



## **Sustainable Forest and Forest Land Management in Viet Nam's Ba River Basin Landscape**

### **Part I: Project Information**

#### **GEF ID**

10539

#### **Project Type**

FSP

#### **Type of Trust Fund**

GET

#### **CBIT/NGI**

☐ CBIT

☐ NGI

#### **Project Title**

Sustainable Forest and Forest Land Management in Viet Nam's Ba River Basin Landscape

#### **Countries**

Viet Nam

#### **Agency(ies)**

UNDP

#### **Other Executing Partner(s)**

#### **Executing Partner Type**

**Other Executing Partner(s)**

Forest Inventory and Planning Institute (FIPI) of Ministry of Agriculture and Rural Development (MARD)

**Executing Partner Type**

Government

**GEF Focal Area**

Multi Focal Area

**Taxonomy**

Forest, Focal Areas, Forest and Landscape Restoration, Land Degradation, Sustainable Land Management, Restoration and Rehabilitation of Degraded Lands, Sustainable Forest, Sustainable Agriculture, Income Generating Activities, Community-Based Natural Resource Management, Land Degradation Neutrality, Land Cover and Land cover change, Biodiversity, Species, Threatened Species, Mainstreaming, Forestry - Including HCVF and REDD+, Biomes, Tropical Rain Forests, Financial and Accounting, Conservation Finance, Payment for Ecosystem Services, Protected Areas and Landscapes, Terrestrial Protected Areas, Productive Landscapes, Community Based Natural Resource Mngt, Influencing models, Demonstrate innovative approach, Strengthen institutional capacity and decision-making, Convene multi-stakeholder alliances, Deploy innovative financial instruments, Stakeholders, Communications, Education, Awareness Raising, Civil Society, Community Based Organization, Non-Governmental Organization, Type of Engagement, Consultation, Information Dissemination, Partnership, Participation, Private Sector, Indigenous Peoples, Gender Equality, Gender results areas, Access and control over natural resources, Access to benefits and services, Participation and leadership, Capacity Development, Gender Mainstreaming, Beneficiaries, Gender-sensitive indicators, Sex-disaggregated indicators, Women groups, Capacity, Knowledge and Research, Learning, Theory of change, Adaptive management, Innovation, Knowledge Generation

**Rio Markers****Climate Change Mitigation**

Climate Change Mitigation 1

**Climate Change Adaptation**

Climate Change Adaptation 1

**Duration**

48 In Months

**Agency Fee(\$)**

207,395

**Submission Date**

3/22/2020

A. Indicative Focal/Non-Focal Area Elements

Programming Directions	Trust Fund	GEF Amount(\$)	Co-Fin Amount(\$)
BD-1-1	GET	880,000	12,000,000
LD-1-2	GET	436,621	3,670,000
BD-2-7	GET	866,484	6,800,000
Total Project Cost (\$)		2,183,105	22,470,000

**B. Indicative Project description summary**

**Project Objective**

To conserve forest biodiversity and maintain or improve the flow of ecosystem services through sustainable forest management embedded in a coordinated landscape-level approach across Ba River basin.

Project Component	Financing Type	Project Outcomes	Project Outputs	Trust Fund	GEF Amount(\$)	Co-Fin Amount(\$)
-------------------	----------------	------------------	-----------------	------------	----------------	-------------------

Project Component	Financing Type	Project Outcomes	Project Outputs	Trust Fund	GEF Amount(\$)	Co-Fin Amount(\$)
1. Mainstreaming biodiversity and ecosystem services into landscape-level planning, monitoring and enforcement	Technical Assistance	<p>Enhanced enabling framework and systemic tools to monitor biodiversity and ecosystem services and incorporate landscape-level needs into land use and forest planning, monitoring and enforcement, as indicated by:</p> <p>(1) Multi-stakeholder platforms operationalized in two provinces</p> <p>(2) Landscape-level biodiversity and HCVF strategy adopted and integrated into provincial/district land use planning</p> <p>(3) Spatially-explicit tools for monitoring and response to forest loss and change have been</p>	<p>1.1 Multi-stakeholder platforms on biodiversity and ecosystem services established at provincial level, supporting multi-sector dialogue on mainstreaming biodiversity into land use and master planning.</p> <p>1.2 Spatially-explicit landscape-level biodiversity and HCVF conservation and restoration strategy developed and integrated into provincial and district master planning/land-use planning processes. The strategy will also be used to prioritize on-ground conservation action under Component 2.</p> <p>1.3 Enhanced systems for monitoring and assessing forest resource changes (i.e. deforestation and plantation / restoration) and biodiversity, incorporating remote sensing techniques, demonstrated at landscape level, with lessons provided to support national-level upscaling. The monitoring will provide a ‘dashboard’ for provincial and district authorities (including forest managers) to assess forest change and biodiversity priorities to help monitor progress/compliance with established SFM/land use plans, and enhance the use of spatial data in decision-making.</p>	GET	600,000	2,700,000

Project Component	Financing Type	Project Outcomes	Project Outputs	Trust Fund	GEF Amount(\$)	Co-Fin Amount(\$)
2. Participatory sustainable forest management demonstrated in Ba River landscape	Investment	<p>Forests and biodiversity are restored and protected areas strengthened at landscape scale, through coordinated management across 8 FMUs (including 3 existing PAs and 1 new PA) and two community-managed areas, as indicated by:</p> <p>(1) &gt;81,000 ha of PAs with increased management effectiveness (METT) scores, including 10,000 ha HCVF brought under protection in Special Use Forest</p> <p>(2) &gt;74,000 ha under improved management for biodiversity and ecosystem services</p> <p>(3) 500 ha of degraded natural forest restored</p>	<p>2.1 Participatory monitoring and inventory on HCVF/biodiversity assets operationalized with training conducted for PA and forest managers and communities living in and around high-biodiversity areas.</p> <p>2.2 Landscape and site-level biodiversity priorities and actions identified and integrated into sustainable forest management plans (= PA management plans), annual work plans and operations. This will include: technical support, extension and demonstration of priority measures including threatened species conservation and habitat management, biodiversity threat reduction, assisted natural regeneration/restoration of degraded habitats.</p> <p>2.3 Training, equipment and operational support provided to PA managers on patrolling and surveillance, boundary identification/realignment, and community/stakeholder engagement to reduce illegal poaching, logging and encroachment. Enhanced training and capacity development support will be provided to support the operationalization of the Special Use Forest proposed for establishment in areas under Tram Lap and Dak Rong State-owned forestry companies.</p>	GET	1,186,621	16,670,000

Project Component	Financing Type	Project Outcomes	Project Outputs	Trust Fund	GEF Amount(\$)	Co-Fin Amount(\$)
3. Policy mainstreaming replication and knowledge exchange	Technical Assistance	<p>Removal of key policy and institutional barriers, and knowledge documentation and exchange supports replication and national uptake of improved forest management practices, as indicated by:</p> <p>(1) Issuance of at least two regulations and one guideline on biodiversity and SFM (to be confirmed during PPG based on initial policy review)</p> <p>(2) Uptake of policy and/or regulatory recommendations emerging from knowledge exchange confirmed in at least three non-pilot districts and</p>	<p>3.1 Existing policy framework under Forestry Law 2017 is assessed and guidance, circulars and/or regulations developed to support conservation of forest biodiversity and ecosystem services and application of regulations at local and provincial levels.</p> <p>3.2 Knowledge shared and exchanged on SFM and forest biodiversity best practices and innovations, including through project website, site-based exchanges and best practice case studies.</p> <p>3.3 M&amp;E system incorporating gender mainstreaming implemented for adaptive project management.</p>	GET	292,529	2,300,000



Project Component	Financing Type	Project Outcomes	Project Outputs	Trust Fund	GEF Amount(\$)	Co-Fin Amount(\$)
				Sub Total (\$)	2,079,150	21,670,000
Project Management Cost (PMC)						
				GET	103,955	800,000
				Sub Total(\$)	103,955	800,000
				Total Project Cost(\$)	2,183,105	22,470,000

**C. Indicative sources of Co-financing for the Project by name and by type**

<b>Sources of Co-financing</b>	<b>Name of Co-financier</b>	<b>Type of Co-financing</b>	<b>Investment Mobilized</b>	<b>Amount(\$)</b>
Government	Ministry of Agriculture and Rural Development	In-kind	Recurrent expenditures	1,000,000
Government	Ministry of Agriculture and Rural Development	Public Investment	Investment mobilized	370,000
Government	Department of Agriculture and Rural Development of Gia Lai Province	Public Investment	Investment mobilized	13,000,000
Government	Department of Agriculture and Rural Development of Gia Lai Province	In-kind	Recurrent expenditures	1,000,000
Government	Department of Agriculture and Rural Development of Phu Yen Province	Public Investment	Investment mobilized	1,000,000
Government	Department of Agriculture and Rural Development of Phu Yen Province	In-kind	Recurrent expenditures	500,000
Private Sector	Thuan Thien Phuc Company Ltd	Grant	Investment mobilized	1,000,000
Donor Agency	German Development Bank (KfW)	Grant	Investment mobilized	3,700,000
CSO	People Resources and Conservation Foundation/Vietnam Country Programme	Grant	Investment mobilized	800,000
GEF Agency	UNDP	In-kind	Recurrent expenditures	100,000

**Total Project Cost(\$)**    **22,470,000**

**Describe how any "Investment Mobilized" was identified**

Investment mobilized has been identified at PIF stage as projects and investments that fall outside of recurrent budgets and that are expected to materialize during the years of project implementation (funding amounts have been spread pro-rata across years of implementation). This includes the following estimated investment mobilized from the Government of Viet Nam and relevant provincial authorities: • The Ministry of Agriculture and Rural Development, through the project “Protection, Restoration and Sustainable Development of the Central Highlands in the 2016-2030 period” and under Decision 297/QD-TTg, approved a project on protecting, restoring and developing forests in Tay Nguyen in a sustainable

manner during 2016-2030 (Project 297), will implement various activities on enhancement of protection, restoration and sustainable management (US\$370,000). • The Gia Lai provincial government will invest in: i) Forest protection, restoration and sustainable development project for period 2018-2030; Investment and development of Kon Ka Kinh buffer zone, 2021-2025 among other key prioritized projects (estimated at around \$US13 million of aligned investment at PIF stage) from the National Project 297. • The Phu Yen provincial government, through the Department of Agriculture and Rural Development, will invest in its projects/programmes that will present project co-financing which includes mobilized investment from provincial sources to invest in forest protection, restoration and biodiversity conservation of the key forested areas of the province (\$1,000,000) Indicative private sector investment mobilized has also been identified at PIF stage, including from the private Thuan Thien Phue company within the project landscape that will make its own additional investments in sustainable forest management. The following additional baseline projects will be implemented during the project implementation period with co-financing potential (see Baseline Section): • A KfW (German Financial Development Cooperation) funded project entitled “Sustainable Forest Restoration and Management in the Central and the Northern Regions of Viet Nam” (KfW9 Phase 1) will invest in improving biodiversity values and ecosystem services through community engagement (US\$3,700,000 estimated as indicative co-financing commitment over project duration). • People Resources and Conservation Foundation/Vietnam Country Programme through the project entitled “Support on community-based biodiversity conservation in Kon Ha Nung Highland Landscape, Gia Lai province” will invest in conserving biodiversity based on community at high conservation value habitats on Kon Ha Nung, connectivity between Kon Ka Kinh National Park and Kon Chu Rang Nature Reserve, including support local representatives in biodiversity conservation management and sustainable socioeconomic development (US\$800,000).

**D. Indicative Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds**

<b>Agency</b>	<b>Trust Fund</b>	<b>Country</b>	<b>Focal Area</b>	<b>Programming of Funds</b>	<b>Amount(\$)</b>	<b>Fee(\$)</b>	<b>Total(\$)</b>
UNDP	GET	Viet Nam	Biodiversity	BD STAR Allocation	1,746,484	165,916	1,912,400
UNDP	GET	Viet Nam	Land Degradation	LD STAR Allocation	436,621	41,479	478,100
<b>Total GEF Resources(\$)</b>					<b>2,183,105</b>	<b>207,395</b>	<b>2,390,500</b>

E. Project Preparation Grant (PPG)

PPG Required  
☐

PPG Amount (\$)  
100,000

PPG Agency Fee (\$)  
9,500

Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount(\$)	Fee(\$)	Total(\$)
UNDP	GET	Viet Nam	Biodiversity	BD STAR Allocation	80,000	7,600	87,600
UNDP	GET	Viet Nam	Land Degradation	LD STAR Allocation	20,000	1,900	21,900
Total Project Costs(\$)					100,000	9,500	109,500

**Core Indicators**

**Indicator 1 Terrestrial protected areas created or under improved management for conservation and sustainable use**

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
81,088.00	0.00	0.00	0.00

**Indicator 1.1 Terrestrial Protected Areas Newly created**

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)
10,000.00	0.00	0.00	0.00

Name of the Protected Area	WDPA ID	IUCN Category	Total Ha (Expected at PIF)	Total Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)
Akula National Park	125689	Select	10,000.00			<input type="checkbox"/>

**Indicator 1.2 Terrestrial Protected Areas Under improved Management effectiveness**

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)
71,088.00	0.00	0.00	0.00

Name of the Protected Area	WDPA ID	IUCN Category	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)	METT score (Baseline at CEO Endorsement)	METT score (Achieved at MTR)	METT score (Achieved at TE)
----------------------------	---------	---------------	----------------------	----------------------------------	----------------------------	---------------------------	--	------------------------------	-----------------------------

Name of the Protected Area	WDPA ID	IUCN Category	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)	METT score (Baseline at CEO Endorsement)	METT score (Achieved at MTR)	METT score (Achieved at TE)
Akula National Park Kon Chu Răng Natural Reserve	125689 10377	SelectHabitat/Species Management Area	15,425.00						<input type="checkbox"/>
Akula National Park Kon Ka Kinh National park	125689 10378	SelectNational Park	41,876.00						<input type="checkbox"/>
Akula National Park Krong Trai Natural Reserve	125689 10379	SelectHabitat/Species Management Area	13,787.00						<input type="checkbox"/>

Indicator 3 Area of land restored

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
500.00	0.00	0.00	0.00

Indicator 3.1 Area of degraded agricultural land restored

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 3.2 Area of Forest and Forest Land restored

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
500.00			
Indicator 3.3 Area of natural grass and shrublands restored			
Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
Indicator 3.4 Area of wetlands (incl. estuaries, mangroves) restored			
Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
Indicator 4 Area of landscapes under improved practices (hectares; excluding protected areas)			
Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
74485.00	0.00	0.00	0.00
Indicator 4.1 Area of landscapes under improved management to benefit biodiversity (hectares, qualitative assessment, non-certified)			
Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
56,658.00			
Indicator 4.2 Area of landscapes that meets national or international third party certification that incorporates biodiversity considerations (hectares)			
Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
Type/Name of Third Party Certification			
Indicator 4.3 Area of landscapes under sustainable land management in production systems			
Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
17,827.00			
Indicator 4.4 Area of High Conservation Value Forest (HCVF) loss avoided			
Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)



Documents (Please upload document(s) that justifies the HCVF)

Title		Submitted		
Indicator 6 Greenhouse Gas Emissions Mitigated				
Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO <sub>2</sub> e (direct)	1577006	0	0	0
Expected metric tons of CO <sub>2</sub> e (indirect)	0	0	0	0
Indicator 6.1 Carbon Sequestered or Emissions Avoided in the AFOLU (Agriculture, Forestry and Other Land Use) sector				
Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO <sub>2</sub> e (direct)	1,577,006			
Expected metric tons of CO <sub>2</sub> e (indirect)				
Anticipated start year of accounting	2022			
Duration of accounting	20			
Indicator 6.2 Emissions Avoided Outside AFOLU (Agriculture, Forestry and Other Land Use) Sector				
Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO <sub>2</sub> e (direct)				
Expected metric tons of CO <sub>2</sub> e (indirect)				
Anticipated start year of accounting				
Duration of accounting				
Indicator 6.3 Energy Saved (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)				
Total Target Benefit	Energy (MJ) (At PIF)	Energy (MJ) (At CEO Endorsement)	Energy (MJ) (Achieved at MTR)	Energy (MJ) (Achieved at TE)
Target Energy Saved (MJ)				
Indicator 6.4 Increase in Installed Renewable Energy Capacity per Technology (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)				
Technology	Capacity (MW) (Expected at PIF)	Capacity (MW) (Expected at CEO Endorsement)	Capacity (MW) (Achieved at MTR)	Capacity (MW) (Achieved at TE)

**Indicator 11 Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment**

	<b>Number (Expected at PIF)</b>	<b>Number (Expected at CEO Endorsement)</b>	<b>Number (Achieved at MTR)</b>	<b>Number (Achieved at TE)</b>
<b>Female</b>	1,500			
<b>Male</b>	1,500			
<b>Total</b>	3000	0	0	0

Provide additional explanation on targets, other methodologies used, and other focal area specifics (i.e., Aichi targets in BD) including justification where core indicator targets are not provided

**Targets have been calculated as follows (see also Annex B):**

- Three protected areas (Special Use Forests, one of which is also a national park) totaling 71,088 ha, will be under improved management, measured by METT.
- One protected area, covering an estimated 10,000 ha including HCVF, will be established and brought under improved management, measured by METT.
- Project technical support and extension will support the restoration of 500 ha of degraded natural forest important for landscape connectivity.
- A total of 74,485 ha of landscape outside of protected areas will benefit from the introduction of improved management practices – this includes mainly natural forest under improved practices for biodiversity, with some forest and agricultural land under production (including in buffer zones of PAs).
- 1,577,006 tons of carbon dioxide equivalent will be mitigated through the enhanced protection and management of HCVF resulting in avoided forest degradation, as well as sequestration due to forest restoration. GHG mitigated from the project is estimated using FAO EX-ACT and includes the direct benefit only (indirect benefit will be estimated during PPG as more detailed activities are known) based on a conservative estimate of project impact until activities are better defined and the project landscape profile completed. Please refer to Annex C for more details on tCO<sub>2</sub>e estimates and the assumptions.
- Approximately 3,000 members of forest-dependent communities, as well as staff of various forest management authorities and government agencies, will directly benefit from the project's capacity development and livelihoods support. It is expected that at least 50% of beneficiaries will be women, given the emphasis on support to women's groups under Component 2.

## Part II. Project Justification

### 1a. Project Description

#### 1a. *Project Description*

1) the global environmental and/or adaptation problems, root causes and barriers that need to be addressed (systems description)

Viet Nam's natural forests are of outstanding global importance and critical for the achievement of national commitments under international biodiversity, land degradation and climate change conventions. However, these are areas of dynamic change and the biodiversity and ecosystem services they support are at risk due to ongoing forest loss and degradation and broader landscape change. In Viet Nam as a whole, national forest cover has actually increased in recent years, rising from 28% in 1993 to more than 41% in 2017. However, this gain has been due to expanding area of forest plantations, which rarely if ever provide habitat for biodiversity or other ecosystem services (other than timber production) comparable to that provided by native forests. According to forest reference emission levels submitted by Viet Nam to the United Nations Framework Convention on Climate Change (UNFCCC) in 2016, approximately two-thirds of the country's natural forests are in poor condition and/or are regenerating. Closed-canopy forests constitute only five percent of total forest area and are, not surprisingly, highly fragmented. For these and other reasons, conserving natural forests and maintaining or, where possible, enhancing their connectedness remain high priorities for the country. Failure to do so will result in an ongoing impoverishment of the country's forest biodiversity, within a context of continued deforestation and forest degradation.

The forest management and forestry sector in Viet Nam, is multi-faceted, with a mix of management types and forest management modalities. Forests in Viet Nam are classified within three categories, depending on management objectives: i) Production Forests, which are designated for timber supply; ii) Protection Forests (PF), which are established for the protection of ecosystem functions, such as in watershed and coastal areas (yet fall outside of the PA system); and iii) Special Use Forests (SUF), which are primarily intended to conserve biodiversity, and include national parks, nature reserves, **species and habitat reserves and landscape protection areas** (and included within the national PA system).

Forest management is undertaken largely by state entities, including Special Use and Protection Forest Management Boards (FMBs) and State Forest Companies (SFCs). As of 2017, such entities were responsible for managing around 47% percent of the total forest area. All SUFs and PFs, along with most of the remaining natural forests on production

forest land, are managed by these state entities. There are currently 231 Protection Forest Management Boards (PFMBs) managing 4,567,106 ha of forest and forestlands. In addition, many smaller PFs are managed by other forest holders, including SFCs. Compared with SUFs, PFs have less strict rules and regulations on forest access and use. Typically located on steep slopes of key watersheds, PFs are not considered to be part of the protected area system, though management restrictions apply and many provide important habitat for biodiversity. Most FMUs lack capacities to manage and protect the forest areas under their responsibility. **In practice, there is often little difference in capacity for biodiversity conservation between the managers of PFs and SUFs, which is a particular challenge for ensuring the management effectiveness of PAs.** In addition, the variety and large number of FMUs and disparate management systems create challenges for managing forest landscapes at larger scales, particularly when individual units **(including PAs)** are being managed in isolation from their ‘neighbors’. This emphasizes the challenge and **the need for landscape-scale management and mainstreaming biodiversity conservation and sustainable land management across the forest sector including PAs administered under the 2017 Forestry Law.**

This complex mix of landscape change across a mosaic of forest types, units and management structures plays out clearly in the Ba River basin, the largest river basin in central Viet Nam. The basin includes extensive forest areas totaling approximately 600,000 hectares. The majority of forests in the Ba River basin are located within the ecologically important Central Highlands region, part of the WWF Southern Annamites Montane Rain Forests ecoregion. Indeed, a relatively high proportion of its remaining natural forest area is high conservation value forest (HCVF), which supports high levels of globally-significant biodiversity. Within the Kon **Ka** Kinh – Kon Chu Rang corridor at the northernmost part of the basin alone, biological surveys have confirmed the presence of at least 18 IUCN-red listed mammal species at vulnerable and higher categories, and 29 rare and endangered plant species.

**Threats and root causes:** This landscape is under dynamic change, which is threatening biodiversity and the maintenance of ecosystem services. Direct loss of habitat is a key threat, with forest cover in the basin decreasing from 661,180 hectares in 2010 to 600,223 hectares in 2018. In addition to *deforestation*, problems of *forest degradation and fragmentation* have expanded. There is *intense competition for land*, which means that setting aside and maintaining land for forest protection is in direct competition with other, often more remunerative land uses. The main driver of deforestation and forest degradation is *agricultural expansion*, which moves in tandem with expansion of rural infrastructure such as road construction. Coffee plantations likely pose the greatest threat. The sector also faces an ongoing need to renew coffee plantations, a factor which will continue to increase demand for forest acquisition and conversion. Timber plantations are also expected to grow and pose further threats to natural forest areas, in the context of increasing demand for paper and pulp and other wood-based products. In the case of the Central Highlands, coffee production has expanded mainly at the expense of existing agricultural (subsistence) crops, rather than directly into forests. However, this process has in turn displaced such annual crops, and their producers, further away from population and economic centers and towards marginal and still forested lands. As capital investment drives land acquisition, especially for production of commodity export crops like coffee, the poorest populations are among those most likely to be displaced. Ironically, these populations, particularly members of ethnic minority groups, also tend to be the most heavily dependent on forest resources for their incomes and livelihoods. These processes, which are also linked to continuing population growth, often lead to *illegal encroachment into remaining natural forests* within Forest Management Units (FMUs). This can include encroachment of forest land for shifting cultivation, illegal hunting and trapping of wildlife;

illegal logging of protected and rare timber species; and exploitation of non-timber forest products (NTFPs). The drivers and root causes of these threats are an increasing population, increasing demand for timber and depleted natural production forests that cannot meet demand resulting in timber supply shortages, lack of rights and secure access to productive land and resources for forest-dwelling communities, and entrenched poverty among local and indigenous communities – ultimately resulting in the unsustainable landscape management observed today and the continued erosion of the Basin's biodiversity and ecosystem services.

**Long-term vision and barriers to achieving it:** The long-term vision is conservation of forest biodiversity and maintained/improved flow of ecosystem services across the Ba River Basin. The project solution to achieve this is for biodiversity conservation and land degradation neutrality to be mainstreamed into sustainable forest management planning and practices, through a collaborated landscape-wide approach including enhanced management and connectivity of protected areas, buffer zones, State-owned and privately-managed natural forests, and community co-managed areas.

The following barriers are standing in the way of achieving this:

*Lack of information on biodiversity conservation assets, condition and trend:* Forest management plans and operations that effectively integrate biodiversity conservation require information on forest resources and site boundaries. However, there are significant limitations in this area, including a lack of specific information on forest resources in the basin, including current fauna and flora status, forest quality, flora and fauna distribution. There is limited information on the extent and status of HCVF and what information does exist on biodiversity assets is old and not well connected to management decisions. The SFM planning process outlines requirements to consider biodiversity conservation in forest management but an absence of current data and monitoring on this is restricting the consideration of biodiversity within forest management and land use plans. Limited surveillance and patrolling efforts impede understanding of site-based threats such as agricultural encroachment into highly-biodiverse forest areas, illegal logging and widespread use of snares/traps for wildlife poaching. There is not yet effective use of remote sensing technologies to provide near real-time information on forest change and use it to inform decision-making and enforcement. Boundaries between different land uses are in places not well identified compounding these issues. There are many areas where management and/or ownership are not clear—a situation that can lead to conflicts. These issues have significant impacts on forest management and biodiversity conservation in the project area.

*Insufficient operational guidance and enforcement which impede implementation of the policy framework and mainstreaming of biodiversity conservation into forest and land use planning:* Viet Nam's Forestry Law was approved in 2017, updating the previous Forest Protection and Development Law (2004). The 2017 Forestry Law included revisions, supplements and added new requirements. Implementation of the new law has been hindered by a lack of regulations/guidelines to guide further activities and field-level

implementation. Gaps include: (i) the need to further elaborate the role of forest rangers in special-use forests and protection forest management boards, particularly their potential transformation into a specialized forest protection force; (ii) the need for detailed guidance to forest managers on planning and implementation of SFM. For example, national circular 38/2014 on Guidelines for Sustainable Forest Management schemes was promulgated in October 2014. Several years later, in 2018, the Ministry of Agriculture and Rural Development (MARD) issued Circular 28/2018 on Sustainable Forest Management, requiring that forest owners develop SFM plans. However, further detailed guidance on how to incorporate biodiversity conservation and LDN priorities, as well as enforcement mechanisms, have not yet been developed. In the absence of this and enhanced awareness and commitment to biodiversity conservation within SFM plans there is a risk that the potential benefits of the implementation of these plans for biodiversity conservation and ecosystem services will be impeded. In order to further enhance enforcement across the forest sector, the Prime Minister's Directive 13 (2017) highlights the need to "strengthen effective coordination between central and local levels among ministries/sectors to drastically and effectively carry out the examination, inspection, supervision and timely and strictly legal acts of violation of laws". Improving coordination among provincial authorities across the Ba River basin is important to combat illegal poaching and logging groups that are shifting from Phu Yen to Gia Lai and transporting illegal products across the basin. While there are some existing mechanisms in place for coordination on forest law enforcement these tend to focus on forest encroachment and offences and do not pay sufficient attention to wildlife-related offences such as poaching. Without enhanced tools to collect and share data and develop collaborative strategies for enforcement, this Directive will remain difficult to implement and illegal activities will persist.

*Limited experience in developing and implementing biodiversity conservation and land degradation priorities as part of forest management and lack of technical capacities and tools to do so:* Viet Nam has a long history of forest management, but the shift to implementing SFM practices, including biodiversity conservation, is relatively new. Similarly, target setting related to Land Degradation Neutrality (LDN) is a relatively new concept that has not yet been integrated into forest management. In particular, the concept of forest management planning is new to most forest owners. Most forest companies will begin developing these plans in 2020, as per Circular 28 (see previous bullet). This process includes provisions for the management and conservation of biodiversity assets as part of forest management. However, there is a lack of capacity and awareness on biodiversity conservation priorities, needs and approaches among forest owners, including among PA managers, which is impeding the management effectiveness of PAs and of other high-biodiversity forest areas, and impeding forest law enforcement. Forest owners face many problems in developing and implementing forest management plans, including lack of information needed to develop and implement strategies, funding limitations and limited technical capacities on how to integrate biodiversity considerations and priorities, at landscape and site scale, into plans and operations. This has created a substantial need for technical cooperation, force training and equipment by forest owners to prepare and implement SFM plans, and for participatory processes that put forest managers, including local communities, at the centre of this process. Since 1995, Vietnam local government (district people's committees) have been allowed and encouraged to allocate forest lands to local households for the purpose of forest protection and planting. A total of 2,955,134 hectares is available for such allocation. Under contracts governing such agreements, Forest Management Boards (FMBs) agree to pay forest protection or planting fees to these households. Given the high level of dependency of poor communities on forests and forest resources, especially in mountainous areas, these kinds of emerging arrangements can play a crucial part in both poverty alleviation and conservation. According to data from the General Department of Forestry (2018), a total of 1,156,714 hectares of forest land (nearly 8% of total of the country's total forest area) had been allocated to communities. These allocations included 1,051,224 hectares of natural forests, and 105,490 hectares of plantation forests.

*Lack of coordination among managers of individual FMUs and lack of experience maintaining connectivity among forest fragments:* There are a large number of FMUs in Viet Nam. A recent national-level survey counted 231 Protection Forest Management Boards (PFMB), with each PFMB responsible for, on average, less than 20,000 ha. Forest areas managed by Commune People's Committees are even more fragmented in management terms; in the case of six pilot districts, some 312,000 ha are managed by 77 units, with each Committee responsible on average for less than 1,000 ha of actual natural forest area. Further, Viet Nam has 164 SUF Management Boards managing some 2.15 million ha of forest; including 33 national parks (of which 6 NPs under VNFOREST's management and 27 NPs under PPCs); 57 Nature Reserves; 12 Species-habitat reserves; 53 Landscape conservation zones under management of provincial authorities; and 9 management boards of Forests used for scientific research or experiment purposes. The government supports collaborative management approaches that engage local communities in co-management of forests, most recently through the 2017 Law on Forestry. However, procedures are complex and time consuming, the pace of uptake is correspondingly slow and there is an ongoing need for successful demonstrations to be conducted and uptake encouraged. Most managers are narrowly focused on management of the area for which they are responsible **and attention is focused on general forest protection rather than explicit consideration of biodiversity assets and conservation needs**. This leaves a gap in terms of management of landscape-level ecological processes, which may involve ten or more FMUs and numerous additional forested areas under the responsibility of Commune People's Committees (CPCs), depending on the scale of the landscape. Addressing this issue requires landscape-level analytics and also bringing managers together to develop and share plans and lessons learned, neither of which is typically done at present. With regards to forest biodiversity, there is a need to test different approaches to achieving connectivity. Action here is constrained by insufficient incentives and weak landholders' capacities for internalizing biodiversity conservation and other aspects of sustainable land and forest management in land management activities. Existing forests are not always adequately zoned to reflect their biodiversity values and the ecosystem services they provide. This has led to the degradation of HCVF within protection forests as well as in currently 'open areas' such as those under the control of CPCs. There is an urgent need to map out HCVF areas and strengthen management in order to ensure that important ecosystem services are maintained. There is a need to ensure linear ecological corridors (primary linkages) and stepping stone corridors (secondary linkages) for enhanced ecosystem services provision, wildlife movement and as an adaptation measure against climate change.

*Limited awareness and understanding of forest ecosystem service values, and inadequate use of financial incentives to support mainstreaming of these values in planning and management practices:* The forests of the Ba River basin are vital for regulating water flows and for protecting water quality. They regulate water runoff during times of heavy rain, reducing flood events, and prevent soil runoff that increases the siltation of hydroelectric reservoirs. These services are essential to ensure future water and electricity supplies in Viet Nam. Forests also provide natural products such as rattan for local populations and nationally important nature-based tourism resources. However, these ecosystem services and their economic values are not fully recognized or valued, and land managers in the Ba River basin lack incentives to effectively manage the land for biodiversity conservation and ecosystem service maintenance, or to increase the protection areas to enhance protection and connectivity. In addition to the need for stronger recognition of the value of forest ecosystem services, there is a need for those values to be internalized through financial mechanisms and incentives for conservation. Forest communities need to have incentives for keeping forests and biodiversity intact. Insufficient investment in SFM has often been framed as an issue of scarce finances. While there are a number of available opportunities, including from central government allocations and both public and private financial capital and funds, many are either untapped or used

inefficiently. For example, Viet Nam's national payment for ecosystem services (PFES) program is deployed in the communities of the Ba River basin, but the functioning of this program on the ground is quite limited, and does not include sufficient monitoring to properly link provision of ecosystem services with payments received. In addition, certification of environmentally-friendly forest products is increasingly being applied and developed in Viet Nam to strengthen the linkage between SFM practices and the production of commodities. However, these programs are not initially targeted for Gia Lai and Phu Yen provinces, and there is a need for the provincial and district decision-makers, and the communities living in Ba River forest landscapes, to increase their awareness and understanding of ecosystem services financing mechanisms, so they may begin to take advantage of these opportunities. A second problem related to finance is that SFCs and Forest Protection Management Boards (FPMBs), both of which manage large areas of natural forests (especially those at buffer zones), have no legal basis to make biodiversity-related budgetary requests.

## 2) The baseline scenario and any associated baseline projects

A range of recent policy reforms and initiatives provide a supportive baseline for the project, helping address the threats, drivers and barriers outlined above. The Prime Minister of Viet Nam has issued a moratorium to ban harvesting of natural forests in Central Highlands and has ordered to stop further development of hydro-power projects **or any projects which involve natural forest conversion** in the region. This high-level announcements indicate the strong commitment from the government to conserve natural forests and biodiversity.

The new Planning Law (2017) provides a blueprint for more integrated and sustainable planning. Planning of many sectors of the economy, including forestry, is covered by Article 25 of the new law. Among other changes, the new law mandates integration of climate change and environmental considerations into planning and includes measures to reduce the overlap of planning activities in many sectors, in order to bring greater transparency to the overall planning process. Provincial master plans for the period 2021-**2030** are now under development across Viet Nam, including in the proposed project provinces.

National forestry planning planned for 2020 and 2021 represents an important basis on which the present project can build, and support the integration of forest monitoring results and forest issues more broadly into the new, integrated province plans emerging under the 2017 Planning Law. Viet Nam's Forest Inventory and Planning Institute (FIPI), for its part, has developed a proposal for implementation of the National Forestry Development Planning for the period 2021-2030 and vision to 2050, based in part on regulations contained in the 2017 Planning Law. The plan is expected to be finalized in coming months and will provide a good foundation for the PPG. Under its mandates of forest monitoring and assessment, FIPI is scheduled to implement a National Forest Inventory, Monitoring and Assessment project in period of 2021-2025 (NFIMAP6) in order to update its database of forest resources. However, this inventory does not generally take account of biodiversity aspects.



VNForest is the agency responsible for developing secondary legislation and the policy framework supporting the Forestry Law 2017. They are also responsible for managing the Central Highlands project. In 2019, the Vietnamese Government issued Decision No. 297 on Approving the Scheme on Protection, Restoration and Sustainable Development of the Central Highlands in the 2016-2030 period. This is an important foundation for forest investment and development activities, as well as protection of forest habitats and biodiversity conservation. It is expected to make an important contribution to Viet Nam's LDN targets and NDC achievements.

The Government of Viet Nam aims to sustainably protect and develop 100% of the existing forests. Decree 118/2014 encourages SFCs to focus on delivering “public services” rather than timber. SFCs operating in many natural forests are thus meant to redirect efforts away from “timber production” to “public service production”, largely reflecting the poor quality of their forests. However, adequate management and financing mechanisms for these forests—needed to ensure their regeneration and protection from conversion, illegal logging and agricultural encroachment and to promote certification for some areas—remain to be defined.

Provincial budgets include the management of protected areas which fall under the administration of the respective Provincial People's Committees. PAs such as Kon Ka Kinh National Park and Kon Chu Rang Nature Reserve in Gia Lai, and Krong Trai Nature Reserve in Phu Yen are managed as Special Use Forests, with their own forest management/ranger units and management board.

In support of Decision 297, Gia Lai province (which falls within the Central Highlands region) is developing a forest protection and development plan, covering the period 2021-2030, with an expected budget of VND 2,591 billion (US\$113 million), of which VND 278.5 billion (US\$12 million) is from local sources (provincial government) and 2.313 billion (US\$101 million) is from central government. This funding is emerging from Decision 297.

Further, Gia Lai Provincial People's Committee is expected to approve a plan, with a total budget of US\$21.56 million, to allocate forestry land to organizations and households in the province, under which districts will develop annual plans for forest allocations, beginning in 2021. At the other end of the Ba River basin, Phu Yen Province is developing and will implement a Provincial Forest Protection and Development Plan for the period 2021-2025, with an overall budget of about US\$9.5 million, of which about US\$0.9 million is from local sources and US\$8.4 million comes from central sources.

There are good opportunities for mainstreaming biodiversity conservation into forest management. For example, two State-owned forestry companies, Dak Rong and Tram Lap, plan to convert areas under their management into Special Use Forest, in conjunction with a proposal to establish a Kon Ha Nung Plateau Biosphere Reserve by the Gia Lai Provincial People's Committee. The areas managed by the companies, which cover nearly 26,000 ha, include at least 10,000 ha of natural and biodiversity-significant forests within an important corridor located between Kon Ka Kinh National Park and Kon Chu Rang Nature Reserve and have become deforestation hotspots due to their relatively low level of protection (compared with Special Use Forests and Protection Forests). The interest in converting these production forests to a Special Use Forest is an excellent opportunity to set-aside this HCVF area for protection and enhance connectivity between existing PAs and within the Kon Tum Plateau KBA. There is strong commitment and political support from Gia Lai province for this proposal, which will shortly be submitted for endorsement of the Provincial People's Committee and MARD. Meanwhile, a project to assist local representatives in biodiversity conservation management and socio-economic development, for the period 2018-2025, is receiving approximately US\$800,000 from the People Resources and Conservation Foundation Viet Nam Country Programme. This area was also supported by prior GEF-3 investment through the UNDP-supported project "Making the Link: The Connection and Sustainable Management of Kon Ka Kinh National Park and Kon Chu Rang Nature Reserve" over 2006-2011 which strengthened capacity and built community and forest company awareness for sustainable forest management and biodiversity conservation – investment that has helped catalyze the current interest to convert some of this area to a Special Use Forest.

Viet Nam is one of the few countries to have established a PFES scheme for hydropower that recognizes the service provided by forests in maintaining watersheds. The *Vietnam Payment for Forest Environmental Services* scheme, which has been operational since 2010, is implemented by provinces, which have some flexibility in defining how the scheme is carried out. From 2013-18, payments into the fund in Gia Lai have amounted to VND 528.8 billion (US\$22.78 million), while Phu Yen has received VND 40.06 billion (US\$1.73 million). PFES funds have helped finance forest management and protection, supported forestry companies and forest management boards to prevent logging of natural forests, and given timely support for mountain-dwelling people to protect forests with money to improve their living standards in the context of difficult state budget. Overall, however, PFES payments remain too small to significantly impact behavior in a way that will ensure forest conservation.

Other relevant donor-funded efforts, which will form the foundation and partnerships on which the present project will build, include the following:

- The KfW 9 and KfW 10 projects, support SFM in the project landscapes. The KfW 10 project "Protection and Inclusive Management of Forest Ecosystems in Quang Nam, Kon Tum and Gia Lai provinces" implemented from 2014-2020 with total budget of €11,290,000 (US\$12.574 million) has supported sustainable management and protection of natural production forests in Gia Lai, along with livelihood development. In the case of KfW 9, titled "Rehabilitation and sustainable forest management in Central and Northern Vietnam", Phu Yen province will receive support from 2021-2027, with budget for the province of €5,935,173 (US\$6.6 million). Project components include: (1) Improving management of special use forests and national parks; (2) Improving management of protection forests and community forests; (3) Implementing environmental education measures.

· The ADB Biodiversity Corridors Conservation Project (ADB-BCC) first and second phase implemented from 2011-2020 in Quang Nam, Quang Tri and Thua Thien Hue provinces to: (i) provide forest tenurial security to poor households and indigenous groups for collective management of forest resources; (ii) restore habitat on degraded communal forest lands; (iii) improve livelihoods and income-enhancing small scale infrastructure, and; (iv) generate employment. In addition, the ADB Core Environment Program and Biodiversity Conservation Corridors Initiative, Phase II (ADB CEP-BCI II) regional initiative over 2013-2022 will build environmental planning systems, methods, and safeguards; improve management of transboundary biodiversity conservation landscapes and local livelihoods; establish climate-resilient and low-carbon strategies, and; improve institutions and financing for sustainable environmental management. The present project will build on good practices and lessons from these projects and try to visit project demonstration sites/villages to learn from their approaches.

· Viet Nam has had extensive engagement in REDD+, including UN-REDD, World Bank Forest Carbon Partnership Facility (FCPF – who funded initial REDD+ preparation activities) and support from JICA and SNV. The Central Highlands is a key area for REDD+ investment (although this has been largely outside of the proposed project provinces). For example, SNV Netherlands Development Organisation implemented from 2010-2014 the “Participatory Forest Monitoring (PFM)” project in Lam Dong Province. PFM is an ‘operating system’ with social, climate and governance applications useful to restoration. The present project will look to build on SFM/REDD+ work with community forest groups within Ba River landscapes.

· A project on “Rehabilitation, Restoration and Sustainable Management of Protection Forests” (also known as ‘JICA2’) in 11 provinces, including Phu Yen, will be carried out in the period of 2012-2021. Its specific objectives are to: (1) restore and develop watershed protection forests; (2) strengthen capacity for local government and protection forest owners, and; (3) support improved livelihood for communities participating in managing protection forests. The total budget for this project is around US\$123,479,000. The project can offer lessons on capacity development approaches and community livelihoods support.

· The People Resources and Conservation Foundation/Vietnam Country Programme is working with the Gia Lai DARD through the project entitled “Support on community-based biodiversity conservation in Kon Ha Nung Highland Landscape, Gia Lai province” over 2018-2025. The project is working in 18 villages (15 villages of Dak Rong commune, and 3 villages of Son Lang) to support assessments and documentation for the proposal to establish a community-based reserve in the production forests located between Kon Ka Kinh National Park and Kon Chu Rang Nature Reserve, with a budget of US\$800,000. This project can offer incremental support for the establishment of this PA through dedicated capacity building for ranger staff and support for biodiversity conservation, monitoring, patrolling and surveillance.

· An upcoming EU-funded €5 million (US\$5.61 million) project on “Integrated sustainable landscape management through deforestation-free jurisdiction project in Lam Dong and Dak Nong” implemented by UNDP with MARD and PPCs of Lam Dong and Dak Nong Provinces, expected to take place between 2020-2024. This project is focussed on deforestation-free value chains, but includes support for district land use planning processes and monitoring, which can provide knowledge and lessons exchange with this project.

· The GEF-financed project “Mainstreaming Natural Resource Management and Biodiversity Conservation Objectives into Socio-Economic Development Planning and Management of Biosphere Reserve in Viet Nam” which is executed by MONRE and supported by UNDP will be implemented from 2020-2025. This project aims to mainstream biodiversity conservation and natural resources management objectives into governance, planning and management of socio-economic development and tourism in biosphere

reserves. The project will support integrated stakeholder engagement processes and policy/regulatory improvements and guidance on integrated planning, biodiversity and HC VF monitoring to improve biosphere management under the 2008 Biodiversity Law. In parallel, on-ground efforts will include HC VF protection, forest restoration and livelihoods diversification within the three targeted biosphere reserves (all of which lie outside the demonstration landscape for this project). While the biosphere project will focus on broader legislative reforms under the Biodiversity Law and other sectoral laws such as tourism, this proposed project will focus on targeted guidance and improvements to support the operationalization of the recently enacted 2017 Forestry Law, including its implementation and enforcement at provincial and district levels. The two approaches are complementary and there are good opportunities for coordination, cross-replication and exchange of lessons to deliver integrated implementation of national biodiversity and forestry legal frameworks. The biosphere project is also expected to provide important guidance and lessons that can be integrated into this project given the geographic overlap of the Gia Lai landscape with an ongoing proposal for establishing the Kon Ha Nung Plateau Biosphere Reserve.

### 3) The proposed alternative scenario with a brief description of expected outcomes and components of the project

In the proposed alternative scenario, Ba River Basin forests and constituent biodiversity and ecosystem services are being managed more strategically and with the enhanced participation of local, forest-dependent communities. Existing incentive mechanisms are being better deployed and linked to performance. Biodiversity conservation and forest restoration investments and other actions are being based on a broader, landscape-level understanding of ecological processes, connectivity, and landscape-level threats. Protected areas and other significant natural forests are being managed more sustainably, with explicit consideration of biodiversity conservation and better management of threats to biodiversity at site- and landscape-level. Lessons learned are being shared with managers and decision makers across the Basin and nationally, facilitating necessary regulatory and policy changes to support broader uptake.

The project's theory of change is that:

- Effective conservation of Viet Nam's globally-significant forest biodiversity in the Ba River basin will require mainstreaming of biodiversity into forest management across the range of forest management types (e.g. Special Use Forests – PAs, Protection Forests, Production Forests) and poorly-coordinated FMUs, along with integration into broader jurisdictional planning processes and the socioeconomic development of local communities.

- To do this the project has identified a priority area where forest lands continue to represent an important percentage of land area, a significant source of income for local, forest-dependent people and are at a scale where a substantial, yet still manageable, number of FMUs are found.

- Action is needed at landscape and site level. At landscape level (Component 1) increased understanding of landscape-level biodiversity and ecosystem service priorities is needed – and to underpin this, enhanced dedicated analytical tools and monitoring. While these are required to inform site-level management, they must also be integrated into

provincial and district master planning processes to arrest forest degradation and loss, including through the spatially-explicit consideration of important biodiversity areas alongside the priorities of other sectors. Open and active dialogue across multiple stakeholder groups is needed to build a common understanding of priorities, co-benefits and areas of conflict that need to be resolved.

· At site level (Component 2), existing processes for SFM planning in forest management units require the consideration of biodiversity conservation assets and actions. However, in practice a lack of capacity and awareness of biodiversity conservation means that these areas will not be effectively integrated into forest management planning – including for those FMUs that are PAs, impeding their management effectiveness.

· Site-level actions cannot be considered in isolation and forest managers must look beyond their immediate boundaries and consider actions that are needed at landscape-scale to conserve biodiversity, working in a coordinated fashion on buffer zone management, habitat connectivity and consideration of the overall landscape matrix and its threats to forest biodiversity. The core of these efforts will be in PAs, but given the biodiversity significance of and threats to Viet Nam's natural forests, efforts will be needed across Special Use Forests, Protection Forests and Production Forests.

· Such actions require full involvement and engagement of local communities and consideration of local needs and rights including the development of sustainable livelihoods options that provide meaningful economic benefits and help facilitate a shift away from unsustainable and/or illegal use of forest resources.

· By applying the above tools and directly targeting priority FMUs within the landscape, the project can demonstrate real economic and environmental benefits of biodiversity conservation and ecosystem service maintenance through SFM and stimulate transformative, landscape-level change.

· By closely tying together learning, uptake and national-level barrier removal within an iterative process under the one component (Component 3), an enhanced and broadened degree of replication at larger scales (Central Highlands, national, other river basins) will be facilitated.

In line with the above described theory of change, the project consists of three components, that will apply at national (Component 3), landscape (Component 1) and FMU/PA scale (Component 2). The Ba River basin covers portions of four provinces. This project focuses on target forested landscape within the Ba River basin portions of Gia Lai and Phu Yen provinces, while the remainder of the basin (including Dak Lak and Kon Tum provinces) will serve as an initial target area for uptake and replication.

The project components are:

Under **Component 1**, the project will support the mainstreaming of biodiversity and ecosystem services into landscape-level planning, monitoring and enforcement. First, the project will support the establishment of multi-stakeholder platforms on mainstreaming biodiversity and ecosystem services into provincial and land use planning and sector

operations (Output 1.1). The platforms will bring together a range of stakeholders across government, industry and community into a common dialogue on the biodiversity assets and landscape-level conservation needs of the Ba River basin and their integration into master planning and land use planning. The project will establish provincial-level platforms in Gia Lai and Phu Yen province. These will provide a participatory mechanism for the identification of landscape-level conservation priorities (see Output 1.2) and a multi-stakeholder platform that can support the implementation of the 2021-2030 provincial master plans (under development and due to be adopted by the end of 2020), along with their monitoring, review and revision.

To build off the strong government baseline of planning that is currently underway in accordance with the 2017 Planning Law, the project will support the integration of spatially-explicit biodiversity and ecosystem services considerations into land use planning. The project will develop a spatially-explicit landscape-level biodiversity and HCVE conservation and restoration strategy (Output 1.2), identifying the location of priority conservation areas (including HCVE, e.g. following the steps in the 2019 “High Conservation Value (HCV) Screening: Guidance for identifying and prioritising action for HCVs as part of jurisdictional and landscape approaches”) within the Ba River basin, landscape-level considerations such as habitat connectivity and ecosystem services provision, and key threats and vulnerabilities to these assets. The strategy will be developed under the overall direction of the People’s Provincial Committees with inputs from the platforms established under Output 1.1. The strategy will be used to inform the on-ground conservation activities delivered under Component 2 – and further, the project will support the integration of the identified priority conservation areas/assets into provincial master planning and district planning. As the current planning round is being finalized in 2020, these spatially-explicit inputs will feed into the review of these plans midway through the planning cycle and their readjustment for 2026-2030. Project support will include provision of spatial data layers and maps (see Output 1.3) for the review of progress towards current plans and the development of participatory, spatially-explicit land use plans considering biodiversity and ecosystem needs in at least two districts.

Improved use of spatial and remote sensing data will be an important contribution to these planning processes and district and FMU decision-making. The project will enhance existing systems for monitoring forest change and generating alerts related to forest loss by building capacity for the use of high-resolution remote sensing data (Output 1.3). There is now a range of remote sensing (e.g. Terra-i) and spatial data mapping platforms (e.g. UN Biodiversity Lab) freely available, however these are not yet widely used to inform decision-making at provincial, district and forest management unit level. Increasing access to such information and building capacity to use it was noted as a key need of forest managers during PIF consultations. The project will use an existing freely-accessible platform (to be selected during the PPG based on IT and capacity requirements) to access high-resolution multi-time/near real-time remote sensing images to generate regular deforestation and forest degradation warnings for districts and forest managers, providing more dynamic information on vegetation change as a key driver of biodiversity loss. This will be analyzed with other existing spatial data on biodiversity and ecosystem services (e.g. datasets on protected area/KBA coverage, threatened species richness, key usage areas for water security, carbon stores, carbon sequestration potential etc available in UN Biodiversity Lab) to identify risks and threats to biodiversity assets of the Ba River basin. The monitoring will provide a ‘dashboard’ for provincial and district authorities and forest managers to assess forest change and implications on biodiversity significance, identify forest and biodiversity priorities and monitor progress and compliance with established land use plans. The project will provide training and equipment for provincial and district stakeholders involved in forest monitoring (e.g. DARDs, district

administrations, forest/PA rangers, forest companies, communities with forest land allocations) to build their spatial literacy and capacity to use high-resolution spatial data and maps to support decision-making. The real-time monitoring demonstration at provincial level will be used to inform enhancements to the national VNFOREST Management Information System for the Forestry Sector in Viet Nam (FORMIS) system. Project lessons will be used to develop guidelines on monitoring forest/landscape change and recommendations on integration with national monitoring and inventory systems for consideration by MARD.

Finally, Component 1 will support enhanced coordination on wildlife and forest enforcement at landscape level (Output 1.4), with particular attention on improving information exchange and coordination on wildlife-related offences. At inter-provincial level, the project will provide technical support to broaden the existing forest management and protection cooperation regulation MOU between Phu Yen and Gia Lai PPCs/Provincial Forest Protection Departments to integrate biodiversity conservation and landscape-scale considerations into their existing coordination meetings and MOU, which currently only covers illegal logging and forest encroachment issues. The cooperation will also be extended to provinces which share neighboring forest areas (e.g. between Gia Lai and Quang Ngai/Kon Tum) to enhance cross-provincial coordination on wildlife snaring, poaching and trafficking offences in law enforcement information exchange and operations.

**Component 2** of the project will strengthen conservation of globally-significant biodiversity and forests in the Ba River basin. Conservation action will focus on priority biodiversity assets and key threatening processes in the landscape. For example, actions will support enhanced management of protected areas as key reservoirs of biodiversity, along with the management of high ecological value forests outside of the protected area network. Interventions will also help build connectivity between habitats and address the significant threats of agricultural encroachment into PAs and poor management of PA buffer zones. Combined these actions will help achieve enhanced management of over 166,000 ha, comprising over 80,000 ha of PA (including an estimated 10,000 ha in a proposed new PA, 67,000 ha of biodiverse natural forest managed for biodiversity, and 17,000 ha under forest and agricultural production, including in PA buffer zones). The preliminary identified landscape in Gia Lai and Phu Yen includes a cross-section of Special Use Forests and their buffer zones, protected forests, production forests and community-managed areas (forest/forestland allocations from Peoples Provincial Committees), representing 8 Forest Management Units plus two community-managed areas across the mosaic of forest types and managers that is common across Viet Nam. The three established PAs (Special Use Forest areas) are: Kon Ka Kinh National Park and Kon Chu Rang Nature Reserve in Gia Lai, and Krong Trai Nature Reserve in Phu Yen. A new PA is proposed for establishment in biodiverse forest areas of the Dak Rong and Tram Lap State-owned forest companies, with strong commitment of Gia Lai province. This area falls within the recognized Tram Lap-Dak Rong KBA. The project will provide enhanced support to these forest managers to help achieve enhanced capacity and management for biodiversity conservation, particularly protection of HCVF. Initial information on the demonstration landscape is provided in Annex 1. The landscape will be further defined and delineated during the PPG in consultation with executing partners and local stakeholders (including confirmation of the support and willingness of local communities to participate in the project – initial consultations in this regard have commenced, see Section 5).



Under Component 2 GEF funds will be used to establish participatory biodiversity and forest resource monitoring and inventory, including HCVF assessment, to better understand the assets in each individual FMU and their status and condition (Output 2.1). This will include provision of training and equipment for PA and forest managers and for communities living in and around high-biodiversity areas, helping build engagement in sustainable forest management. Monitoring results will be used to guide the identification of FMU's forest resource and biodiversity conservation priorities at site level including HCVF extent, which will be particularly important to guide the protection and enhanced management of HCVF in the proposed PA in Dak Rong and Tram Lap FMUs.

Next, the project will support the integration of these biodiversity assets and landscape-level conservation priorities identified under Output 1.2 into SFM plans and associated annual work plans (Output 2.2). SFM planning is a new requirement of the Government of Viet Nam and for Special Use Forests, these plans will serve as the PA management plan and will be critically important to guide their effective management to protect biodiversity conservation values. Initial SFM plans are being developed during 2020, however due to low capacity and awareness of biodiversity conservation among forest managers (including in PAs), these initial plans are likely to not fully consider biodiversity conservation, or effectively integrate broader conservation objectives practical and technically-sound work plans for on-ground investment. GEF funds will be used to help close this gap. The project will provide technical support and extension to build biodiversity conservation capacity and commitments. PA/forest managers will be provided with technical assistance to identify biodiversity conservation priorities and develop appropriate conservation actions for SFM annual work plans to protect these values. Best practices will be demonstrated and extension services will help facilitate the use and adoption of technically-sound biodiversity conservation practices (e.g. threatened species conservation, habitat management and enrichment, IAS management, use of spatial set-asides, management of edge effects, regeneration/restoration) into forest management/PA management practices. Project lessons and improved capacity will help support enhanced consideration of biodiversity conservation within the subsequent round of SFM plans for 2026-2030 – a participatory review of the implementation of 2021-2025 SFM plans (combined with monitoring results under Output 2.1) will be completed in the project FMUs to help inform this process and continue to build PA and forest manager capacity and engagement in biodiversity conservation.

Attention under Component 2 will help strengthen the management of target PAs in the project landscape, responding to capacity needs identified by PA managers and responding to challenges of illegal poaching, logging and encroachment faced by the PAs. GEF funds will provide training, equipment and operational support to PA managers to strengthen patrolling and surveillance, complete boundary identification/realignment (e.g. realignment of boundaries to exclude low biodiversity areas where communities are living and replace them with higher-biodiversity neighbouring areas) through a participatory process with communities, and enhance community and stakeholder engagement and co-management (Output 2.3). These activities will include capacity development for the new PA in the area of Dak Rong and Tram Lap State Forestry Companies. These areas contain significant amounts of HCVF that are at risk of degradation, and increasing surveillance of these areas is an immediate priority, along with building capacity of forest rangers for biodiversity conservation and PA management. Training and capacity development needs will be confirmed during the PPG phase based on detailed consultations with PA managers and provincial/district administrations.



Importantly, the project will support efforts to enhance community-based conservation of forest biodiversity, which is critical to achieve mutually-beneficial outcomes for conservation and local livelihoods (Output 2.4). The project will provide technical support for the process of allocation of forest areas managed by Commune People's Committees to local communities as a means to promote co-management. In at least two areas where forest lands have been allocated to village communities, the project will implement a participatory process to develop the initial SFM plan for these community allocations so that community views and priorities for forest management are central to the process, and to build awareness and capacity in integrating biodiversity conservation into SFM plans. A gender mainstreaming approach will be applied to ensure women's participation and equal flow of benefits to women. The project aims to pilot a co-management model on forest and biodiversity which can be upscaled across the Ba River basin. GEF funds will also support livelihoods diversification in community-managed areas and PA buffer zones, including development of NTFP, agro-forestry and forest income generation models.

Specific attention will be placed on the realization of livelihoods improvement for women and this has been recognized as its own output (Output 2.5). GEF funds will support the establishment of women's groups in forest-dependent communities, targeted training on FMU management, forest-based value chains and entrepreneurship, and invest in targeted livelihoods models that offer specific opportunities for women's empowerment and benefits.

Landscape connectivity will be enhanced through reforestation/restoration of at least 500 ha of degraded natural forests to enhance movement of significant wildlife across the landscape and reduce fragmentation in HCVF (Output 2.6). Support will include identification of restoration areas (informed by the landscape-scale biodiversity and HCVF restoration strategy developed under Output 1.2) including consultation and validation with local communities, investment in technically-sound restoration processes and the development of technical guidelines on restoration techniques to support replication and broader uptake across the Ba River basin. The area targeted is likely to include the area between Kon Ka Kinh NP and Kon Chu Rang NR in the north of the landscape, given its high biodiversity significance and KBAs.

Finally, the project will support the enhanced use of existing financial incentive mechanisms (Output 2.7), including PFES, aimed at increasing resource mobilization for biodiversity conservation and establishing closer links between payments and conservation results. This will include awareness-raising with forest owners on the incentives available, and technical support to improve the existing PFES framework through enhanced performance monitoring that better connects payments to improvements in ecological condition.

**Component 3** brings together policy mainstreaming, knowledge exchange and replication in a way that aims to optimize synergy and exchange among these critical project outputs. GEF funds will be used to assess the existing policy framework (e.g. decrees, circulars, guidelines, regulations), develop recommendations for improvement and support

the development of priority regulations and guidelines related to biodiversity conservation and sustainable forest management to support the implementation of the Forestry Law 2017 and the 2017 Law on Planning (Output 3.1). This will include addressing specific gaps identified in the barrier section related to enforcement, effective integration of biodiversity conservation and ecosystem services in SFM plan development and implementation, and mainstreaming of biodiversity conservation and landscape-level considerations into master and land use planning. Policy and regulatory improvements and guidance are likely to cover: (i) implementation of regulations under Forestry Law 2017 such as the role of forest rangers in special-use forests and protection forest management boards, and their potential transformation into a specialized forest protection force under degree 01/2019/NĐ-CP; (ii) forest managers on planning and implementation of SFM including removal of policy challenges for forest owners to fulfil biodiversity requirements in Circular 28; (iii) integration of forest sector planning within unified province plans being prepared under 2017 Law on Planning; (iv) financing and incentives for biodiversity conservation; (v) incorporation of biodiversity and ecosystem service-related parameters into forest inventories; and (vi) technical inputs for provincial master planning processes including guidance on monitoring to assess landscape-level change, etc. Specific policy and regulatory needs, including policies related to the implementation of LDN, will be confirmed during the PPG phase based on an initial assessment of the existing policy environment. The broader policy/regulatory reforms under the Biodiversity Law being progressed under the GEF-6 biosphere project executed by MONRE will be assessed during the PPG to identify opportunities to develop aligned guidance that will support integrated implementation of biodiversity and forestry laws, maximizing efficiency and overall outcomes for biodiversity.

The project will support the sharing and exchange of knowledge on SFM integrating biodiversity conservation priorities, the landscape approach, and forest biodiversity best practices and innovations (Output 3.2) so that project knowledge can be more widely shared and serve to stimulate uptake and replication of best practices across the Ba River basin and across Viet Nam. This will include a project website, FMU/district site exchange visits and building a network among PA and forest managers so that they can serve as a local community of practice on lessons and best practices exchange. Finally, project-based M&E system will be implemented, including safeguards and gender mainstreaming, to support project impact and evaluation (Output 3.3). Full adherence to safeguards and recognition of community rights including Free, Prior and Informed Consent (FPIC) of ethnic minority groups will be a key part of this process (see also Section 5 on Risks).

#### 4) Alignment with GEF focal area and/or Impact Program strategies

The project is closely in line with GEF-7 programming directions for biodiversity and land degradation, through efforts to support biodiversity mainstreaming, in this case within the forestry sector; strengthening the management effectiveness of protected areas administered under the 2017 Forestry Law; and through sustainable forest management to preserve ecosystem services and local livelihoods. Key areas identified in GEF programming documents, and their application within the present project, are as follows:

- Spatial and land use planning are key elements in the proposed project. Work within demonstration landscapes will focus on identifying and conserving HCVF areas and areas for forest restoration, and using GIS and spatial data layers to inform landscape-scale conservation priorities. This will guide conservation priorities and coordinated

implementation of conservation actions among managers of Protected, Special Use (i.e. PAs) and Production Forests. This will help to ensure that protected areas and their objectives are more fully integrated within their surrounding geographies. The project will support the integration of these spatially-explicit inputs into government land use planning taking, through integration into the mid-way review and adjustment of provincial master plans and district land use plans. Monitoring results will be used to help provide a means of measuring implementation of plans and detecting landscape change and degradation, informing necessary adjustments midway through the planning process.

· Support will be provided to enhance sustainable forest management practices by forest managers and forest owners, including local communities—in line with GEF approaches to improve and make production practices more biodiversity friendly. This will include building technical capacities as well as supporting effective financial mechanisms to create incentives for sustainable use and conservation.

· Enhanced support will be provided to the managers of three Special Use Forests (IUCN category II and IV protected areas) within the project landscape, and to the managers of a proposed new Special Use Forest. The project will provide technical assistance and investment to enhance management effectiveness, including through patrolling, surveillance, boundary re-alignment and building capacity and use of meaningful community engagement – and more broadly through ensuring biodiversity conservation priorities and actions are effectively integrated in SFM plans and work plans (i.e. the PA management plan for these PAs).

· Support for sustainable forest management as a tool for maintaining or improve flow of ecosystem services, including sustaining livelihoods of forest-dependent people, in support of voluntary LDN targets. The STAP LDN: guidelines for GEF projects will be applied during the PPG phase to inform preliminary assessments and the detailed design of project activities.

##### 5) Incremental/additional cost reasoning and expected contributions from the baseline, the GEFTF, LDCF, SCCF, and co-financing

The project builds on and helps to coalesce a significant foundation of baseline actions and investments. Policy reforms and programmatic initiatives, notably including the Central Highlands project, are expected to make an important contribution towards achieving sustainable development. Specific investments are identified in Part I, Section C above. They include both national-level investments as well as investments originating from districts and provinces in the Ba River Basin. Nevertheless, in the absence of incremental financing, the opportunity to achieve a number of global environmental benefits would be missed. These opportunities stem from the significant, but threatened global values to be found in Viet Nam's forests in general, and its Ba River basin forests in particular.

The project's incremental investment of \$2,183,105 from the GEFTF will thus help to ensure that implementation of Forestry Law 2017 and related efforts will fully support the generation of global environmental benefits including improved management of over 150,000 ha that is important for realization of national biodiversity, climate change and land management commitments under global conventions. The increment of the project will build necessary capacities, monitoring, multi-stakeholder processes and engagement across

multiple levels to support the effective mainstreaming and integration of biodiversity conservation within the new SFM management planning process under the 2017 Forestry Law (acting at FMU level, including PAs) and within jurisdictional planning processes under the 2017 Planning Law (acting at district and provincial level). This will build on co-financing including an estimated \$US1.3 million from MARD, \$US13 million investment mobilized from the Department of Agriculture and Rural Development (DARD) of Gia Lai Province and \$US3.7 million from KfW.

#### 6) Global environmental benefits (GEFTF) and/or adaptation benefits (LDCF/SCCF)

The global benefits that will be delivered include the adoption of biodiversity-friendly and SFM practices that will reduce land degradation, secure ecosystem services and mainstream biodiversity conservation as outlined below:

Baseline practices	Alternative to be put in place by the project	Global environmental benefits
<i>Mainstreaming biodiversity and ecosystem services into landscape-level planning, monitoring and enforcement</i>		
<p>Fragmented approach to FMU planning which fails to take account of broader ecosystem-level processes affecting biodiversity, including fragmentation / loss of connectivity.</p> <p>Limited capacity of managers to monitor forest loss and change at landscape level, along with low spatial literacy and use of high-resolution data, has implications for biodiversity loss and ecosystem service provision.</p> <p>Provincial master planning and district land use planning make provision for the conservation of biodiversity conservation and ecological processes but limited data, understanding and dialogue impede the use of this to inform planning and sector decisions.</p> <p>Insufficient enforcement coordination to combat landscape-level threats to biodiversity such as illegal logging and wildlife poaching.</p>	<p>Tools and capacities enabling a landscape-level approach to forest biodiversity conservation, based on systems for early alerts and HCVF identification and planning, are tested in pilot landscapes and available for replication.</p> <p>Provision of high-resolution data layers and maps of biodiversity assets, and multi-stakeholder dialogues facilitate understanding and consideration of biodiversity conservation in planning, including through spatially-explicit land use plans in at least two districts. Increased capacity to use real-time remote sensing data supports more effective decision-making and enforcement action.</p> <p>Existing landscape-level enforcement coordination mechanisms broadened to cover wildlife-related offences and increase information exchange on forest and wildlife enforcement.</p>	<p>Initial uptake at three levels: (i) Ba River landscape FMUs in Gia Lai and Phu Yen provinces; (ii) across Ba River basin; (iii) additional forest landscapes in Vietnam, particularly Highlands provinces.</p> <p>Connectivity and HCVF conservation enhanced at each of the above geographic levels.</p>

<i>Conserving globally significant biodiversity and ecosystem services in forested landscapes of Ba River basin</i>		
<p>Forests located within multiple FMUs are subject to a variety of sub-optimal management practices, notably including a lack of consideration of any ‘beyond FMU’ factors, contributing to forest loss, fragmentation and loss of biodiversity.</p> <p>SFM plans required and make provision for explicit consideration of biodiversity conservation in forest management but lack of engagement and capacity in biodiversity conservation limits achievement of biodiversity outcomes and natural forest values continue to degrade.</p> <p>Limited patrolling and surveillance cannot manage illegal logging and poaching, and lack of knowledge and capacity in community engagement limits collaborative management of areas for mutual conservation and community benefits. Lack of benefits and livelihoods options for communities who remain reliant upon forest resources.</p>	<p>A strategic, landscape-level approach to conservation and maintenance of ecosystem services is being applied in FMUs across the landscape, impacting on and helping to support and rationalize approaches to capacity building, gender, forest restoration, HCVF conservation and NTFP development.</p> <p>Extension and technical demonstration supports the engagement of PA and forest managers in biodiversity conservation and the uptake and integration of biodiversity conservation actions into SFM annual work plans, in an integrated and coordinated cross-landscape approach.</p> <p>Better alignment of PA boundaries and use of buffer zones to support sustainable local livelihoods diversification reduces conflict between different land uses.</p> <p>Better use of PFES mechanisms supports enhanced investment in biodiversity conservation in the landscape and enhanced outcomes.</p>	<p>Improved management effectiveness over 81,088 ha of PAs (including one new PA of an estimated 10,000 ha) enhances conservation of key threatened species and ecosystems, including recognized KBAs.</p> <p>Improved management over 74,485 ha in FMUs and community-managed areas including biodiverse natural forests, and land under production (forest and agricultural use) in buffer zones and adjacent to high-biodiversity areas.</p> <p>Restoration of 500 ha of forest enhances connectivity, supports biodiversity conservation and supports LDN targets.</p> <p>A conservative estimate of 1,577,006 tCO<sub>2</sub>e co-benefits will be mitigated through avoided degradation of HCVF and sequestration through forest restoration.</p>
<i>Policy mainstreaming, replication and knowledge exchange</i>		
<p>Broad policy guidance is available to support forest biodiversity conservation and LDN, but details are lacking in some cases.</p> <p>Weaknesses in subordinate regulations and guidance limit enforcement of SFM planning and site-based law enforcement responses to forest offences.</p> <p>Opportunity to mainstream biodiversity conservation and sustainable land management into master planning but practical guidance and experiences on how to do this not yet available.</p>	<p>Detailed guidance in the form of circulars, decrees and legal documents are available to guide forest managers.</p> <p>Lessons and policy recommendations arising from pilot work area positively impacting efforts to conserve forest biodiversity and maintain forest ecosystem services through SFM at multiple geographic levels, including within remaining areas of the BA River Basin (particularly in Gia Lai and Phu Yen provinces) as well as elsewhere in Viet Nam.</p>	<p>Replication and uptake of project lessons, best practices and techniques across the Ba River basin and across Viet Nam, across globally significant forested landscapes that support achievement of climate change, land degradation and biodiversity conservation international commitments.</p>

## 7) Innovation, sustainability and potential for scaling up.

### 7.1) Innovation

The integrated approach being implemented through the project, as described in the theory of change discussion will provide an innovative example that is expected to: (i) generate important lessons for other districts/provinces in the country as well as in other areas of Southeast Asia, and (ii) build national expertise in new areas. The project will illustrate a new approach to landscape level planning as it brings together the various stakeholders within Ba River basin landscapes, and seeks to integrate this into planning at both a finer scale (practical FMU planning and implementation under Component 2) and broader planning processes (via technical inputs for provincial master plans and spatially-explicit district land use plans). Jurisdictional planning processes under the 2017 Planning Law are in their first rotation, with provincial plans in the demonstration landscape currently under development for 2021-2025. The project has been developed to integrate with the timing of these baseline processes and support the monitoring of plan implementation and their mid-term review and adjustment for 2026-2030 – this is attempting to be innovative in the way it aligns to the baseline processes to ensure that the project will be able to integrate with these government efforts. Similarly, the project will seek to demonstrate greater use of available real-time remote sensing and GIS technology at provincial and district levels, to facilitate greater awareness and capacity in these technologies, and increase their use in site-based and broader landscape and jurisdictional decision-making. While this technology and remote-sensed data is now readily available, to date there is limited application of its use at sub-national levels.

### 7.2) Sustainability

This project builds on a strong baseline which will support its sustainability and long-term ownership by government and local communities. First, an extensive policy and institutional framework for forest management and jurisdictional planning already exists, and the project has been developed to integrate with and strengthen these processes on provincial master planning, district land use planning, and SFM planning in FMUs. Second, there is a strong commitment from Government to address forest and land degradation issues in the Central Highlands region, as this is one of the target areas of investment in the country that hosts still intact forests. Many of the industries are dependent on the ecosystem services that forests provide, e.g. downstream rice cultivation is reliant on forests for flood prevention. Third, the project supports financial sustainability, through its efforts to work with the PFES scheme. The key gaps in the current process are capacity and coordination among all the spheres of government and stakeholders to recognize the value of forest resources and the ecosystem values they provide, both of which this project specifically addresses. The project aims to empower local stakeholders (district authorities, private and State-owned forest managers, communities, PA managers) to become custodians of important natural resources and build their engagement, capacity and awareness of benefits flowing from sustainable forest management, which will support their commitments after the project has closed.

### *7.3) Potential for Scaling-up*

The project will present multiple opportunities for scaling-up sustainable forest management across the landscape. First, the project is working on the ground in only two of the five provinces within the Ba River basin. While it will be working in areas covering the majority of the basin, there will be opportunities for replicating and scaling up the lessons and good practices of the project in forested districts in Kon Tum, Binh Dinh and Dak Lak provinces, which neighbor Gia Lai and Phu Yen provinces. This will in fact be critical in the longer-term, to avoid “leakage” of forest resource (mis)use from the districts of Gia Lai and Phu Yen province that will be under SFM and improved resource management, as key large forest blocks within the Ba river landscape stretch across administrative boundaries. Districts targeted for replication in other provinces will include Vinh Thanh and Van Canh districts in Binh Dink province, M’Drak and Ea Kar districts in Dak Lak province, Kon Plong district in Kon Tum province, and Ba To district in Quang Ngai province. To support replication and up-scaling in key districts in neighboring provinces, small-scale study tours will be undertaken, bringing relevant provincial and district officials to visit project activities in the project’s pilot districts. The project’s work to better integrate biodiversity and maintenance of ecosystem services through SFM into macro-level planning processes will have implications for forest management at the national level, while targeted policy and regulatory improvements will strengthen prevention and enforcement of forest offences across Viet Nam. Similarly, the development of guidelines related to project approaches and lessons will support provincial and national uptake of project outputs and build the overall impact of GEF investment.

#### **1b. Project Map and Coordinates**

**Please provide geo-referenced information and map where the project interventions will take place.**

The coordinates of the project area are: Latitude: 120 42’N – 14037’N ; Longitude: 108000E – 108057E.

For a map and more detail, please see Annex A.

#### **2. Stakeholders**

**Select the stakeholders that have participated in consultations during the project identification phase:**

**Indigenous Peoples and Local Communities** Yes

**Civil Society Organizations** Yes

**Private Sector Entities** Yes

**If none of the above, please explain why:**

**In addition, provide indicative information on how stakeholders, including civil society and indigenous peoples, will be engaged in the project preparation, and their respective roles and means of engagement.**

During the development of this PIF, initial consultations were undertaken with government agencies and stakeholders in the project area, including local communities and ethnic minority groups. A preliminary assessment of project stakeholders that will be consulted during the PPG (including through targeted consultations, focus groups, and workshops) is provided below. This will be further elaborated during the PPG when stakeholders, their potential interests in the project and potential roles are elaborated.

Stakeholders	Role in Project Preparation
Forest Inventory, Planning Institute (FIPI), of Ministry of Agriculture and Rural Development (MARD)	FIPI is the primary project national executing partner and will be directly involved in all aspects of project preparation. In particular, FIPI will provide all necessary forest baseline data, and will undertake additional necessary baseline studies. With branches located in different regions, FIPI will serve as liaison with provincial and local resource user communities during the project preparation process, and will lead the organization of PPG stakeholder consultations. FIPI will also ensure communication and coordination with other key national government partners and institutions, as well as other non-government partners, such as CSOs and multilateral development partners.
Viet Nam Forest Administration (VNForest), of the Ministry of Agriculture and Rural Development (MARD)	VNForest is the agency responsible for developing secondary legislation and the policy framework supporting Forestry Law 2017. VNForest administers central Forest Protection Department (FPD) which has the mandate of performing the governmental management of forestry and formulating programs, plans for forest protection and management, forest fire safety, ensuring the compliance with law on forestry. VNForest also has a department of protection forest and special use forest management, which is responsible for biodiversity, HCVF and threatened species in special use and protection forests. VNForest will be consulted throughout the project preparation process to develop appropriate workplans in line with anticipated needs, particularly under Components 1 and 3.



Stakeholders	Role in Project Preparation
General Department of Land Administration (GDLA), of Ministry of Natural Resources and Environment (MONRE)	The GDLA is responsible for the development, dissemination and implementation of policy, regulations and strategy on forest land allocation and management. It also takes the lead in developing land management plans and guidelines for land allocation at district, provincial and central level and issues land use certificates and land development certificates. It monitors land use according to the land allocation plan. The GDLA will work closely with FIPI on the development of relevant outputs under components 1 and 2.
Departments of Agriculture and Rural Development (DARD) of Gia Lai and Phu Yen Provinces	The provincial DARD departments have responsibility for overseeing implementation of forest management on the ground. The Gia Lai and Phu Yen DARD departments will be consulted throughout the project preparation process to ensure the relevance and appropriateness of all planned activities. DARD departments will also be consulted to identify specific capacity needs and gaps related to SFM and biodiversity conservation. The DARD departments of Gia Lai and Phu Yen province have been frequently consulted during development of the PIF.
Departments of Natural Resources and Environments (DONRE) of Gia Lai and Phu Yen Provinces	The Gia Lai and Phu Yen DONRE departments have a similar level of responsibility as the DARD departments, but in relation to institutional mandates and responsibilities under MONRE. The provincial DONRE departments will be consulted throughout the project preparation process and will provide key baseline data on land use patterns, land degradation, and biodiversity.
District Administrations of priority districts in Gia Lai and Phu Yen provinces	District administrations (including Divisions on Agriculture, Forest Ranger, Natural resources and environment) are key local-level stakeholders in forest management. District administrations in the six anticipated pilot districts will be consulted throughout the project preparation process to ensure local-level support for project activities, and will supply key baseline data at the local level, such as numbers of households, land use types and forest use data.
Commune People's Committee in selected communes in Gia Lai and Phu Yen	Commune People's Committees (CPC) are key local authorities in managing land use and forest activities. They are responsible, inter alia, for allocating forest land under their control for comanagement by communities. CPCs will be consulted throughout the project preparation process to ensure local-level support for project activities, and to supply key baseline data at the local level, such as numbers of households, land use types, key land degradation issues and forest use data.
Local communities / local resource users	As the most critical stakeholders for project success, local communities will be engaged through a participatory consultation process to identify key concerns, sustainable livelihood opportunities, and to ensure local support for project objectives. A number of local communities will be canvassed in priority areas in the pilot districts during the project preparation process to identify those most likely to support successful project implementation, and where the greatest global environmental benefits can be leveraged.

Stakeholders	Role in Project Preparation
Ethnic minority groups	<p>Communities in buffer zones of PAs include the following ethnic minority groups:</p> <ul style="list-style-type: none"> <li>•Kon Ka Kinh National Park’s buffer zone covers 23 village communities of 7 communes across three districts (Mang Yang, KBang and Dak Doa), which are mainly inhabited by Bana ethnic minority group. They have a long history of dependence on extraction of forest resources for their livelihoods, which continues to place pressures on forest protection and management due to illegal encroachment, poaching and firewood collection.</li> <li>•Krong Trai Nature Reserve’s buffer zone covers 22 villages across 5 communes of Son Hoa district, Phu Yen province, which are inhabited by largely Ede ethnic minority group. The traditional cultivation is mostly monoculture, micro-scale and scattered. They have shifted to paddy rice cultivation in recent years, but the productivity remains limited.</li> <li>•Kon Chu Rang Nature Reserve’s buffer zone covers six villages in two communes of K’Bang district, which are mainly inhabited by Ba Na ethnic minority people. Crop production— including upland rice, paddy rice, cassava and maize—is the main source of local income which. Recently, coffee plantation has just been established and expanded, but mainly by immigrants and/or employees of state-own forest companies. In addition, local livelihoods also depend heavily on forest resources, including shifting cultivation, illegal logging, poaching and extraction of NTFPs.</li> </ul> <p>During the development of the PIF, initial consultations were held with village leaders of Hiar (Mr. Wek) and D Krieng (Mr. KHih) villages, Ayun, Mang Yang district, dated 7/1/2020. Further discussions will be scheduled during the PPG.</p>
Civil Society Organizations	<p>A number of civil society organizations (CSOs) are working on SFM and biodiversity conservation issues in Viet Nam, including both international NGOs and national CSOs. These organizations—including, but not limited to, People Resources and Conservation Foundation—will be consulted throughout the project preparation process to ensure the relevance of project activities and to support coordination with related initiatives. It is anticipated that some CSOs may be engaged in project activities, such as collecting baseline biodiversity data, community engagement, participatory monitoring, and project education and awareness activities.</p>
Private Sector	<p>The project will engage the private sector in order to enhance the conservation and management of natural forests and their component biodiversity. This will include engagement with forest companies in the project landscape to enhance commitments to biodiversity conservation within forest management, and to engage the private sector in the proposed project activities on livelihoods development and diversification. Thuan Thien Phuc Company Ltd is a potential co-financier for enhanced forest management efforts. During the PPG, these and other private sector entities operating within the target landscapes, including additional companies responsible for management of production forests, will be engaged in order to identify additional potential partnerships</p>

Stakeholders	Role in Project Preparation
Other donor agencies	Relevant donor organizations will be regularly consulted during the project preparation phase to ensure alignment and coordination of project activities with overall national development strategies, and other initiatives (ongoing or planned) related to SFM and biodiversity conservation, e.g. KfW, JICA, SNV (see baseline projects). Other donor agencies may participate in project oversight and guidance structures during implementation, either through the project steering committee, or via technical working groups leveraged to guide the project.

### 3. Gender Equality and Women's Empowerment

**Briefly include below any gender dimensions relevant to the project, and any plans to address gender in project design (e.g. gender analysis).**

Women's roles in forestry value chains in Viet Nam tend to be those associated with the well-being, and food and energy security, of their rural households. However, women are often disadvantaged in terms of their access to, and control over, forest resources and in the availability of associated economic opportunities along those value chains (processing, marketing, etc). While the Government of Viet Nam has developed a number of laws and policies to promote women's rights, women are still structurally disadvantaged in areas like access to credit, land and information. Within the Central Highlands and project landscape, women and men have different roles, rights, responsibilities, knowledge, management of and access to forests. Women's roles are linked to fulfilling subsistence needs for fuel wood, medicinal products, wild foods, fodder for livestock and selling small quantities of fuel wood in local markets. In comparison, men's roles are more linked to timber and NTFP for commercial purposes. The differing roles of men and women in use of forests mean that potential restrictions on access to protected forests could particularly increase women's labour and time demands. Forestry is one of the sectors where the workforce consists mainly of women. Women carry out most of the forestry activities and more women participate in processing and acroproduct sales than men. However, women's representation in forestry governing bodies tends to be low and gender disparities exist across multiple layers of government.

The ability of men and women to participate in and benefit from sustainable forest management and biodiversity conservation is complex and gender-based inequalities persist for a range of cultural, socio-economic and institutional reasons. Women's time and energy are tied with agricultural work and they have greater responsibilities in family and household care, meaning that they have limited time to engage in training and skills development compared to men. Ethnic minority women are bound by existing customs and traditions that often restrict access to knowledge and participation in

decision-making – and there is evidence from REDD+ assessments that ethnic minority women lack self-confidence on technical issues such as climate change and REDD+. Women's rights over (forest) land remain less than men's due to the Vietnamese system of household registration requiring a "household head", which tends to be a man except where in cases of women-headed households (due to widowhood, abandonment or divorce). Although the law requires Land Use Right Certificates, including those for forest land, to bear the names of both husband and wife, land use decisions are most often made by men. Allocation of lands to communities has therefore provide more benefits for men compared to women.

The project will provide targeted support to empower women in the forest sector, including support for women entrepreneurs, access to finance, etc. Women will be clearly targeted as project beneficiaries and a target for at least 50% women beneficiaries has been set. Specific gender mainstreaming opportunities that the project will explore include targeted livelihoods development opportunities for women in forest-dependent communities including the establishment of grassroots women's groups; the empowerment of women to participate in governance and decision-making bodies including the setting of mandatory gender participation targets; ensuring adequate engagement and participation of women in stakeholder consultations (including FPIC as needed) including separate consultation processes and meeting timing/location decisions that allows for women's engagement and provides a supportive environment for their inputs (e.g. separate consultations on technical issues where there awareness or self-confidence may be lower than men); targeted training, awareness-raising and/or capacity development for women including on biodiversity monitoring, planning and PFES (these opportunities will be extended to women's groups and relevant CSOs operating in the project landscape); integrating women's rights and safeguards into the community co-management model for allocation of forestlands to village communities to ensure benefits flow equally to men and women; and ensuring that the PMU and project partners receive gender mainstreaming awareness training.

These measures will be informed by the completion of a detailed gender analysis during the PPG. This will assess opportunities to enhance the status of women in respect to forest-sector activities, to address the gender gap in the sector and to help design project activities and indicators that will ensure women's full participation as beneficiaries (and deliverers) of technical cooperation and knowledge building efforts. Consultation sessions will be held to obtain views and inputs of a wide range of local stakeholders, including women, to develop project activities and to inform a robust stakeholder involvement plan with full gender considerations. A corresponding gender mainstreaming plan for the project will be completed and submitted with the project document at time of CEO Endorsement. Gender-disaggregated targets and indicators will be included within the project results framework. Gender-responsive evaluation and adaptive learning will also be included.

**Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment? Yes**

**closing gender gaps in access to and control over natural resources; Yes**

**improving women's participation and decision-making; and/or Yes**

**generating socio-economic benefits or services for women. Yes**

**Will the project's results framework or logical framework include gender-sensitive indicators?**

Yes

#### **4. Private sector engagement**

**Will there be private sector engagement in the project?**

Yes

**Please briefly explain the rationale behind your answer.**

The project will engage the private sector in order to enhance the conservation and management of natural forests and their component biodiversity. This will include engagement with forest companies in the project landscape to enhance commitments to biodiversity conservation within forest management, and to engage the private sector in the proposed project activities on livelihoods development and diversification to reduce community encroachment on natural forests. Further, discussions with the private forest company Thuan Thien Phuc Company Ltd that operates a forest concession area in the project landscape indicate their interest as a potential project co-financier. An initial co-financing estimate has been included to cover their investment in enhanced sustainable forest management in the landscape (their concession arrangements require them to operate 40% as agroforestry and 60% for natural forestland protection).

Private sector engagement is also possible through the proposed project support for NTFP value chain development and local community NTFP models in buffer zones surrounding PAs. There are potential partnerships that can be explored with medicinal plant companies operating within the project landscapes, allowing the project to build off the GEF-5 project on “Capacity Building for the Ratification and Implementation of the Nagoya Protocol on Access and Benefit Sharing in Vietnam” under implementation by MONRE with support of UNDP.

Finally, the private sector is estimated to invest up to \$15,000,000 in fees paid as payment for ecosystem services (PFES) over the project duration. PFES will help to support forest owners with funding for forest protection and management, support forestry companies and forest management boards to protect logging of natural forests, and support local community efforts to protect forests and sustain livelihoods in the context of limited state budgets – offering further opportunities for targeted private sector engagement.

Partnership arrangements and co-financing commitments will be finalized during the PPG stage, and UNDP due diligence processes conducted on potential private sector co-financiers.

## 5. Risks

**Indicate risks, including climate change, potential social and environmental risks that might prevent the Project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the Project design (table format acceptable)**

**Note: Social and environmental risks are further defined in the attached SESP pre-screening for the PIF. The overall risk categorization for the project is high.**

<i>Risks</i>	<i>Rating</i>	<i>Mitigation Measures</i>
Challenges in engaging local resource users in ethnic minority communities	Moderate	The project will apply participatory processes and engagement of local partners and community organizations during project preparation, and in the preparation of activity work plans. The project will also draw on lessons and good practices from other previous experiences of ODA projects working with minority communities, as well as the previous FIPI experience working on community forest management.

<i><b>Risks</b></i>	<i><b>Rating</b></i>	<i><b>Mitigation Measures</b></i>
Forest management institutions may have inadequate capacity to sufficiently uptake SFM practices for implementation	Moderate	Capacity development activities aimed at PA and forest managers and district administrations and other stakeholders, such as training and demonstration of SFM management practices will be carried out at an appropriate pace and scale to ensure successful uptake.
Private sector partnerships may create reputational risks based on activities and business practices of private sector partners	Moderate	Due diligence to be conducted prior to finalization of any / all private public sector partnerships undertaken by the project
The project proponent may not effectively engage and ensure participation of all stakeholders, including women, indigenous peoples and ethnic minorities, during the project design and the implementation phases resulting in violation of human rights. Some activities may require FPIC and this has not yet been secured.	High	Free, Prior and Informed Consent (FPIC) may be required based on the activities proposed in the PIF. Discussions with indigenous peoples in the project landscape have commenced and have been documented. Preparation of Environmental and Social Management Framework (ESMF) during development phase, and its implementation during project, including the development of targeted Environmental and Social Impact Assessment (ESIA) and Environmental and Social Management Plan (ESMP). Implementation of ESMP, including Ethnic Minority Plan and Livelihood Action Plan. Include in the project development a grievance redress mechanism, based on the existing government and UNDP mechanisms.
Prevailing gender biases, especially in the gender pay gap, unintentionally discriminate against women, limiting or adversely impacting their possibilities for accessing opportunities and/or influence on project activities.	Moderate	Completion of gender analysis during PPG. Development and implementation of a comprehensive Gender Action Plan and include gender equality and the mainstreaming of women into project documentation.

<i>Risks</i>	<i>Rating</i>	<i>Mitigation Measures</i>
Enhanced management of PAs/FMUs, targeted forest restoration, and realignment of PA boundaries could result in changes or restrictions in access to forest lands and forest resources.	High	<p>Project activities (including co-financed efforts) could result in restrictions in local communities (including ethnic minority communities) access to forest lands and resources. Relevant activities include the enhanced management of PAs and other natural forest areas, a PA boundary realignment process which will shift project boundaries to remove areas where communities live from the PA and replace them with natural forest of high biodiversity value, and the conversion of areas of two Production Forests to a Special Use Forest. The project will also support the allocation of forest lands to communities, which will give communities rights to manage and protect forest lands, which could have unintended impacts on access/use rights if not managed with full inputs of community and consideration of safeguards for community rights/needs.</p> <p>FPIC is likely and this will be confirmed during the PPG as detailed activities are defined. Discussions with indigenous peoples in the project landscape have commenced and have been documented.</p> <p>At this stage potential impacts are likely to apply to economic displacement but are not expected to include any physical displacement/voluntary resettlement (and none is expected under government co-financed activities). The project will not fund or support resettlement. Potential impacts will be re-assessed during the PPG phase including any potential impacts under co-financed activities. If these assessments identify any proposed voluntary resettlement under government co-financing (noting that currently none is expected), the project would review government resettlement/ displacement plans during the PPG to ensure that they adhere to UNDP safeguard standards and build required safeguards into the project.</p> <p>An ESMF will be prepared during the PPG. It will be implemented during the project which will include the development of a targeted Environmental and Social Impact Assessment (ESIA) and Environmental and Social Management Plan (ESMP), including Ethnic Minority Plan and Livelihood Action Plan. The ESMP will be implemented during the project and overseen by the PMU which will include community engagement and safeguards specialist expertise.</p>
Surveillance and patrolling activities on PAs could lead to escalated conflict or safety-related risks if rangers have contact with poachers. These activities could also have safety risks for local communities if rangers are not properly trained, managed and overseen with a human-rights based approach to law enforcement taken. Anti-poaching patrols could pose safety risks to local communities if they are not properly trained, managed or overseen.	Moderate	<p>During the PPG current risk/threat of wildlife and forest offences will be assessed and stakeholders including local communities and ethnic minority groups will be consulted.</p> <p>This risk will be managed through use of a human-rights based approach to site-based law enforcement, provision of training for PA rangers in patrolling and surveillance, and in community engagement and ethnic minorities engagement. It will also be managed via the ESMF and ESIA/ESMP identified above, the project grievance redress mechanism and the development and implementation of a comprehensive stakeholder engagement plan.</p>



<i><b>Risks</b></i>	<i><b>Rating</b></i>	<i><b>Mitigation Measures</b></i>
Long-term sustainability of the positive project outcomes could be negatively impacted by climate change. In the short-term climate induced natural hazards and weather events could impede smooth implementation of the project.	Moderate	The development phase will consider climate change in the project activities and associated risks and it will consider if further climate screening is required.
Poorly designed or executed project activities, could unintentionally damage critical or sensitive habitats and ecosystems, resulting from the implementation of sustainable forest and forest land management malpractices, including potential for poor selection of species (including potential IAS risks) and resulting biodiversity and land restoration impacts.	Moderate	During the project development phase focus should be placed on scoping appropriate forest landscape management models and techniques that are to be included in the project activities. During the implementation, the selected models and techniques will be further screened to ensure that they are best suited for the project areas. Technically qualified biodiversity specialists will be included in the PPG team to adequately manage the risk. Potential pathways and probability for the risk of IAS introduction in project demonstration sites will be reviewed during the PPG phase.
The project sites could potentially intersect with globally and locally important sites with cultural, historical, religious, artistic and traditional values. It is unlikely that the project activities will have structural adverse impacts on these sites but may adversely impact traditional knowledge and practices that are part of the communities for centuries and that are deep-rooted in their cultural practices	Low	Further assessment during PPG of potential impacts on cultural sites and heritage and on identifying location of sites within demonstration landscapes.
Use of pesticides, herbicides or insecticides could potentially pose risk to community health and lack of adequate guidelines on usage and storage of these chemicals could result in generation of hazardous waste through different migration pathways (soil, water, or air).	Low	During the PPG potential use of pesticides, herbicides and insecticides during the project activities will be assessed. Project activities will be designed following the international guidelines for chemical management, handling and storage to ensure the project design adequately addresses this risk.

## 6. Coordination

**Outline the institutional structure of the project including monitoring and evaluation coordination at the project level. Describe possible coordination with other relevant GEF-financed projects and other initiatives.**

The proposed project will be executed under the National Implementation Modality (NIM) of UNDP. FIPI will be the Government executing partner. The executing partner will be responsible for project execution, working closely with other government agencies and Ministries, and with provincial and local stakeholders. FIPI will work closely with VNForest, through its Department of Protection Forest and Special Use Forest Management, and with provincial and district administrations in the demonstration landscape as executing partners for on-ground activities. A Project Management Unit (PMU) will be embedded within FIPI. This PMU will be responsible for overseeing project monitoring and evaluation and ensuring a coordinated approach is taken with the delivery of project activities, including integration between activities at national and landscape level, and broader collaboration with associated projects and initiatives, including other relevant GEF-financed projects. The GEF Focal Point for Viet Nam is housed within MONRE and is kept briefed on activities, progress and linkages among all GEF-financed projects.

The proposed project will need to coordinate closely with other relevant GEF-financed projects and other initiatives. Mechanisms to coordinate are proposed to include (a) a Project Board/Steering Committee which will be chaired by FIPI and include national and provincial partners (e.g. VNForest, MARD, MONRE, Provincial and District Administrations, and UNDP) and serve as the key governance and decision-making body for the project (membership will be confirmed during the PPG); (b) a national technical advisory group to provide technical inputs on project approaches, outputs and activities (representatives from key projects will be invited to participate); (c) project-to-project coordination through regular contact of the PMUs of respective projects; (d) coordination through common executing partners/supporting partners (e.g. UNDP will help facilitate coordination between this project and the GEF-6 biosphere project, which could include opportunities for joint training/alignment of approaches etc); (e) knowledge management activities that will identify, document and disseminate project lessons and best practices (e.g. this could include site exchanges with the below projects or joint virtual/physical learning events to share information). Specific coordination mechanisms will be confirmed during the PPG phase.

Particular attention will be paid to coordinate with the following projects and initiatives:

- The UNDP-GEF project “Mainstreaming Natural Resource Management and Biodiversity Conservation Objectives into Socio-Economic Development Planning and Management of Biosphere Reserve in Viet Nam”: This project, which is in inception phase and will run from 2020-2025, aims to mainstream biodiversity conservation and natural resources management objectives into governance, planning and management of socio-economic development and tourism in Biosphere Reserves. The project focuses its on-the-ground support in three biosphere reserves. The project is expected to provide important lessons given the geographic overlap of the Gia Lai landscape with an ongoing proposal for establishing the Kon Ha Nung Biosphere Reserve, and through its work on broader policy reforms to strengthen biosphere reserve recognition and management under the 2008 Biodiversity Law and harmonization with other legal frameworks, and through its on-ground work on HCVF protection, forest restoration and livelihoods development at biosphere reserves. The two projects will work together in an integrated fashion to develop aligned guidance in support of both legal frameworks. Due to the significant potential for coordination and exchange between these projects, they will each have a representative on the other’s Project Board/Technical Advisory Committee.

- The People Resources and Conservation Project ‘Support on community-based biodiversity conservation in Kon Ha Hung Highland Landscape, Gia Lai province’ implemented by Gia Lai DARD is supporting the establishment of a reserve in the current production forests of Dak Rong and Tram Lap Forestry Companies. Coordination with

this project will be important to ensure alignment of this project's incremental support for the establishment of this PA. Coordination will be through presence of Gia Lai DARD on the Project Board and Technical Committee, and through direct PMU to PMU interaction.

- An EU-funded, UNDP-implemented project for “Integrated sustainable landscape management through deforestation free jurisdictions in Lam Dong and Dak Nong” is focused on the Central Highlands region. The project's work on governance, innovative financial mechanisms and **land use planning integration** will be closely monitored or lessons applicable to the present project and its target landscapes.

- The KfW 9 and KfW 10 projects are working on similar issues in two districts of Gia Lai province. To ensure close co-ordination, a representative from KfW can be invited to join either the Project Steering Committee, or a project technical advisory working group, whichever is deemed most useful and practical.

- The ADB Biodiversity Corridors Conservation Project in Viet Nam in the central provinces of Quang Nam, Quang Tri and Thua Thien Hue is expected to be closed by the time this project commences implementation. There is however the opportunity for learning on project approaches, best practices and lessons during the PPG phase of this project to ensure that these inform the detailed design of this project.

- The JICA-funded project on “Rehabilitation, Restoration and Sustainable Management of Protection Forests” for coordination in capacity development and livelihood activities in Phu Yen is expected to have closed by the time this project commences implementation. Nevertheless, the project can offer lessons on capacity development approaches and community livelihoods support and these will be investigated during the PPG phase of this project.

- The proposed project will contribute to the implementation of the forest protection programs in Gai Lai and Phu Yen provinces (under the broader umbrella of Central Highlights project 297) and the National Forestry Development Planning 2021-2030 and vision to 2050 – coordination with these initiatives and with other government programs will be managed via FIPI as Implementing Partner and through engagement of provincial administrations in the project governance bodies.

The Government of Viet Nam may request executing support for project implementation (e.g. for procurement, recruitment and operational transactions). If so, third-party providers will be identified. The need for such services will be assessed during the PPG stage, including through assessments of the implementing partner's capacity to execute the project. Procedural efficiency and cost effectiveness will be primary factors in selecting third-party entities to provide any support services.

## **7. Consistency with National Priorities**

**Is the Project consistent with the National Strategies and plans or reports and assessments under relevant conventions**

Yes

**If yes, which ones and how: NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, INDCs, etc**

- ☒ National Biodiversity Strategy and Action Plan (NBSAP)
- ☒ CBD National Report
- ☐ Cartagena Protocol National Report
- ☐ Nagoya Protocol National Report
- ☐ UNFCCC National Communications (NC)
- ☐ UNFCCC Biennial Update Report (BUR)
- ☒ UNFCCC National Determined Contribution
- ☐ UNFCCC Technology Needs Assessment
- ☒ UNCCD Reporting
- ☐ ASGM National Action Plan (ASGM NAP)
- ☐ Minamata Initial Assessment (MIA)
- ☐ Stockholm National Implementation Plan (NIP)
- ☐ Stockholm National Implementation Plan Update
- ☐ National Adaptation Programme of Action Update
- ☒ Others

Working in co-operation with international partners and in line with commitments under international conventions, the Government of Viet Nam has made a number of commitments, several of which will be supported by the present project. First, the project is closely aligned with the NBSAP, particularly in terms of its support to biological connectivity in the Central Highlands region. The project will also contribute to achieving the Aichi targets, including Target 5 on reducing forest loss and degradation, Target 7 on sustainable forest management, Target 11 on enhancing PA management, Target 15 on ecosystem restoration and resilience including carbon stock enhancement, and Target 2 on integrating biodiversity values into sector planning.

The project will support implementation of the National Action Program (NAP) for United Nations Convention to Combat Desertification and the achievement of Viet Nam's Voluntary National Land Degradation Neutrality (LDN) Targets for the period of 2017-2020 with vision to 2030, prioritizes sustainable land management with a focus on 'hotspots', one of which is the Central Highlands which has partial overlap with the Ba River Basin. Nine of the 11 national voluntary land degradation targets refer directly to the Central Highlands. In 2017-18, Viet Nam undertook a number of activities related to the LDN Target Setting Programme. These included development of a so-called 'leverage plan', assessment of the trends and drivers of land degradation and estimating baselines and national voluntary LDN targets. The assessment highlighted "deforestation for cultivation or conversion of land use from forest to other land leading to forest cover reduction and over-exploitation of natural forests leading to reduction in forest reserves" as a key driver. The national voluntary LDN targets that emerged from the process included two sections: agriculture and forestry. Regarding the latter, the targets include: forest protection (two million ha) and natural forest restoration (250,000 ha) to be achieved through a mix of domestic and international support. Both of these targets are associated with the Highlands area, in which Gia Lai Province is located.

The project will also contribute to NDC commitments under the UN Framework Convention on Climate Change. The Central Highlands region, that overlaps with the project area, contributes 22% of national emissions from the land-use, land use change and forestry sector (MARD, 2016). The project is aligned to the National REDD+ Action Plan and the implementation of a deforestation-free jurisdictional approach.

The proposed project would also contribute to multiple Sustainable Development Goals including key contributions to Goal 15 on terrestrial ecosystems and biodiversity. Support will focus in particular on SDG 15 on life on land including targets 15.1 (conservation and sustainable use of ecosystems, including PA networks), 15.2 (sustainable forest management), 15.3 (reducing desertification, restoring degraded land) and 15.5 (reduced degradation of natural habitats).

## **8. Knowledge Management**

**Outline the Knowledge management approach for the Project, including, if any, plans for the Project to learn from other relevant Projects and initiatives, to assess and document in a user-friendly form, and share these experiences and expertise with relevant stakeholders.**

Knowledge management will be handled through a variety of approaches in the project. To begin with, during the project preparation phase the project will be developed fully in line with and based on relevant other previous experiences related to SFM, community forest management and biodiversity conservation. ODA projects that have worked on these issues are well known to FIPI and other government, donor and CSO stakeholders in Viet Nam, and will be identified in detail during the PPG phase.

Knowledge management during project implementation is captured under Component 3, with a specific Output 3.3 on knowledge shared and exchanged on SFM best practice and innovations. During project implementation, all key project documents and information will be available on a project webpage of the FIPI website (<http://fipi.vn/index.aspx>). Forest, biodiversity, and related environmental monitoring data collected during the PPG and project implementation phases will be included within the relevant national databases. For example, FIPI maintains a database on forest resources, which will be further expanded during the upcoming 6<sup>th</sup> National Forest Inventory. This includes geo-referenced information in GIS databases. The project will also produce knowledge products, both technical guidelines based on SFM experiences, and public education and awareness materials related to biodiversity conservation and ecosystem services. The project will actively disseminate this information to relevant stakeholders, e.g. through workshops and training programs to support capacity development at the provincial, district and community levels related to biodiversity conservation and SFM. Project team members will also participate in various meetings, workshops and conferences organized by other related initiatives within Viet Nam to share the project's experience. This may include organizing a final national-level workshop to disseminate the project results.

**Part III: Approval/Endorsement By GEF Operational Focal Point(S) And Gef Agency(ies)**

**A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S): (Please attach the Operational Focal Point endorsement letter with this template).**

Name	Position	Ministry	Date
Mr. Thuan Duc Nguyen	Director, Vietnam Environment Protection Fund, GEF OFP	Ministry of Natural Resources and Environment	10/22/2019

**ANNEX A: Project Map and Geographic Coordinates**

Please provide geo-referenced information and map where the project intervention takes place

**Annex A: Ba River Basin Demonstration Landscape**

The project landscape is within the Ba River basin, in Gia Lai and Phu Yen provinces. Target FMUs at PIF stage have been identified, seeking to capture high biodiversity areas, areas of significant threat of degradation, and a mix of forest manager types. The exact area for demonstration will be confirmed and deliniated during PPG including through consultation with local stakeholders and confirmation of their willingness to participate in the project (including securing FPIC as needed). Initial information on the project area is provided below.

**Project area map**, showing Ba River basin, target FMUs (pink polygons) and forest cover (2018 data).



**Overview of forest areas in six demonstration districts, by management type**

Forest management type	# of manage-ment units	Total area	Of which, natural forest area
Forest Protection Management Board (FPMB)	2	39,255	30,549



Special use forest (SUF), including one national park	3	71,088	60,772
Forest company (FC)	3	44,730	35,608
Commune People's Committee (CPC)-managed	77	311,591	61,654
<b>Totals</b>	<b>85</b>	<b>466,664</b>	<b>188,583</b>

#### Demonstration FMUs, by province

Province	Forest owner	Area (ha)	Natural forest (ha)	Comments
Gia Lai	Dak Rong Forest company	15,818	15,055	Forms a corridor between Kon Ka Kinh and Kon Chu Rang PAs, in Tram Lap – Dak Rong KBA. Some of the area is proposed for establishment as a Special Use Forest.
	Tram Lap Forest Company	10,425	9,970	Forms a corridor between Kon Ka Kinh and Kon Chu Rang PAs, in Tram Lap – Dak Rong KBA. Some of the area is proposed for establishment as a Special Use Forest.
	Kong Chieng Forest Company	18,487	10,583	SFM plan preparation scheduled for 2020.
	Chu Mo Forest Protection Management Unit	25,072	21,955	SFM plan preparation scheduled for 2020.
	Kon Chu Rang Nature Reserve	15,425	15,274	Located in the Kon Cha Rang – An Toan KBA. SFM plan preparation scheduled for 2020.
	Kon Ka Kinh National Park	41,876	39,142	Located in the Kon Ka Kinh KBA. SFM plan preparation scheduled for 2020.

	Gia Lai Commune People's Committee-managed areas	1,000	1,000	Proposed as at least two separate areas within the landscape. Areas will be delineated during the PPG phase, with selection criteria to include biodiversity significance. Project proposes to support the forest land allocation process to communities and support a participatory process to engage communities in SFM plan preparation and biodiversity conservation.
Phu Yen	Krong Trai Nature Reserve	13,787	6,356	Limited information on significant biodiversity but presence of 14 IUCN red-listed species.  SFM plan preparation scheduled for 2020.
	Son Hoa Forest Protection Management Unit	14,183	8,594	SFM plan preparation scheduled for 2020.
	<b>Total</b>	<b>156,073</b>	<b>127,929</b>	

### Biological significance

**Gia Lai** province has 1,591,000 hectares of forest and 76 million m<sup>3</sup> of wood reserves, representing 28% of the Central Highland's forests and 38% of its wood reserves. Forested areas are concentrated in the northwestern section of the province, bordering Lao PDR, and in the eastern portion of the province, i.e. within the Ba River basin, which is also where the province's most significant biodiversity is located. As of 2013, there was 458,259 hectares of natural forest found within the nine main forested districts and townships of the Ba River basin portion of Gia Lai province, i.e. K'Bang, Mang Yang, An Khe (township), Dak Po, Kong Chro, Ia Pa, Ayun Pa (township), Phu Thien, and Krong Pa. Protected areas located in this area include: (1) Kon Ka Kinh National Park, (2) Kon Cha Rang Nature Reserve, and (3) Ea So Nature Reserve. These areas total some 80,000 ha, most of which, or more than 90%, remains forested. Gia Lai is wellknown for its high levels of biodiversity and endemic species. According to Viet Nam's Biological Resource Ecological Institute, the province's forests are home to 375 species of birds belonging to 42 families, and 107 species of mammals belonging to 30 families and 12 groups. In addition, there are 94 species of reptiles belonging to 16 families and 3 groups, 48 species of amphibians belonging to 6 families and 2 groups; 96 kinds of fish and thousands of species of insects and around 2,000 plant species. In recent years, the province has seen a decrease of 50,471 forest hectares, including 42,494 hectares of natural forest. Timber/pulp tree plantation establishment, rubber and rapid expansion of coffee production have all had substantial impacts.

The major forested districts in **Phu Yen** province are Dong Xuan, Son Hoa and Song Hinh. The forested portions of Phú Yên province constitute critical ecosystems within the Ba River basin, and include Key Biodiversity Areas (KBAs). Krong Trai Nature Reserve, which covers 24,017 ha (of which 21,066 is forested including plantation forest), is located

here. The main forest types include: (1) Tropical humidity rain evergreen broad leaf closed forest; (2) Tropical moist semi-evergreen broad leaf closed forests of natural forests; (3) Planted forests. There is limited information on animal biodiversity in Phu Yen province, including Krong Trai Nature Reserve. However, a 2015 report on forest biodiversity indicates that the area supports some 85 species of mammals, 218 species of birds, 43 reptile species, 20 amphibians and many insects. Fourteen of these species are found in the IUCN 2016 Red List, including four species at CR level, four at EN level, four at VU level and two species at LR level. Between 2010 and 2018, Phu Yen province experienced a loss of 13,136 ha of natural forests in its Ba River Basin. Simultaneously, the areas of forest plantation (e.g. acacia) and agricultural production (e.g. cassava, sugar cane) in the region increased, which contributed to the pressures facing natural forests.



**Annex D: Project Taxonomy Worksheet**

