

## INTEGRATED SAFEGUARDS DATA SHEET (ISDS) CONCEPT STAGE

### VIETNAM: FCPF REDD+ READINESS GRANT

Report No.: 73609

**Date ISDS Prepared/Updated: 18/10/2012**

#### I. BASIC INFORMATION

The Forest Carbon Partnership Facility (FCPF) is a global partnership which assists developing countries in their efforts to reduce emissions from deforestation and forest degradation, sustainably manage forests and conserve and enhance forest carbon stocks (REDD+). The FCPF has created a framework and processes to help countries get ready for future systems of financial incentives for REDD+. Using this framework, each participating country develops a REDD+ Readiness Proposal (R-PP), the key elements of which include the reference scenarios, adoption of a REDD+ strategy, monitoring systems and setting up of REDD+ national management arrangements, in ways that are inclusive of the key national stakeholders. Vietnam's R-PP was prepared and endorsed by the FCPF in 2010. A subset of the R-PP activities will be financed from the FCPF REDD+ Readiness Grant which is in the amount of USD3.8million.

Much of Vietnam's forest cover was lost in the last century, declining from an estimated 43% in 1943 to 20% in 1993. More recently Vietnam has made considerable efforts and investment to increase overall forest cover. According to official statistics, the actual forest area in Vietnam has increased to 13.6 million ha in 2009 (about 39% of the land area) from 9.2 million ha in 1992. Although an aggregate increase in forest cover is reported, this conceals high levels of deforestation in certain parts of the country, as well as widespread deterioration in forest quality. In terms of what is driving deforestation and forest degradation, this is highlighted in the R-PP as primarily the conversion of forests for agricultural purposes, unsustainable (and sometimes illegal) logging activities, infrastructure development, and man-made forest fires. Root causes include issues such as demographic changes, inequality and poverty, public policies, as well as broader questions of governance and social change and development choices.

The R-PP identified the strategic options for addressing deforestation and forest degradation which include (i) Land use planning and zoning; (ii) Forest use right allocation process; (iii) Forest policy, legislative and administrative reform; (iv) Enforcement of planning and environmental requirements; (v) Promote alternatives to forest conversion and forest degradation; and (vi) Establishment of a transparent and equitable benefit sharing mechanism. Progress is being made in a number of these areas and the FCPF Grant will build on the existing works to especially further examine the drivers, land use planning and land tenure. The Grant will also support the policy review to identify gaps and needed policy reforms relating to State Forest Enterprises. Works on benefit sharing distribution mechanism had been initiated and the

Grant will enhance the mechanism by supporting the design and testing of a national feedback and grievance redress mechanism (a recourse system) for the REDD+ implementation.

The FCPF Readiness Preparation grant activity (referred to as “Project” in the ISDS) will finance some of this preparatory work; it will not finance any implementation of REDD+ activities on the ground (e.g., investments or pilot projects).

#### A. Basic Project Data

Country: <b>Vietnam</b>	Project ID : P124584	
Project Name: Vietnam – FCPF Readiness Grant		
Task Team Leader: Lan Thi Thu Nguyen		
Estimated Appraisal Date: N/A	Estimated Board Date: N/A	
Managing Unit: EASVS	Lending Instrument: TF Grant	
Sector: Environment		
Theme: Climate Change and Forestry		
FCPF Amount (US\$m.): US\$ 3.8million		
Environmental Category: <b>B</b>		
Simplified Processing	Simple <input checked="" type="checkbox"/>	Repeater <input type="checkbox"/>
Is this a transferred project	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

#### B. Project Objectives:

The objective of the proposed World Bank/FCPF REDD+ Readiness engagement in Vietnam is to support Vietnam to become ready for future REDD+ implementation by preparing the key elements, systems and policies needed in a socially and environmentally sound manner.

#### C. Project Description:

The FCPF grant will support a subset of the activities that are described in both the R-PP and NRAP but are those that are considered to be of the highest priority for achieving readiness for REDD, taking into account other donor-supported programs and the World Bank’s own comparative advantage in supporting Vietnam.

The Strategic Environmental and Social Assessment (SESA) and ESMF are of particular strategic value as they apply directly to the policy framework for REDD+ and to future REDD+ projects financed by the Bank, and possibly other donors choosing to follow the ESMF being prepared under the FCPF grant. These safeguard mechanisms will be highly important once Vietnam enters the investment phase of REDD+.

The focus of the World Bank’s engagement on REDD+ in Vietnam, as described in this document, will be to help the Government and its partners to finish preparing the elements which need to be in place in order for the country to access financial incentives from any future agreement on REDD+. The FCPF program supports the following six components:

- Component 1: Analytical studies and development of capacities for the effective and efficient REDD+ implementation at national and provincial level.
- Component 2: Policies review, studies and development of user-friendly guidance materials on SFC reform for REDD+ service provision.
- Component 3: Stakeholder consultation and regional cooperation; and Strategic Environmental and Social Assessment (SESA) in connection with the refinement of national and sub-national REDD+ strategy options.
- Component 4: Project management, and monitoring and evaluation.

Although the FCPF grant does not involve REDD+ investments, a number of World Bank safeguards policies are likely to be triggered by future Bank-financed REDD+ activities in Vietnam. A SESA will be conducted as part of the Readiness process to assess potential impacts from national REDD+ interventions, formulate alternatives and mitigation strategies and enhance the decision-making process around the design of the national REDD+ framework. Based on the SESA analysis and consultations an ESMF will be prepared to guide potential future Bank-financed REDD+ investments toward compliance of the Bank's safeguard policies. GoV and other donors may choose to adopt the ESMF for other financed activities.

The TORs of studies financed under the grant will include provisions to follow Bank policy requirements on Environmental Assessment, Natural Habitats, Forests, Physical Cultural Resources, Involuntary Resettlement and Indigenous Peoples as appropriate. The Grant will be supported by a consultation and public awareness component. This component will cover a wide range of stakeholder consultations at various locations, and build on the REDD+ consultation process that the GoV is already implementing. The objective of consultations will be to achieve the stakeholders' effective participation in relevant analytical work financed under the FCPF grant, in the identification of future investment options, policy reforms, and in the preparation of a final REDD+ Strategy.

Consultations will allow the integration of stakeholder inputs, including inputs from ethnic minorities, into the Grant's analyses and recommendations. The GoV has chosen to adopt the consultation concept of free prior and informed consent based on the UN Declaration on the Rights of Indigenous Peoples, which has already been piloted under Phase I of the UN-REDD Programme in Vietnam. This approach meets the consultation requirements of the Bank's policy on indigenous peoples. Consultations will be inclusive, conducted in local languages as appropriate, and will allow sufficient time for community reaction. Consultations will be undertaken with relevant national, regional and local organizations, including international and national NGOs (e.g. the NGO Ethnic Minorities Working Group), local mass organizations (e.g. Women's Union, Youth Union, Worker's Union) and representatives from the National Committee for Ethnic Minorities. A consultation plan has been drafted as part of the R-PP, to be further elaborated during grant implementation, to ensure that legitimate representatives of ethnic minorities and other forest dependent communities will participate meaningfully in the REDD+ readiness activities, particularly discussions and activities that may affect them. Provisions for

consultations for future REDD+ investments will be included in the ESMF prepared during Grant implementation.

**D. Project location and salient physical characteristics relevant to the safeguard analysis (if known):**

The grant focuses on providing analytical work and technical assistance to the GoV for the development of technical and institutional capacities to participate in a future international REDD+ mechanism. It does not entail specific projects or investments on the ground.

**E. Borrower’s Institutional Capacity for Safeguard Policies:**

The FCPF grant will be managed by the Vietnam REDD+ Office (VRO), under the Ministry of Agriculture and rural Development (MARD). REDD+ related safeguard issues are still being identified and there are limited capacity in Vietnam and elsewhere to assess and manage potential safeguard issues. The VRO does currently not have experience in the implementation of the Bank’s safeguard policies. MARD has some experience implementing the Bank’s safeguard policies through the implementation of the Bank-financed Forest Sector Development Project. However, this is mainly limited to individual staff and consultants, and has not translated into institutional capacity to independently implement issues pertaining to the Bank’s safeguard policies.

The FCPF grant will support capacity building efforts to enable the VRO to undertake the SESA and participatory consultation and participation activities, and to develop the ESMF for future REDD+ investments. The grant will also include activities to build capacity concerning social and environmental safeguards among GoV entities at national and local levels, and other key stakeholders, including the resource base, civil society organizations and SFCs. During the FCPF grant, the VRO will continue to work closely with key members of the REDD+ Network, including civil society organizations, in the implementation of the grant, particularly for the SESA and consultation and participation program, and the development of the ESMF. This includes particularly the REDD+ Network Working Group on Safeguards established in 2011.

**F. Environmental and Social Safeguards Specialists on the Team:**

Douglas Graham	Sr. Environmental Specialist	EASVS
Anjali Acharya	Sr. Environmental Specialist	EASVS
Kennan Rapp	Sr. Social Development Specialist	ENVCF
Svend Jensby	Sr. Social Development Specialist, Consultant	EASVS

**II. SAFEGUARD POLICIES THAT MIGHT APPLY**

The following table provides information on Safeguards Policies triggered. As the FCPF REDD+ readiness preparation grant will not fund REDD+ projects or define policies, there are no direct impacts resulting from the grant and the table serves as background to potential future REDD+

investments financed by the World Bank and serves as guidance for the development of the ESMF. However, issues and risks concerning ethnic minorities are recognized and incorporated into the grant activities to ensure that analytical work, consultations, options assessments and recommendations for policy changes and future REDD+ investments recognize and address such issues and risks. This is in compliance with the FCPF Charter and the Board Paper on Safeguard Guidance for Readiness Activities under the FCPF.

<b>Safeguard Policies Triggered (please explain why)</b>	<b>Yes</b>	<b>No</b>	<b>TBD</b>
<b>Environmental Assessment (OP/BP 4.01)</b>	<b>X</b>		
<p>Overall, the REDD+ activities in the RPP are expected to have significant positive impacts on forest, in that the main goal of the program is to reduce deforestation, while contributing to the well-being of forest-dependent communities who will be consulted during the course of the program. The REDD program itself will not finance the harvesting and conversion of forests so there is little to no direct adverse impact associated with activities planned as part of the strategic options. The principal risk from REDD would arise in the event that the strategies fail to achieve their objectives thereby creating unexpected indirect adverse impacts through the unintended creation of incentives to clear forests for other purposes. This could occur, for example, if future REDD payment or PFES schemes failed to provide sufficient monetary incentive to retain areas under forest cover. Similar risks could occur for example if lack of land tenure security were to undermine commitment to maintain land under forest cover for long time periods.</p> <p>For these reasons, and due to the critical nature of strategic options and choices being considered, OP 4.01 is applicable to the R-PP activities. The principal instruments to document the environmental benefits and risks of the REDD strategy will be the SESA supported under Component 3 of the Grant. SESA will assess key social and environmental risks and potential impacts associated with REDD, and will develop an ESMF to manage and mitigate any possible risks and potential impacts during the implementation phase.</p>			
<b>Natural Habitats (OP/BP 4.04)</b>	<b>X</b>		
<p>Given that the NRAP will likely work both within existing protected areas as well as other forest habitats of varying significance, OP 4.04 will apply. If the REDD program is successful, the impacts on critical forest habitats are expected to be positive, nevertheless SESA will evaluate the possible risks associated with strategic options on forest habitats within protected areas as well as other sensitive forest habitats. During the implementation phase monitoring activities will be established to ensure that critical natural habitats are not adversely affected. It is expected that the ESMF will include provisions to assess possible impacts prior to any actions being undertaken on the ground. Critical issues related to natural habitats and potential impacts from the activities financed under the FCPF will be assessed during SESA implementation and under the ESMF, which will also involve the consultation mechanism with relevant stakeholders.</p>			
<b>Forests (OP/BP 4.36)</b>	<b>X</b>		
<p>Due to the importance of REDD as part of Vietnam's long term forest and environmental</p>			

<b>Safeguard Policies Triggered (please explain why)</b>	<b>Yes</b>	<b>No</b>	<b>TBD</b>
management programs and due to the importance forests play in the livelihoods of many communities, this policy will apply. The NRAP itself built largely on the experience of the PFES program for which should be evaluated in order to ensure lessons are incorporated early in the design and key social and environmental risks and potential impacts associated with REDD are considered in the ESMF. The REDD strategy itself would not finance the harvesting or conversion of forests.			
<b>Pest Management (OP 4.09)</b>			<b>X</b>
This policy could be triggered depending on the scope of REDD+ strategies, which might include reforestation activities or the intensification of agricultural activities on degraded lands. The REDD+ strategy should not promote the purchase and use of pesticides. However, in case pesticides are used, safe handling and disposal standard operating procedures should be developed. The ESMF will include pest management procedures and guidance, as appropriate.			
<b>Physical Cultural Resources (OP/BP 4.11)</b>	<b>X</b>		
This policy may be triggered, if for example, some of the REDD+ activities were to be planned in and interfere with sacred groves or spirit areas. This should be determined on a case by case basis. Measures will be developed to avoid adverse impact through a Physical Resources Management Framework, embedded in the Environmental Management Plan of the ESMF.			
<b>Indigenous Peoples (OP/BP 4.10)</b>	<b>X</b>		
<p>The official classification in Vietnam identifies 53 separate ethnic groups that constitute the category “ethnic minority” vis-à-vis the majority Kinh (Vietnamese) group. The term ethnic minority is recognized by Vietnamese legislation, but not the term indigenous peoples. Ethnic minorities comprise about 14 percent of the population in Vietnam, numbering more than 10 million people. Most minority groups, and especially those most vulnerable, live in the northern mountainous regions and the central highlands of Vietnam (e.g. Hmong, Gia Rai, Hre, Raglai, and Ta Oi). The Khmer, Hoa (Chinese), and Cham live in the lowlands, along the central coast and the Mekong Delta in the South, and groups such as the Tay, Thai and Muong live mostly in valleys practicing lowland rice cultivation.</p> <p>The government’s definition of ethnic minorities is generally overlapping with the characteristics of OP 4.10, however some ethnic minorities, e.g. the Hoa, may not meet these characteristics. The official categorization is, however, somewhat arbitrary and some of the ethnic minorities include groups that differ significantly in terms of culture, agricultural practices, and adaptation to the environment, and there are small groups locally recognized under separate names who are not included in the official list.</p> <p>Most forest areas in Vietnam are inhabited by ethnic minorities, either living in their traditional areas or having migrated there often through government relocation programs. Most traditional areas of ethnic minorities have been allocated to state forest companies and other government or private entities, although they may maintain some use rights. Many of the activities to be implemented as part of a national REDD+ program are likely to take place</p>			

Safeguard Policies Triggered ( <i>please explain why</i> )	Yes	No	TBD
<p>in areas inhabited by ethnic minorities, and may have significant impact on them, both positively and negatively. Future REDD+ investments and policies may adversely impact the lands and natural resource use of these communities, if they result in restrictions of access to the resources they depend on for their livelihoods; they may also affect their ability to continue their cultural practices and social organization. Activities that support ethnic minority communities in better managing their land and resources, that re-allocate land to their management, or provide appropriate benefit sharing mechanism may provide positive outcomes.</p>			
<p>The consideration of the concerns of ethnic minorities and other forest dependent communities in policy development is of particular importance for REDD+ in Vietnam. The FCPF grant activities will build on and work with existing networks and institutions to support ongoing processes for strengthening the inclusion of local communities in policy development and other REDD+ readiness activities. Ethnic minorities in Vietnam are not organized beyond the village or commune level; there are no organizations representing them. However, there are a number of NGOs who work to support the voice and rights of ethnic minorities. The Centre of Research and Development in Upland Areas (CERDA) is a Vietnamese NGO working to promote the rights of ethnic minorities and other local communities in REDD+ activities; CERDA is a member of the REDD+ Network. Other NGOs have established the Ethnic Minorities Working Group under the NGO Resource Center in Hanoi. These civil society organizations will play a key role in the consultation process and will provide direct links to ethnic minority communities that they work with. The government agency responsible for ethnic minorities and represented at commune level will also play an important role.</p>			
<p>OP 4.10 principles and provisions are integrated into the various grant activities, for example through: assessing safeguard issues for all relevant analytical work, policy discussions and other REDD+ readiness activities, involving ethnic minorities in the consultations and decision-making processes, particularly for the SESA and ESMF, and capacity building activities for government, civil society and community stakeholders.</p> <p>The FCPF grant support to the development forest reforms, particularly of State Forest Companies, will take into consideration the needs, circumstances and rights of ethnic minorities and other forest dependent communities through analytical work and consultations, particularly as part of the SESA process. This may lead to re-allocation of forest areas to local communities, co-management arrangements, or similar arrangements that provide appropriate benefit sharing to local communities.</p> <p>The ESMF will include an Indigenous Peoples Planning Framework (IPPF) to avoid or address potential undesirable effects of future REDD+ activities and establish the procedures in managing relations between such future REDD+ investments and ethnic minorities. This approach is consistent with OP/BP 4.10 and the FCPF Charter and safeguard guidance.</p>			
<b>Involuntary Resettlement (OP/BP 4.12)</b>	<b>X</b>		
<p>The FCPF grant will not require land acquisition, relocation or access restrictions to natural resources. Future REDD+ activities, however, may require involuntary resettlement, for instance resulting from restrictions of access to forests and forest products for local</p>			

<b>Safeguard Policies Triggered (please explain why)</b>	<b>Yes</b>	<b>No</b>	<b>TBD</b>
populations to parks, reserves, or protected areas, or land acquisition in relation to small-scale infrastructure.  Issues related to involuntary resettlement in potential future REDD+ investments and demonstration activities will be identified in the SESA, and a Process Framework for Restriction of Access and/or a Resettlement Policy Framework will be established as part of the ESMF. The REDD+ policy framework will avoid promoting involuntary resettlement to the extent feasible.			
<b>Safety of Dams (OP/BP 4.37)</b>		<b>X</b>	
<b>Projects on International Waterways (OP/BP 7.50)</b>		<b>X</b>	
<b>Projects in Disputed Areas (OP/BP 7.60)</b>		<b>X</b>	
<b>Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank-Supported Projects (OP/BP 4.00)</b>		<b>X</b>	

### III. SAFEGUARD PREPARATION PLAN

- A. Target date for review meeting of REDD Country's mid-term progress report, at which time the ISDS may be updated as needed: 04/30/2014**
- B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing<sup>1</sup> should be specified in the initial ISDS and/or updated ISDS:**

The main safeguard instrument to be applied is the SESA. The SESA includes as part of the SESA process the preparation of an ESMF. The ESMF may evolve and be updated over time when new REDD + strategy options and projects or activities (including investments), or policies/regulations are identified during implementation of REDD+. The SESA addresses the key environmental and social issues associated with the analysis and preparation of REDD+ strategy options as well as REDD+ projects, activities (including investments), policies and regulations. In this manner SESA can ensure compliance with World Bank's environmental and social safeguards.

The SESA process requires that the selection of REDD+ strategy options should take into account the country's institutional and capacity constraints for managing environmental and social risks, and the potential environmental and social impacts associated with these strategy

<sup>1</sup> Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in-country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.



options. Any identified gaps to manage these risks and potential impacts in relation to relevant World Bank's safeguard policies should be identified along with the strategy options to feed into the preparation of the ESMF. The ESMF should provide a framework to manage and mitigate the potential environmental and social impacts related to specific projects and activities (including investments and carbon finance transactions), in the context of the future implementation of REDD+.

The ESMF will be structured to contain subject-specific frameworks addressing the relevant requirements of the applicable environmental and social safeguard policies including, but not necessarily limited to, a Resettlement Policy Framework (RPF); Process Framework (PF); and Indigenous Peoples Planning Framework (IPPF).

There are no requirements for completing safeguard related studies prior to Bank approval of the REDD+ Readiness grant. The SESA and the development of the ESMF will be considered as part of the first steps of the grant implementation after signature of the legal agreement.

#### IV. APPROVALS

<i>Signed and submitted by:</i>		
<b>Task Team Leader:</b>	<b>Name: Lan Thi Thu Nguyen</b>	
<i>Approved by:</i>		
<b>Regional Safeguards Coordinator:</b>	<b>Name: Panneer Selvam Lakshminarayanan</b>	October 18, 2012
<b>Comments:</b>		
<b>Sector Manager:</b>	<b>Name: Jennifer Sara</b>	October 18, 2012
<b>Comments:</b>		

