is being developed by a team of national and international consultants. The National REDD+ Strategy document deals with the following issues:</p> <ol style="list-style-type: none"> 1. Land suitability and zoning; 2. Legal framework; 3. Mainstreaming REDD+ into other policy areas; 4. Governance, including budget planning; 5. Ownership and land-use rights; 6. Free, prior and informed consent; 7. Capacity building; 8. Monitoring, reporting and verification; 9. Benefit distribution system, carbon credits and REDD+ finance; 10. Enabling implementation of REDD+ on the ground; 11. FLEGT; 12. Reference Emission Levels and Reference Levels. <p>Effectively, the framework National REDD+ Strategy implements Option B: Enact specific legal instruments to ensure clarity concerning REDD+ and administration of REDD+ revenues, without undertaking broader legal reform. The document is expected to be finalized in April 2011, including a full-scale consultation with stakeholders inside and outside of the Government. Following the recommended principle, the National REDD+ Strategy document will be used to draft a Decree on the establishment of the National REDD+ Program, possibly as a program under the 2006 – 2020 Forest Development Strategy and/or the National Target Program to Respond to Climate Change, to be signed by the Government mid-2011.</p> <p>The National REDD+ Strategy document not only provides a legal context for the National REDD+ Programme, it also defines the roles and responsibilities of state and non-state actors in the implementation of REDD+ in Viet Nam. It will form one of the guiding documents for the UN-REDD Phase II Programme.</p>

**POLICY DECISION 3:
CLASSIFICATION OF REDD+ REVENUES AND CREATION OF A DEDICATED
REDD+ FUND**

ISSUE TO BE ADDRESSED	<p>An appropriate off-budget mechanism needs to be identified which meets international expectations regarding transparency, equity and performance linkage. It is strongly advisable to “fire-wall” REDD+ revenues to prevent co-mingling with other sources of funding. The mechanism needs to be able</p>
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	<p>to accommodate the disbursement of REDD+ revenues to sub-national and local levels, as well as to follow strict monitoring and performance requirements.</p> <p>Several possible mechanisms exist. One example is the FPDF, created in part to manage PFES revenues, and incorporating a national FPDF mirrored by provincial funds and, potentially, district funds. The principle of transparent governance of REDD+ revenues implies the need for broad participation in the governance of the revenues which may be difficult to meet under current arrangements. An option is to create a new, dedicated fund for REDD+ revenue management and distribution.</p>
<p>RECOMMENDED PRINCIPLE OR POLICY TO BE ADOPTED</p>	<p>The GoV should commit to ensuring that the REDD+ Fund is to be governed by a broad-based multi-stakeholder board, and subject to independent external audit.</p> <p>Any requirements embedded in the UNFCCC decision establishing REDD+ need to be incorporated. It may be anticipated that these requirements include elements of stakeholder participation, independent auditing and evaluation, guidelines on retention by the government and modes of benefit distribution.</p>
<p>CURRENT STATUS AND ACTIONS REQUIRED TO CONFIRM POLICY OPTION</p>	<p>MARD has indicated that REDD+ revenues will be managed separately from the government budget, after consulting with officials from the Ministry of Finance. This follows a practice applied to all ODA funding.</p> <p>MARD has also indicated that the option of establishing the National REDD+ Fund as a sub-fund under the FPDF is the preferred solution for REDD+ revenue management and distribution. Assertions have been made that the FPDF regulations allow for separate management arrangements of sub-funds. The UN-REDD Programme will investigate this issue in more detail during 2011, including the definition of regulatory and management structures for REDD+ revenue and distribution thereof.</p> <p>The UN-REDD Phase II proposal makes reference to two types of benefits to participants in the National REDD+ Program:</p> <ol style="list-style-type: none"> 1. Participation payments; to be made when participants deliver evidence of their participation to the MRV system; 2. Performance payments; to be made periodically on the basis of verified net emission reductions. <p>The participation payments are likely to be distributed from the central level directly to the participants, preferably into a bank account in order to facilitate the process and reduce costs.</p> <p>Performance payments – not as regular as participation payments, but potentially much larger – are likely to be managed through a Provincial REDD+ Fund and may be delivered to the participants in a variety of modes, including cash transfers and delivery of services. The decision on how these performance payments are made lies with the participants, but it may be expected that there will be some guidance or requirement to allocate these resources to a purpose that benefits the livelihood of the community (rather than the individual household) and its natural resources, and in line with provincial policies and management plans (e.g. SEDP or forest sector development plan). This could take the form of, for instance, a tree nursery or the establishment of a small workshop to process raw material from the forest</p>

into marketable products.

**POLICY DECISION 4:
SUB-NATIONAL LEVELS AT WHICH REDD+ REVENUES SHOULD BE MANAGED**

ISSUE TO BE ADDRESSED	<p>The government will receive REDD+ revenue from the international community on the basis of verified net emission reductions. These revenues then need to be disbursed to those who have incurred costs in reducing net emissions, with distribution to the ultimate beneficiaries, particularly people living in and around forest areas who have changed their behaviour in response to REDD+ incentives.</p> <p>There are trade-offs to be considered in this regard. The greater the number of hierarchical levels at which revenues are managed, the less cost-effective the mechanism is likely to be. There will tend to be higher implementation costs and a higher risk of rent-seeking and corruption. On the other hand, fewer hierarchical levels make it harder to ensure efficiency and equity in the disbursement, because of the “distance” between the source and target of the funds.</p> <p>The final architecture of the benefit distribution system needs to balance these interests, while being fully compliant with government regulations on financial transactions and UNFCCC or international requirements with regards to equity, participation and transparency.</p>
RECOMMENDED PRINCIPLE OR POLICY TO BE ADOPTED	<p>The principle for implementation should be to place the management for the different tasks at the lowest possible level, but with due regard to efficiency, transparency and manageability. This implies that for the participation payments the management is at the central level – many transactions that are relatively small, on the basis of information contained in the national MRV system – while the performance payments may be administered at the provincial level, such that their application can be assured to be compatible with provincial policies to the extent necessary.</p> <p>Another important principle is the separation between the tasks and responsibilities of individual offices or administrators. Those who are responsible for implementation should not be also responsible for determining the benefits due to the participants.</p>
CURRENT STATUS AND ACTIONS REQUIRED TO CONFIRM POLICY OPTION	<p>The initial design for the National REDD+ Program recognizes that a number of divergent criteria need to be met for establishing a legally sound, transparent and effective management structure.</p> <p>Implementation of the activities of the National REDD+ Program will be the responsibility of MARD, with involvement of other ministries such as MONRE and MPI. The management of the revenue will be the responsibility of the Ministry of Finance (or some other national institution with a legal mandate to manage funds), but making full use of the information gathered by the Program implementation activities.</p> <p>A National REDD+ Fund will be established as part of the National REDD+ Programme, but with an independent management structure. Operational and transactional costs of the National REDD+ Programme, as well as participation payments will be administered at the national level. Performance payments due to participants in a certain province will be transferred to a Provincial REDD+ Fund. Disbursements from the Provincial</p>

REDD+ Fund will be made by the fund managers – likely to be the same ones who are managing the National REDD+ Fund – to the beneficiaries in that province, through some decision-making process sanctioned by the National REDD+ Program.

The UN-REDD Programme will investigate options for fund management in 2011, as well as some piloting in Lam Dong province, to determine the appropriate management structure for the National REDD+ Fund and the Provincial REDD+ Funds.

POLICY DECISION 5: INSTITUTIONS TO BE INVOLVED IN MONITORING REDD+ INTERVENTIONS AND ACTIONS

ISSUE TO BE ADDRESSED	<p>There are four different types of monitoring required for REDD+:</p> <ul style="list-style-type: none"> • Monitoring of net emissions (C-stocks); • Monitoring of REDD+ interventions and actions; • Monitoring of revenue disbursement; • Monitoring of financial transactions (auditing). <p>The range of expertise required is therefore broad. For monitoring of net emissions the main emphasis will be on data collection by participants, with technical agencies such as FPD and the Forest Inventory and Planning Institute (FIPI) involved in quality control and independent monitoring, given their experience in forest resource monitoring at national and local levels.</p> <p>For monitoring of actions at sub-national levels, the provincial (and possibly district) PCs need to be involved. Mass organizations such as the Farmers' Union, Women's Union, and Youth Union may also be involved in REDD+ monitoring since they have branches down to commune/village level.</p> <p>Revenue disbursement and financial transactions are concentrated as much as possible at the central level in order to achieve economies of scale and reduce costs and opportunities for embezzlement and corruption. Monitoring should nevertheless be organized, for which the right organization at each level needs to be identified.</p> <p>The need for comprehensive monitoring needs to be balanced with the transaction costs. Care also needs to be taken to avoid any conflict of interest between the monitoring agency and recipients of REDD+ funding.</p>
RECOMMENDED PRINCIPLE OR POLICY TO BE ADOPTED	<p>Establishment of a comprehensive monitoring process to ensure effectiveness and efficiency across all types of monitoring and at all levels from national to local is recommended. GoV should establish a REDD+ Monitoring Body to oversee and coordinate all REDD+ monitoring. Members of this body should come from Government Inspection, Ministry of Finance, an independent financial auditing company (e.g., Viet Nam National Independent Auditing Company Ltd.), FPD, FIPI, and Vietnamese civil society organizations. Except for the secretariat, members of this body may work part-time in the initial stages.</p> <p>At the provincial level, a similar structure should be established. It is not necessary that members of the provincial body come from the province. For example, civil society organizations or sub-FIPI may be based outside the province. To reduce costs, lower level bodies would not be created; the</p>

	provincial bodies would be responsible for monitoring down to the local level.
CURRENT STATUS AND ACTIONS REQUIRED TO CONFIRM POLICY OPTION	<p>Monitoring of the National REDD+ Programme will be comprehensive and tightly integrated with the information management system. While the monitoring will be centrally organized and follow a functional structure, it needs to be pervasive down to the lowest level, which requires the involvement of established institutions such as the mass organizations.</p> <p>The National REDD+ Strategy document includes aspects of monitoring of the various components of the National REDD+ Program. Separate monitoring functions can be identified – as above – each will require its own definition. Monitoring of financial transactions, in particular, needs to be completely independent from the implementing organizations, including MARD, and is likely to be subject to detailed government regulations on financial transactions and auditing.</p> <p>The UN-REDD Phase II Programme is proposing activities that address various types of monitoring for the National REDD+ Programme, in particular on biomass (using the MRV criteria), implementation and forest management activities and benefit distribution.</p>

POLICY DECISION 6: REVENUE RETENTION BY GOVERNMENT AND ADMISSIBLE COSTS

ISSUE TO BE ADDRESSED	<p>Administration of a benefit distribution system incurs transaction and operational costs. The former include the costs of linking measured emission reductions to specific stakeholder actions, while the latter include costs of managing the National REDD+ Fund, recourse mechanism, auditing costs, etc. While these costs should rightly be covered from REDD+ revenues, there is also an obvious need to ensure that as large a proportion as possible of the REDD+ revenues are used to secure emission reductions – i.e., in performance payments to participants. An effective National REDD+ Programme also requires that the revenues retained by government to cover transaction and operational costs should be transparently managed and clearly justified.</p> <p>There are therefore two main options in establishing government revenue retention – an approach based on actual costs, or one based on a fixed (and publically known) percentage of gross REDD+ revenues. The latter approach is simpler to establish and manage, but can potentially result in a much larger amount being retained compared with actual costs.</p> <p>In the case of PFES, the approach adopted so far has been to specify a fixed percentage of gross revenues (10% at each level of government administering the funds; in the case of PFES, which involves central and provincial levels of administration, this means a total of 19%).</p>
RECOMMENDED PRINCIPLE OR POLICY TO BE ADOPTED	As part of its commitment to establishing a world-class benefit distribution system, the GoV should indicate that the revenues to be retained by government will be based on a fixed percentage of gross REDD+ revenues, but that the percentage will be established on the basis of detailed studies of actual costs, with the information used in, and the results of the study being publically available. Any subsequent revisions in the percentage of retained

	revenues should likewise be justified by a new, publically available study.
CURRENT STATUS AND ACTIONS REQUIRED TO CONFIRM POLICY OPTION	The magnitude of transaction and operational costs need to be determined by a detailed, publically available study. Such a study, funded by the UN-REDD Programme, system is about to commence. It is likely that the study will conclude that actual costs cannot be estimated with any accuracy until piloting has been implemented in several provinces. Therefore, a suitable approach, based on past experience with PFES, would be for the GoV to indicate that retention will be limited to 10% of revenues initially (for each hierarchical layer of the system), and will subsequently be adjusted to reflect actual expenditures based on experiences generated during piloting.

POLICY DECISION 7: LOCAL BENEFIT LEVELS AND BENEFIT STRUCTURING

ISSUE TO BE ADDRESSED	<p>Local-level benefits for avoided deforestation and forest degradation, and for conservation, sustainable forest management and enhancement of carbon stocks, should ideally compensate at least the implementation and opportunity costs incurred to provide clear incentives to land and resource users to change practices. Current procedures for calculating benefits for forest conservation and the provision of environmental services in Viet Nam do not reflect the variation in costs. They also do not balance the need for monetary and non-monetary incentives. In addition, they are not based on performance, and some level of elite capture has been observed. Due to the highly specific nature of opportunity costs, as well as implementation costs, it is recognized that there are practical limitations on making these estimates for all REDD+ participants.</p> <p>Benefit structuring can also be designed to meet social goals in parallel with rewarding performance. This is the intent of the K-factors³ developed by PFES pilot projects, although difficulties in due to technical issues and weak capacities of local authorities, and in delivering benefits based on K-Factors remain. As REDD+ is expected to address local social and economic needs while rewarding performance, similar considerations should be incorporated into REDD+ benefit structuring. However, REDD+ considerations will not be the same as those applicable to PFES as there are additional actors influencing the criteria used for benefit structuring, notably international investors.</p> <p>Village communities can receive forest land under the 2004 Forest Protection and Development Law, but they are not recognized as legal entities under the 1995 and 2005 Civil Codes. This lack of legal recognition constrains the ability of communities to hold bank accounts and to receive direct REDD+ benefits. Community Forestry Management projects have in the past developed various <i>ad hoc</i> solutions in response to the lack of legal recognition. However, these have often prevented communities from playing an independent role in determining the use of payments or non-monetary</p>
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³ “K-factors” are weighting coefficients, which have been used to calculate household-level PFES payments. K-factors are based on different environmental and geographic conditions, and serve as a mechanism to promote equity by rewarding those who are generating a higher quality services. Under PFES, K-factors are usually calculated based on 4 variables: 1. Forest type; 2. Forest origin; 3. Forest quality; and 4. Level of difficult associated with management (effort)

**POLICY DECISION 7:
LOCAL BENEFIT LEVELS AND BENEFIT STRUCTURING**

	incentives received.
RECOMMENDED PRINCIPLE OR POLICY TO BE ADOPTED	As part of its commitment to establishing a world-class benefit distribution system, the GoV should adopt in the first instance a transparent performance-based system that provides all stakeholders which successfully reduce emissions with equal performance payments per unit of net emission reductions. These payments can subsequently be amended to reflect social or other environmental goals by application of carefully constructed R-coefficients. Benefits also need to address issues of elite capture (see Policy Decision 17) and the lack of legal recognition of local communities (See Policy Decisions 2 and 8).
CURRENT STATUS AND ACTIONS REQUIRED TO CONFIRM POLICY OPTION	<p>The magnitude of implementation and opportunity costs need to be determined by a detailed study for different areas, groups, production systems and ecological conditions, and be publicly made available. This is crucial in order to assess the attractiveness of eventual REDD+-benefits.</p> <p>To mitigate elite capture, the GoV should develop general guidelines agreed upon by different stakeholders on the way benefits should be used by communities; third-party monitoring and evaluation and recourse mechanisms should be established to make sure community members, particularly the poor and most vulnerable, benefit.</p> <p>Based on experiences with K-Factors, R-coefficients are to be developed. Their use and impacts are to be analyzed in the pilot districts for further refinement. Capacity-building of local stakeholders needs to go hand-in-hand with the testing.</p> <p>Options for recognizing communities as legal entities need to be reviewed.</p>

**POLICY DECISION 8:
TYPES OF FOREST OWNERS ELIGIBLE TO RECEIVE REDD+ BENEFITS**

ISSUE TO BE ADDRESSED	Most benefit distribution programmes in Viet Nam target benefits to individual households, state-owned companies and protected area management boards. However, there are problems with such an approach, including 1) unclear, contested or overlapping rights to forest carbon and 2) the possibility of conflict resulting from some households receiving benefits and other not. Many of these problems of rights can be avoided by targeting benefits to village communities, which may better positioned to produce rapid gains in carbon stocks than other types of forest manager. However, currently targeting communities faces a legal constraint as the community is not a legally recognized entity under the Civil Code. They are thus not able to hold bank accounts or be held accountable for violations against forest protection contracts.
RECOMMENDED PRINCIPLE OR POLICY TO BE ADOPTED	<p>GoV should address the legal constraints that prevent village communities being eligible to receive REDD+ benefits under the same conditions as Forest Companies, PAMBs and individual households.</p> <p>This will allow GoV to maximize the carbon revenues received from the international community and simultaneously add to the overarching goal of poverty alleviation. The GoV should also establish a policy for PFMBs and PAMBs that REDD+ revenues will only lead to a reduction in state budget</p>

**POLICY DECISION 8:
TYPES OF FOREST OWNERS ELIGIBLE TO RECEIVE REDD+ BENEFITS**

	<p>support if the total revenues of the PFMB or PAMB plus their “normal” level of budget support exceeds their estimated costs; whilst establishing safeguards to ensure that this does not create an adverse incentive to slow forest allocation.</p> <p>Extracted from good practices, the following four principles enable communities to provide the foundations for REDD+ actions:</p> <ol style="list-style-type: none"> 1. Communities hold tenure rights 2. Policies are in place that enable groups to protect and manage forests collectively 3. Groups can register as legal organizations 4. Policies are in place that enable interactions with civil society organizations, private companies and other stakeholders
<p>CURRENT STATUS AND ACTIONS REQUIRED TO CONFIRM POLICY OPTION</p>	<p>The current status of the four recommended principles is as follows:</p> <ol style="list-style-type: none"> 1. The 2004 Forest Protection and Development Law enables the allocation of forest land to village communities. 2. The GoV has made significant progress on defining and implementing national policy on the protection of forest by local communities, among others through Circular 70 that provides clear guidelines for the development of Village Forest Protection and Development Regulations (VFPDRs). However, more efforts should be made to develop policies that involve local communities in the management of forests. A TFF-funded CFM project presented suitable management policies for consideration by MARD that are aligned with recommendations from other reviews as well. This should put MARD in a good position for policy formulation. They should take action to initiate a review of existing guidelines from TFF-funded CFM and ODA projects, involving representatives from all levels of government and major CFM donors and learning from local experiences, to develop enabling policy framework. 3. Since village communities have not been recognized as legal organizations, there are doubts about their ability to receive REDD+ benefits. For example, they cannot hold bank accounts or engage in contractual arrangements with non-state actors. Neither can any individuals be held responsible for breaches of contracts conducted by the communities. Instead of initiating a process that will require major legislative changes, communities should rather look to registering as cooperatives. Decree 151 defines cooperatives as legal entities. MARD should thus work with the Ministry of Justice to simplify the existing procedures for the registration of village forest cooperatives under the Law on Cooperatives. 4. The GoV has so far not paid attention to the involvement of CSOs and private companies in CFM. This has allowed some CSOs and private companies to develop new ways of supporting local communities, yet it has also led to complaints by local people over companies’ practices. MARD should initiate a consultation process with representatives from all levels of government, major CFM donors, CSOs, and private companies on the development of enabling regulations for the

**POLICY DECISION 8:
TYPES OF FOREST OWNERS ELIGIBLE TO RECEIVE REDD+ BENEFITS**

involvement of CSOs and private companies in CFM through the FSSP.

Questions to look into:

- 1) Although the village communities might not have any legal recognition, households might still want to cooperate on a commune level although their titles are held at a individual level.
- 2) According to IUCN, provinces are reluctant to grant tenure to communities/individuals who cannot be held responsible for their. actions

**POLICY DECISION 9:
STRENGTHENED LAW ENFORCEMENT FOR PERFORMANCE-BASED
DISTRIBUTION**

ISSUE TO BE ADDRESSED	<p>Forest law enforcement continues to be weak in Viet Nam. In particular, issues such as illegal logging and encroachment have the effect of counteracting other initiatives undertaken to reduce emissions. Without more effective forest law enforcement, the risk exists that stakeholders who are successful in reducing emissions go unrewarded due to the non-performance of others who are responsible for illegal activities.</p> <p>Many upland communities continue to depend on forests for their livelihood. The forests on which they depend, however, have often been allocated to government agencies for management under statutory law. Nevertheless, communities continue to follow customary practice in their traditional forest areas, which brings them into conflict with statutory laws.</p> <p>Customary laws often bring along a strong monitoring and enforcement system, often better functioning than statutory law enforcements. An issue is that customary benefit-sharing arrangements lack the formality of statutory law. The statutory legal system lacks appropriate indicators for, and mechanisms for local participation in, monitoring for legal compliance. Weak monitoring and enforcement of forest regulations tend to encourage abuse of the law. As a matter of fact, there is limited access by villagers to information on forest management regulations. Once local people lose confidence in customary land tenure, and view forest resources as public assets, they no longer feel obliged to manage forest assets legally and sustainably.</p>
RECOMMENDED PRINCIPLE OR POLICY TO BE ADOPTED	<p>GoV should develop structures for effective forest law enforcement. These will most likely include a Central Forest Inspectorate with a hotline for reports on illegal operations and complaints about local law enforcement activities. In the short term, GoV may have to define the conditions (such as timely reporting) under which benefit recipients are exempt from liability for non-performance due to factors beyond their control.</p> <p>Focus needs to be on preventive measures, such as to disseminate information about statutory laws. Local people often have limited knowledge about existing legal requirements. Vice versa, limited knowledge of customary law among government officials impedes their ability to develop effective community forest management policies. An alignment of customary and statutory laws would be very useful.</p> <p>A principle that would ease the problems with law enforcement would be to speed up the process of allocating land to local communities. A transparent</p>

**POLICY DECISION 9:
STRENGTHENED LAW ENFORCEMENT FOR PERFORMANCE-BASED
DISTRIBUTION**

	allocation process would also address problems with elite capture.
CURRENT STATUS AND ACTIONS REQUIRED TO CONFIRM POLICY OPTION	Recent experiences with community-based law enforcement require assessment and translation into national regulations. The new Viet Nam Administration of Forestry and forest protection units at the district and provincial levels will need technical assistance to improve their capacities. The REDD+ pilots should make appropriate law enforcement a central component of project design from the beginning. They will indicate ways to determine the liability of forest managers under different circumstances.

**POLICY DECISION 10:
PARTICIPATORY MONITORING**

ISSUE TO BE ADDRESSED	<p>Participatory monitoring creates a culture of questioning (or social control) and acts as a catalyst for learning about the landscape and the cycle of planning, action, assessment, and learning. It also builds confidence in the overall system and a sense of equity and transparency, and strengthens the understanding and commitment of stakeholders, while providing a degree of comfort to investors that REDD+ is sustainable.</p> <p>Monitoring involves more than just carbon. There are (at least) four focal areas of monitoring required for REDD+: performance (emissions); interventions; disbursement; and financial transactions. The last of these is basically auditing, but stakeholders can potentially play a role in each of the other forms of monitoring. Stakeholders can certainly monitor the condition of the forest, as a contribution to emissions monitoring, and are especially valuable in identifying, reporting, and monitoring the interventions required for REDD+, and in monitoring disbursements.</p> <p>Introducing an element of participation in each of these types of monitoring also contributes to an effective Recourse Mechanism (see Policy Issue 11). However, GoV has limited experience with participatory monitoring approaches, so experiences and lessons from other countries will need to be used in establishing appropriate approaches for the National REDD+ Programme in Viet Nam. The costs of participatory monitoring are part of the transaction costs of the programme (see Policy Issue 6).</p>
RECOMMENDED PRINCIPLE OR POLICY TO BE ADOPTED	Consistent with its stated goal of international leadership on REDD+, GoV should embrace the concept of participatory monitoring and incorporate measures to ensure participatory monitoring in the REDD+ decision/decreed. Civil society must participate in formulation and decision making on independent participatory monitoring. Clearly defined roles for different stakeholder groups (communities, Forestry Companies, etc.) should be identified and incorporated into the National REDD+ Strategy, taking account of their different capacities. Currently, Vietnamese civil society organizations, particularly at the grassroots level, have very weak capacity and limited networking. They can play a role at the district level, but mass organizations such as the Women’s Union and Farmers’ Union are better able to contribute at the grassroots level. International NGOs could be engaged at the national level to ensure the overall implementation of participatory M&E.

	Capacity-building activities should be undertaken to ensure stakeholders are able to perform their tasks effectively.
CURRENT STATUS AND ACTIONS REQUIRED TO CONFIRM POLICY OPTION	Piloting of participatory monitoring of forest condition by communities, funded by the UN-REDD Programme, is about to commence. As a contribution to the development of the National REDD+ Strategy, currently underway, an action plan for participatory monitoring by different stakeholder groups should be developed, based on experiences in other countries, and supported by a costed capacity-building programme, to be implemented before the National REDD+ Programme commences.

**POLICY DECISION 11:
DESIGN OF A SOCIALLY ACCEPTABLE RECOURSE MECHANISM**

ISSUE TO BE ADDRESSED	<p>Any BDS, however well designed, will inevitably give rise to complaints by those who think that they have not been rewarded appropriately and/or are losing out to free-riders who receive benefits but have made no contribution to forest protection and reducing carbon emissions.</p> <p>An effective recourse mechanism should encompass a number of measures. The first element of such a mechanism should include measures to avoid the unnecessary proliferation of complaints. Thus, measures such as Participatory Monitoring (see Policy Issue 10) and Freedom of Information (see Policy Issue 17) are essentially elements of an effective recourse mechanism.</p> <p>However, these need to be supplemented by additional measures to allow complaints to be made and to address these complaints in a fair, transparent and non-threatening manner. As in many societies, achieving a degree of comfort among stakeholders in a system is easier if the system itself is not managed entirely by the government.</p>
RECOMMENDED PRINCIPLE OR POLICY TO BE ADOPTED	<p>The recourse mechanism must be grounded in principles of mediation and interest-based negotiation common to the field of alternative dispute resolution (ADR). ADR approaches emphasize creating an enabling environment for inclusive decision-making and generation of locally owned decisions, and ultimately focus on empowering parties to participate in a process that is fair, principled, and robust.</p> <p>There are circumstances when interest-based conciliation approaches are not appropriate or desirable to one or the other party in a dispute. Under these circumstances, arbitration or judicial recourse may be more appropriate after careful consideration. Clearly, any recourse mechanism incorporating mediation or other interest-based processes must be grounded in a framework of ethics and principles that should not be violated. The recourse mechanism for REDD+ should be:</p> <ul style="list-style-type: none"> • Legitimate: having clear, transparent, and sufficiently independent governance structures to ensure that no party to a particular recourse process can interfere with the fair conduct of that process. • Accessible: being publicized to those who may wish to access it and provide adequate assistance for aggrieved parties who may face barriers of access, including language, literacy, finance, distance, or fear of reprisal. • Predictable: providing a clear and known procedure, with time-frames for each stage; clarity on the types of process and outcome it can (and cannot)

	<p>offer; and a means of monitoring the implementation of any outcome.</p> <ul style="list-style-type: none"> • Equitable: ensuring that aggrieved parties have reasonable access to sources of information, advice, and expertise necessary to engage in a recourse process on fair and equitable terms. • Rights-compatible: ensuring that its outcomes and remedies accord with internationally recognized human rights standards. • Transparent: providing sufficient transparency of process and outcome to meet the public interest concerns. Non-state mechanisms in particular should be transparent about the receipt of complaints and the key elements of their outcomes.
<p>CURRENT STATUS AND ACTIONS REQUIRED TO CONFIRM POLICY OPTION</p>	<p>The decision/decreed establishing the National REDD+ Programme needs to incorporate measures to ensure the participation of administrative bureaucracy and cooperation of an international NGO (Action Aid and Oxfam GB are recommended) at national level, while Vietnamese civil society organizations are empowered to participate from provincial level to national level. At grassroots level, the decision/decreed should authorize the involvement of indigenous individual people, and participation of mass organizations such as the Women’s Union, the Farmers’ Union, the Veterans’ Association, and the Youth Union.</p>

**POLICY DECISION 12:
TIMING OF FUND DISBURSEMENT**

<p>ISSUE TO BE ADDRESSED</p>	<p>Under a UNFCCC REDD+ mechanism REDD+ benefits will be made ex post facto or “on delivery” of verified reports of emission reductions, according to a reporting schedule yet to be determined, but likely to be yearly or biennially. The gap between achieving the emissions reduction, verification of the report, and conversion of the performance credits into revenue, while unknown, is potentially quite significant. Therefore, without measures to address this problem, participants may face a prolonged period of carrying the costs, which is particularly onerous for local communities.</p> <p>“Participation payments” – for example, payments for participatory monitoring, can help to even out the flow of funds, but also disbursement from the National REDD+ Fund does not need to follow the UNFCCC-defined reporting and verification schedule. There are obviously a wide range of options from disbursements following the UNFCCC schedule exactly, to monthly benefits. These extremes are unlikely to be viable, the first representing too great intervals between benefits, and the second incurring unreasonable operational costs. Some intermediate arrangement is likely to be optimal .</p> <p>KfW has supported a series of CFM projects in different provinces of Viet Nam, with the aim to improve local livelihoods and forest conditions. Before revenue derived from timber harvesting becomes available, more recent KfW projects (such as KfW6) financially compensate members of the community for their labour in forest protection. KfW6 developed a mechanism for forest protection with close collaboration with the local administration, and the Bank for Social Policies (Ngân hàng Chính sách Xã hội; BSP). Under this mechanism, benefits to communities for forest protection were made conditional upon their forest protection outcomes. Benefits are made through conditional savings books, by which withdrawals can be made conditional on</p>
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	compliance with specific contractual obligations, such that benefits are evened out over the project period.
RECOMMENDED PRINCIPLE OR POLICY TO BE ADOPTED	The timing and frequency of REDD+ performance payments made within Viet Nam should be phased to start when actions to reduce deforestation are first initiated, and subsequently disbursed on a regular basis so as to match the timing of costs incurred and to provide a regular flow of benefits to participants. The use of “participation payments” is one mechanism to achieve this result. The conditional savings book approach, pioneered by KfW in collaboration with BSP, provides a tested and effective mechanism to allow performance payments to be evened out over time, irrespective of the scheduling of revenue generation.
CURRENT STATUS AND ACTIONS REQUIRED TO CONFIRM POLICY OPTION	<p>The National REDD+ Fund (see Policy Decision 2) needs to be designed in such a way as to permit participation payments to be made as soon as the National REDD+ Programme commences. ODA support needs to be mobilized for these initial participation payments; subsequently REDD+ revenues can be used.</p> <p>Operation of the National REDD+ Fund should include benefit disbursement through the BSP, using the conditional savings book approach, so as to even out performance payments over time.</p>

POLICY DECISION 13
INSTITUTIONAL STRUCTURE FOR A PERFORMANCE-BASED
SUB-NATIONAL DISTRIBUTION OF REDD+ BENEFITS

ISSUE TO BE ADDRESSED	<p>A failing institutional design is a key lesson from the weak performance of Program 661 projects in Viet Nam where district-level FPUs and Forestry Companies often combine the tasks of implementation and enforcement. As indicated in Policy Decision 4, there needs to be a clear separation between the functions of administering the National REDD+ Programme activities and the management of benefits through the National and Provincial REDD+ Funds. Other than issues of performance, this is a requirement under State and international accounting regulation and practice.</p> <p>Options initially identified include:</p> <ol style="list-style-type: none"> 1. GoV enables district-level FPUs to receive benefits and puts another agency in charge of enforcing their compliance with forest regulations and contractual conditions. 2. GoV mandates district-level FPUs to monitor and enforce benefit recipients’ compliance with forest regulations and contractual conditions, ruling them out as a benefit recipient.
RECOMMENDED PRINCIPLE OR POLICY TO BE ADOPTED	<p>Separation of functions will be strictly enforced. This implies that any particular organization can only undertake one of the critical functions of the National REDD+ Programme:</p> <ol style="list-style-type: none"> 1. Coordination of implementation of Programme activities. 2. Monitoring of compliance. 3. Benefit distribution. <p>Organizations that participate in any of these functions should never be eligible for REDD+ benefits, as that would create a conflict of interest. Effectively, this rules out any State Agency as a recipient as these will in all</p>

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	<p>likelihood be entrusted with management of one of the above functions. Forest Companies – a large majority of which is still state-owned, even if at arm’s length – might be a recipient, but only to the extent that they deliver services to participants in the National REDD+ Programme that operate under some form of management agreement on the lease area of the Forest Company; in other words, an indirect payment on the basis of services delivered.</p>
<p>CURRENT STATUS AND ACTIONS REQUIRED TO CONFIRM POLICY OPTION</p>	<p>UN-REDD Phase I undertook further studies to identify the National and Provincial REDD+ Fund options and (management) structures, in 2011. In the proposal of the UN-REDD Phase II Programme a brief description is given of the potential structure of the National REDD+ Program and the REDD+ Fund subjugated to that.</p> <p>One of the options that will be explored is to design the National REDD+ Fund as a sub-fund under the FPDF. The FPDF has an option to establish provincial funds and three have been established in Son La, Lam Dong and Nghe An provinces. There is the requirement to establish a separate set of regulations for the REDD+ Funds to enable, for instance, stakeholder participation in Fund management.</p> <p>It is most likely that the National REDD+ Fund will be managed by the Ministry of Finance or some other State Agency with a mandate to manage funds. The Ministry of Finance, like other Ministries, has representation at provincial level through the Department of Finance (DoF). An institutional arrangement with DoF in charge of provincial Fund management and policy direction from the PPC would satisfy the separation of functions that is required, with the National REDD+ Programme maintaining an influence over the policy (but not the implementation) through its support to the PPC and provincial agencies on REDD+ integration in provincial SEDP and Forest Development and Protection Plans.</p>

POLICY DECISION 14:
AUDITING OF FINANCIAL TRANSACTIONS

<p>ISSUE TO BE ADDRESSED</p>	<p>Financial transactions for REDD+, must be audited to ensure that revenues are disbursed according to established policies, and that there is no diversion of funds or unnecessary hold-up in disbursement. Financial processes must meet standards for probity in both GoV and international stakeholders. Investors and carbon offset purchasers will require independent confirmation that financial transactions are undertaken properly, so an audit function is needed. In the absence of this sort of third-party verification access to the REDD+ market mechanisms will not be possible. This is similar to the third-party financial audit role as already practiced by the ‘big five’ auditing firms and others.</p>
<p>RECOMMENDED PRINCIPLE OR POLICY TO BE ADOPTED</p>	<p>Since auditing of financial transactions will be critical for credibility and is likely to be a pre-requisite for large scale investment, adopting any norms and standards other than those imposed or expected by international stakeholders, especially the UNFCCC and potential REDD+ investors or fund managers</p>

	will endanger REDD+ revenue flows. Consequently, GoV should confirm that REDD+ revenue disbursement will be subject to independent external auditing.
CURRENT STATUS AND ACTIONS REQUIRED TO CONFIRM POLICY OPTION	<p>The GoV should develop guidelines to be used to ensure the application of relevant international standards, norms and procedures for auditing of REDD+ financial flows. Although no formal statement by the GoV has been made yet, there are clear indications that the GoV is committed to independent external auditing, as per the recommendation above.</p> <p>Guidelines have yet to be developed, but can largely rely on existing guidelines for other funds subject to independent external audit .</p> <p>A comprehensive awareness raising and training programme needs to be undertaken to ensure that all officials potentially involved in disbursement of REDD+ revenues are aware of the policies and procedures for disbursement and the intent to apply international standards of auditing to financial management. Awareness-raising of the implications of independent external audit needs to be integrated with the broader awareness-raising required for REDD+, and particularly linked with awareness-raising on other corruption safeguards (see Policy Issues 16 and 17).</p>

POLICY DECISION 15: NON-DISCRIMINATION AGAINST WOMEN

ISSUE TO BE ADDRESSED	<p>Viet Nam was one of the first countries in Asia to ratify the Convention to Eliminate All Forms of Discrimination Against Women (CEDAW). Article 14 of the CEDAW calls particular attention to problems faced by rural women and for States Parties to ensure that women have rights relating to:</p> <ul style="list-style-type: none"> • Participation in the elaboration and implementation of development planning at all levels; • Obtaining all types of training and education, formal and non-formal; • Obtaining equal access to economic opportunities through employment or self-employment; • Having access to agricultural credit and loans, marketing facilities, appropriate technology and equal treatment in land and agrarian reform; <p>Despite this, rural women in Viet Nam do not have full equality with rural men, so there is a need to ensure that REDD+ Benefit Distribution actively ensures non-discrimination against women.</p>
RECOMMENDED PRINCIPLE OR POLICY TO BE ADOPTED	<p>Based on their specific use of the forest, both women and men should have equal opportunities to take advantage of the benefit distribution system. Empowering women through assigning them a more active role in BDS activities will bring substantial added value to society. However, there needs to be a clear understanding of local norms and customs concerning women's use of and access to the forest. When introducing new legislation in Viet Nam, a social and gender impact assessment needs to be undertaken as required by the Law of the Laws. The adoption of the forthcoming National REDD+ Programme would require such a study to be initiated. When it has been documented how women's rights, responsibilities and values differ from men's, a more effective BDS can be designed and come into action.</p> <p>Key activities to maintain a momentum on gender mainstreaming should</p>

	include entitled representation of women or women’s organizations in main decision-making/advisory bodies, both at district and higher levels. District and provincial social and economic development plans (SEDP) that form the basis of how forest resources will be managed should recognize women’s and men’s different use of the forest. Based on that, women should be recognized as important forest users and be involved in the development of forest user plans.
CURRENT STATUS AND ACTIONS REQUIRED TO CONFIRM POLICY OPTION	<p>As a part of the UN-REDD Programme Phase II, social and gender impact assessments will be undertaken at national, as well as provincial levels. However, similar assessments, that includes the beneficiaries of the performance benefits, should be conducted at household and commune levels.</p> <p>Women’s role as forest users will also be given attention in Phase II. Specifically, it is planned to develop forest user plans and subsequently that they be incorporated into district level SEDPs as targets. Based on verified reductions of emissions, performance benefits will be made to the participating women. Participation of women or women’s organizations in key decision-making bodies or in advisory bodies are yet to be established – the necessary processes need to be put in place.</p>

POLICY DECISION 16: FREEDOM OF INFORMATION

ISSUE TO BE ADDRESSED	<p>Freedom of information is one of the key solutions of the “National anti-corruption strategy until 2020” (Solution 1.5). Also, Article 10 of the United Nations Convention against Corruption, to which Viet Nam became a Party on 19 Aug 2009, requires States Parties to take measures to adopt procedures or regulations allowing members of the public to obtain information on the organization, functioning and decision-making processes of public administration.</p> <p>Freedom of information is a pre-requisite of efforts to combat corruption. In the context of REDD+, information relating to changes in forest carbon stocks, performance metrics of sub-national implementation units, actual costs and cost norms for REDD+ transaction and operational costs, reports to the UNFCCC and other bodies, revenue receipts, revenue disbursement records, monitoring reports, audit reports and others need to be accessible for citizens.</p>
RECOMMENDED PRINCIPLE OR POLICY TO BE ADOPTED	The GoV should confirm that the REDD+ benefit distribution system will conform with the “National anti-corruption strategy until 2020”, and publicize the information which will be accessible by citizen, and the procedures by which such information can be simply and effectively accessed.
CURRENT STATUS AND ACTIONS REQUIRED TO CONFIRM POLICY OPTION	The National REDD+ decision/decreed needs to include the commitment recommended above, and to describe the information to be available and procedures to used. The UN-REDD Phase II Programme can pilot such procedures, and lessons learned can be used to refine and improve the procedures for scale-up to full national implementation.

**POLICY DECISION 17:
ENGAGEMENT WITH ANTI-CORRUPTION AGENCIES**

ISSUE TO BE ADDRESSED	<p>The potentially large volumes of REDD+ revenues flowing through the BDS are an obvious target for corrupt individuals and corrupt practices. In order to demonstrate cost-efficiency to international investors, there is a need to implement safeguards against corruption. Article 6 of the United Nations Convention against Corruption, to which Viet Nam became a Party on 19 Aug 2009, requires States Parties to establish an independent body or bodies to implement anti-corruption policies and to disseminate knowledge on corruption prevention. There is an array of institutions taking part in the fight against corruption in Viet Nam as part of the national integrity system. Priority focus should therefore be given to ensuring that the REDD+ Benefit Distribution System is linked to the work of institutions such as the Government Inspectorate, the State Audit, the People’s Procuracy, the Central Inspection Commission of the Communist Party of Viet Nam and the National Anti-Corruption Steering Committee..</p>
RECOMMENDED PRINCIPLE OR POLICY TO BE ADOPTED	<p>The GoV should prepare an explicit policy statement to the effect that the REDD+ BDS will be closely aligned with the “National anti-corruption strategy until 2020”. Specifically, the GoV will ensure that the BDS system:</p> <ul style="list-style-type: none"> • is transparent in the process of formulating policies and decisions related to BDS (Solution 1.2 of the Strategy). • ensures the right to information and punitive action against those who violate that right (Solution 1.5) (see Policy Decision 16). • applies well defined delegation and clear and non-overlapping functions, duties and powers of each agency (Solution 2.1). • ensures effective training of all involved officials (Solution 2.3). • is based on publicized cost norms and standards (Solution 2.5) (see Policy Decision 6). • incorporates mechanisms to protect whistle-blowers (Solution 5.5) (see Policy Decision 11).
CURRENT STATUS AND ACTIONS REQUIRED TO CONFIRM POLICY OPTION	<p>Many elements of effective anti-corruption measures are already addressed through other Policy Decisions, especially 5, 10, and 17). Other elements are at least partly addressed. For example, transparency in policy formulation results from publication of the background studies used in design of the BDS. Up to now, these are only available publically in English, but need to be made public in Vietnamese. Other measures, such as training of officials, need to be incorporated into the design and implementation of the National REDD+ Programme.</p>