

**PROJECT INFORMATION DOCUMENT (PID)
IDENTIFICATION/CONCEPT STAGE**

Report No.: PIDC100824

Project Name	
Region	EAST ASIA AND PACIFIC
Country	Vietnam
Lending Instrument	IPF
Project ID	P162792
Borrower Name	Socialist Republic of Vietnam
Implementing Agency	Ministry of Natural Resources and Environment
Environment Category	C - Not Required
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Initiation Note Review Decision	The review did authorize the preparation to continue

I. Introduction and Context

Country Context

Vietnam is a lower middle income country with a GNI per capita of \$1,980 (current US\$) and a population of 91.7 million (2015). The country has achieved remarkable economic growth over the last 25 years, with the average GDP growth at 6.8%. Overall poverty rates have dropped over the past decade, from 58% in 1993 to 12% in 2013. Vietnam aspires to modernity, industrialization, and a higher quality of life. Vietnam 2035: Toward Prosperity, Creativity, Equity, and Democracy, a joint initiative of the Government of Vietnam (GoV) and the World Bank, identifies that these aspirations stand on three pillars: balancing economic prosperity with environmental sustainability, promoting equity and social inclusion, and bolstering the state's capacity and accountability. The rapid growth needed to achieve these aspirations will be sustained only if it reflects the costs of environmental degradation.

Much of Vietnam's growth has been derived from its natural resources. Vietnam is endowed with a wide range of ecosystems including moist forests, coral reefs and mangroves, saline and freshwater lakes. These variable climate and topographic conditions across the county have generated abundant natural resources and its ensuing rich biodiversity. In Vietnam, a total of 49,200 species have been identified, including 20,000 terrestrial and water plants, around 10,500 terrestrial animals, and over 11,000 marine species. Vietnam ranks 16th worldwide in terms of species richness. Its natural resources and ecosystems provide different kinds of benefits (i.e., ecosystem products and services, and non-material benefits). According to Vietnam's Strategy and Action Plan for Convention on Biological Diversity, approximately 25 million people live in or near forests, and derive 20-50% of their income from non-timber forest products, including hundreds of species of medicinal plants and latex plants. Biodiversity and species abundance also underpins much of Vietnam's rapidly expanding eco-tourism industry, steadily promoting ecosystem protection, raising awareness and delivering benefits to local people. Many wildlife species have

been associated with Vietnam's history and culture, and have become sacred objects of the Vietnamese community. Biodiversity also supports climate change resilience and adaptation services, including carbon storage derived from forests and mangroves. With its further population growth, industrialization, urbanization and major changes in patterns rural development, this natural capital will likely deteriorate and have negative impacts on the critical economic drivers in Vietnam such as agriculture, forestry, and fisheries (22% of GDP combined) and tourism (13.9%). Also communities, particularly the rural poor, will be severely affected by a decline in the natural capital. Biodiversity in general accounts for over a third of the wealth of the poor, providing them food, medicines and opportunities for income.

Vietnam's remarkable growth in the past 25 years has imposed significant environmental costs. The increasing Vietnamese population consuming durable and non-durable products contributes to the country's growing environmental footprint. Key environmental costs that threaten Vietnam's sustainable growth include the rapid depletion of its natural resources, its increase in greenhouse gas emissions (which has been one of the world's fastest), and environmental pollution. Study shows that gross national savings as a percentage of GDP should be adjusted downward from 35.5% to 15.2% if natural asset depletion were fully taken into account. Biodiversity loss and decreased levels of species abundance, mainly due to habitat degradation and poaching, is especially evident in the forests. Vietnam has one of the highest proportions of threatened species in the world. Of 3,990 species assessed by the International Union for Conservation of Nature (IUCN, 2012), 512 species (13%) are threatened with extinction. While overall forest coverage is on the rise, and significant protected areas have been established, these areas are often characterized as generally poor quality.

Recognizing the current growth models with limited enforcement of environmental regulations imposing hidden costs of environmental degradation, the GoV has directed the reform agenda for strong and sustainable economic growth while maintaining environmental sustainability. The GoV has established effective management of natural resources including the country's rich biodiversity as one of the key tasks in the socio-economic development plan for 2016-2020. Decision 40/2015/QĐ-TTg of the Prime Minister, which guides principles and priorities for budget allocation during 2016-2020, specifies natural resources protection as key area for allocation of the GoV investment budget. Protection of the ecosystems including biodiversity and endangered species is an important task directed by the national strategy to respond to climate change. With regard to reduction of consumer demand of wildlife products, the National Green Growth Strategy for period 2011-2020, which aims to direct the country toward a low carbon development pathway, prioritizes greening life style and sustainable consumption as a key strategic task that contributes to the reduction of the country's environmental footprint. This direction for sustainable, inclusive, and resilient growth path requires strong policies and institutions to coordinate actions and investments, smart investments that internalize environmental and climate costs, and more accessible data and information for decision making and monitoring progress.

Sectoral and Institutional Context

It is widely recognized that the illegal trade and consumption of wildlife has increased significantly in recent years in Vietnam as well as at the global level, resulting in dramatic declines in wildlife populations and near extinction of some species (e.g., black rhino). The global illegal wildlife trade is estimated to be worth between \$5-20 billion annually. Vietnam has been identified by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) as one

of the Parties of primary concern in the control of illegal trade and consumption of ivory as well as rhino horn. Vietnam is not only a destination of trade chains of wildlife sourced from other countries, but also a transit point of such trade chains. Between 2010 and 2014, 3,823 cases of wildlife violations were caught, involving more than 58,869 individuals. In 2010, the Forest Protection Department confiscated over 34 tons of nearly 13,000 individual wild animals from illegal traders. In Vietnam, over the last 40 years twelve species of large animals have become extinct or virtually extinct, mainly as a result of hunting and wildlife trade (WCS, 2004). Wildlife trade and consumption have led to widespread depletion of wildlife species from most forest areas in Vietnam, giving rise to the phenomenon of empty forests in which wildlife density is very low. Moreover, fueled by Vietnam's rapid economic growth over the past 20 years, habitat loss and degradation has increased due to competing land use. The economic growth has also increased people's demand for luxury goods including high value wildlife products which are commonly consumed in specialty restaurants or used in traditional medicine. Targeted species include tiger, bear, pangolin, freshwater turtles, snakes, and monitor lizards sourced from other Asian countries, as well as rhino and other ungulate species for its horns that are sourced from Africa. Many bird species are also trapped for sale as pets.

The GoV has been strengthening the policy framework and prioritized actions to address wildlife protection. In 2012, the GoV adopted the National Urgent Action Plan to Protect Elephants following the fact that the number of wild elephants in Vietnam decreased dramatically from thousands to less than one hundred. In 2013, the GoV issued the National Biodiversity Strategy and Action Plan prioritizing the protection of endangered species followed by Decree 160 in support of the Law of Biodiversity specifically focusing on management of endangered species and conservation measures. The Guideline 98-HD/BTGTW issued the same year provides guidance to enhance communication to reduce wildlife consumption and trade. The Investment Law of 2014 provides the list of endangered animals banned for exploitation and use for commercial purposes. The Directive No. 03/CT-TTg of the Prime Minister in 2014 instructs enforcement agencies to strengthen the control and conservation of endangered wildlife. The Penal Codes amendment in 2015, which is yet to be effective, increases the punishment to offenses against regulations on management and protection of endangered animals from VND500,000,000 (US\$22,000) to facing a penalty of from 1 to 10 years' imprisonment. Most recently in 2016, the Directive No. 28/CT-TTg of the Prime Minister tasks MONRE, MARD, MPS, MOF and Provincial People's Committees to carry out urgent solutions to prevent and fight against the violations of wild animals. The burning of confiscated ivory and rhino horns in November 2016 has shown the GoV's strong commitment and efforts to protect endangered animals. Vietnam's leadership in hosting the 3rd Conference on illegal wildlife trade in Hanoi in November 2016 sends a strong signal of its commitment to protect wildlife.

Improvement of inter-agency coordination at central and provincial levels is key in protecting wildlife and reducing overall threats. Enhancing the collaboration amongst implementation and enforcement agencies at all levels and building partnership is important to create an environment where seizures of wildlife do not end in themselves but are also brought to the justice. Key agencies engaging in wildlife protection and wildlife trade enforcement in Vietnam include MONRE, MARD, Ministry of Justice, Supreme People's Court, Supreme People's Procuracy, Environmental Police under the Ministry of Public Security (MPS), and Ministry of Trade (Markets Control Department). Under MONRE, the Biodiversity Conservation Agency (BCA) of Vietnam Environment Administration (VEA) is tasked with various responsibilities related to biodiversity

conservation, wildlife management and the conservation of species and genetic resources, including endangered species prioritized for conservation and sustainable use of biodiversity resources. Specific efforts include the issuing of regulations focused on the protection of endangered species, and the strengthening of institutional arrangements, including the recent establishment of the Biodiversity Conservation Units at provincial level within DONRE. The Forest Protection Department (FPD) under MARD is the lead agency in Vietnam for forest protection and management, with a specific mandate on forest protection including monitoring wildlife poaching and enforcing relevant laws. Functions of FPD are delivered locally by the Forest Protection Department (FPD), with approximately 13,000 officers nationwide. At a provincial level, DARDs are responsible for supervising the operation of the provincial FPD, and at a district level this role is undertaken by the District People's Committee. Recognizing the overlapping in biodiversity conservation mandates, the two key agencies of MONRE and MARD established a collaboration program in 2015 to guide their coordination in conservation policy development, planning and monitoring.

On enforcement, the Environmental Police (under MPS) is a statutory investigating body responsible for wildlife and forest crime. The Environmental Police is authorized to impose sanctions on environmental offenses, as part of their overall responsibility for the enforcement of national policies aimed at preventing violations of the various laws. The Department of Customs under MOF is responsible for, among others, identifying and seizing contraband smuggled into and out of Vietnam, including illicit wildlife and timber trafficking. This work is carried out in collaboration with the Border Guards in particular. The Ministry of Justice (MOJ) implements legal procedures at administrative levels, including legal dissemination and education. Importantly, MOJ oversees the revisions of the Penal code as it is applied in wildlife species, including revising punitive measures. The Supreme People's Procuracy (SPP) is mandated with the prosecution of economic crimes including environmental crimes, while the Supreme People's Court (SPC) provides guidance to lower courts on the implementation of a particular law.

The many agencies reflect an assortment of legal instruments and mandates related to wildlife protection and wildlife crime; however, all are characterized by insufficient coordination and poor information sharing mechanism among the different law enforcement and implementation entities, as well as a lack of cohesion between the various systems, tools and protocols being applied in enforcing, investigating and prosecuting wildlife protection and anti-crime measures. These conflicts, overlaps, and inconsistencies among the various laws and regulations have been documented as seriously confounding to not only the efforts of each individual agency but to the overall goal of protecting wildlife and reducing overall threats.

Recognizing the importance of a strong partnership in addressing these issues, the GoV has organized annual biodiversity forums and joined international and regional efforts to strengthen collaboration on enforcement activity, information and knowledge sharing, and capacity building. The GoV has organized the Biodiversity and Ecosystem Conservation Forum as an annual event since 2014 to bring stakeholders together under the leadership of the GoV. This evolving partnership has demonstrated to be useful to deepen the dialogue on policy and technical aspects and joint actions of national agencies and development partners, NGOs, and other stakeholders. Vietnam has made commitment to the international communities through its participation to international and regional efforts including the Convention on Biological Diversity, the Convention on International Trade in Endangered Species of Wild Fauna and Flora, London Declaration, Kasane Declaration on Wildlife and Wild Plant Trade, and Declaration on the 22nd APEC

Economic Leaders Meeting including a provision for continued efforts against wildlife trafficking. Vietnam joined the Asia Regional Response to Endangered Species Trafficking Program (ARREST) as a local partner, and developed the Vietnam-Wildlife Enforcement Network (WEN) which demonstrates the country's commitment and collaboration to fighting the illegal wildlife trade. Most recently, the GoV entered into a Memorandum of Understanding with Laos on forest protection that encompasses both illegal logging and illicit products made from wild animals. The GoV with support from United Nations Office on Drugs and Crimes (UNODC) has conducted a comprehensive national assessment to develop evidence-based recommendations and actions to strengthen the legislation, law enforcement, prosecution, and judiciary. Development partners, research institutions, civil society organizations and NGOs, and other stakeholders have been invited and are taking more active part in the policy consultation and discussion to enhance wildlife protection

Given the multitude of challenges in protecting wildlife, the existing responses remain inadequate in keeping pace with escalating trade and demand. These challenges include (i) conflicting and/or insufficient details in current laws and regulations on wildlife protection; (ii) inadequate law enforcement to combat wildlife crime; (iii) insufficient consumer awareness of impact of consumption of wildlife and wildlife products; and (iv) insufficient cross-agency collaboration to address root-cause issues at international, national, and provincial levels. Studies have identified inadequacies, gaps, and overlaps in the current legal and regulatory framework, especially in the criminal codes to provide deterrent penalties to discourage offenders from committing wildlife crime, management of wildlife conservation facilities and re-introduction to the wildlife, management of commercial captive breeding facilities, and mechanisms for long-term species-based conservation programs, among many others. With regard to enforcement, inter-agency cooperation has not been enough. Law enforcement capacity, which include Forest Protection Department, Environmental Police and Customs is limited compared to the sophistication of wildlife trade operations controlled by organized criminal syndicates. Training for law enforcement officers are not sufficient. There is not enough incentive for enforcement officers to combat wildlife crime when considering the high occupational risks versus the low salaries and benefits. While MONRE and MARD have been tasked by the GoV as the two leading state agencies in wildlife management, many other government entities are also involved with wildlife management and law implementation, each with different roles and responsibilities and across central, provincial and district levels. Thus, strong inter-coordination and knowledge and information sharing are essential in order for Vietnam to adequately address the myriad threats and challenges related to wildlife protection, particularly within and between the Environmental Police, Forest Protection Department, General Department of Customs, and at all judiciary levels.

Relationship to CAS/CPS/CPF

The proposed project will contribute to achieving the World Bank's twin goals to eliminate extreme poverty and boost shared prosperity in a sustainable manner. The Project would apply a multi-sectoral and participatory approach to strengthen the legal framework, enforcement capacity to address wildlife trafficking, and improve knowledge and change behavior toward demand deduction, thereby reducing threats to natural resources and ecosystems, on which the poor population depend for their income and sustenance. The project is consistent with the World Bank Group Country Partnership Strategy (CPS) for FY2012-2016 (Report No. 65200-VN). In particular, it would address the Pillar (ii) of the CPS on increasing the sustainability of its development and would contribute to improve natural resources management through conservation of forests and

biodiversity. The proposed project is also aligned with the recently completed Vietnam 2035: Toward Prosperity, Creativity, Equity, and Democracy and the Systematic Country Diagnostic 2016 (Report No. 108348 publicly disclosed on September 19, 2016) which identifies the need to manage natural resources and capitalize on their contribution to boosting shared prosperity and achieving sustainability. Specifically, considering consumer behavior related to wildlife and wildlife products is directly aligned to the country's green growth strategy on greening consumption of goods and reducing the environmental footprint of the growth trajectory.

The proposed project builds on the experiences from the Wildlife Consumption in Vietnam: Reforming policies and practices to strengthen biodiversity conservation (WLC) project (GEF MSP, 2012-2015). In addition, the project is part of the broader GEF-6 Global Partnership on Wildlife Conservation and Crime Prevention for Sustainable Development program" led by the Bank and approved by the GEF in June 2016, in the amount of US\$130 million to support 19 African and Asian countries. The Program objective is to promote wildlife conservation, wildlife crime prevention, and sustainable development to reduce impacts to known threatened species from poaching and illegal trade. Participating in the Global Partnership Program will align the project activities with the other countries and international and regional efforts to address issues of wildlife trafficking and demand reduction. The project is expected to be benefited from the platform created by the Global Partnership Program for knowledge exchanges, inter-governmental cooperation, communication and best practices sharing. The project is consistent with the objectives of the GEF-6 Biodiversity Strategy and Programming Directions. The expected outputs and outcomes will make a direct contribution to BD 2-Program 3 on Reducing Poaching and Illegal Trafficking of Threatened Species by mainstreaming wildlife and biodiversity concerns across a wide range of government agencies and sectors, including agencies not traditionally concerned with wildlife and biodiversity issues. The project will contribute to the implementation of the GoV's Five Year Socio-Economic Development Plan of 2016-2020 as well as the National Green Growth Strategy and the National Climate Change Strategy for more sustainable consumption patterns contributing to the reduction of the environmental footprints and increase the regulating and supporting function of the ecosystems.

II. Project Development Objective(s)

Proposed Development Objective(s)

The proposed project development objective is to strengthen the policy and regulatory framework, and the related implementation capacity for endangered wildlife protection in Vietnam.

Key Results

- (i) Draft regulations on wildlife protection submitted to the competent authorities;
- (ii) Tools deployed to combat wildlife crime and protect endangered species;
- (iii) National crime prevention strategy and action plan address illegal wildlife trade; and
- (iv) People participating in consultations on regulation of illegal wildlife trade.

III. Preliminary Description

Concept Description

The project activities fall under four different components, which include: (i) Strengthen legal and regulatory frameworks; (ii) Enhance capacity to implement and enforce more effectively Vietnam's wildlife protection related policies and regulations; (iii) Improve knowledge and support behavior change; and (iv) Project management. These components are detailed below.

Component 1: Strengthen legal and regulatory framework (US\$1m). This component would aim to harmonize legal instruments provided under national wildlife conservation related laws and regulations to make clarity on responsibilities of agencies engaging in endangered wildlife protection. The component would provide support to assess the implementation status of the 2008 Law on Biodiversity in relation to the protection of endangered wildlife and identify gaps. Informed by this assessment, guidance to improve the application of the Law towards more effectively protecting endangered wildlife in Vietnam would be provided. The assessment, along with other recommendations (e.g. ICCWC toolkit) would form the basis for prioritized activities for implementation under MONRE's mandate. In close coordination with GoV and development partners, this component would also provide other technical assistance and advisory support and would support for the development of key tools and materials. This component will involve mainly MONRE, MARD and MOJ.

Component 2: Enhance capacity to implement and enforce more effectively Vietnam's wildlife protection related policies and regulations (US\$1m). This component would aim to increase inter-agency coordination and capacity of key enforcement and law implementation agencies at central, provincial and district levels to more effectively protect endangered species. In addition to strengthening the coordination of the Biodiversity Steering Committee, the implementation capacity of agencies would be enhanced through selected training on key competencies, knowledge sharing, development of manuals and tools, and the integration of illegal wildlife trade into other aspects of the national crime prevention strategy. This component would involve mainly MONRE, MARD, MOJ and enforcement agencies including MSP, MOF (Customs), Supreme People's Procuracy, and the Supreme Court.

Component 3: Improve knowledge and support behavior change (US\$0.72m). This component would aim to support knowledge development and sharing, and support behavior change to reduce demand for wildlife consumption. The component would focus on expanding the wildlife partnership platform as a networking and coordination platform to prioritize demand reduction activities; and designing and deploying initiatives for priority target groups to change wildlife consumption behavior based on recent market surveys. This component would involve MONRE, communication agencies and NGOs.

Component 4: Project Management (US\$0.28m). This component supports project management and capacity building for MONRE to implement the project. This component is expected to support project operations, financial management, procurement, and monitoring and evaluation. This component would mainly support MONRE in project management.

IV. Safeguard Policies that Might Apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	x		
Natural Habitats OP/BP 4.04		x	
Forests OP/BP 4.36		x	
Pest Management OP 4.09		x	
Physical Cultural Resources OP/BP 4.11		x	
Indigenous Peoples OP/BP 4.10		x	

Involuntary Resettlement OP/BP 4.12		x	
Safety of Dams OP/BP 4.37		x	
Projects on International Waterways OP/BP 7.50		x	
Projects in Disputed Areas OP/BP 7.60		x	

V. Financing (*in USD Million*)

Total Project Cost:	3.27	Total Bank Financing:	0.27
Financing Gap:	0		
Financing Source			Amount
GLOBAL ENVIRONMENT - Associated IBRD Fund			0.27
Global Environment Facility - IBRD as Implementing Agency			3

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