



PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: MEDIUM SIZED

TYPE OF TRUST FUND:GEFTRUST FUND

PART I: PROJECT IDENTIFICATION

Project Title:	Capacity Building for the Ratification and Implementation of the Nagoya Protocol on Access and Benefit Sharing in Viet Nam		
Country(ies):	Viet Nam	GEF Project ID:	5653
GEF Agency(ies):	UNDP	GEF Agency Project ID:	5303
Other Executing Partner(s):	Viet Nam Environmental Administration – Ministry of Natural Resources and Environment	Submission Date:	February 19, 2014
GEF Focal Area (s):	Biodiversity	Project Duration (Months)	48
Name of parent program (if applicable): For SFM/REDD+ <input type="checkbox"/>	N/A	Agency Fee (\$):	190,000

A. INDICATIVE FOCAL AREA STRATEGY FRAMEWORK:

Focal Area Objectives	Trust Fund	Indicative Amount(\$)	Grant	Indicative Co-Financing(\$)
BD-4: Build Capacity on Access to Genetic Resources and Benefit Sharing	GEFTF	2,000,000		7,690,000
Total Project Cost		2,000,000		7,690,000

B. INDICATIVE PROJECT FRAMEWORK

Project Objective:To develop and implement a national Access and Benefit Sharing (ABS) framework, build national capacities and support an ABS Agreement based on Traditional Knowledge and Public-Private Partnership						
Project Component	TA /IN V	Expected Outcomes	Expected Outputs	Trust Fund	Indicative Financing (\$)	Indicative Cofinancing (\$)
1 Strengtheningthe National Policy, Legal, and Institutional Framework on ABS	TA	<p><i>National decree on ABS approved by the Office of Government, Viet Nam in compliance with the Nagoya Protocol</i></p> <p><i>An enablingNational ABS regulatory framework in place in compliance with the Nagoya Protocol</i></p> <p><i>System for the protection of Traditional Knowledge (TK)</i></p>	<p>1.1 A national decree on ABS developed, based on the Nagoya Protocol that addresses intellectual property rights (IPR), is in line with the CBD, the Nagoya Protocol (NP) and related international instruments, and is adapted to national circumstances following stakeholder consultation and participation</p> <p>1.2 Establishment of a system for the protection of TK, including guidelines for a traditional knowledge registry (piloted under Component 3), PIC/MAT procedures and Community Protocols</p> <p>1.3 A financial mechanism (e.g., trust fund) developed to channel and reinvest proceeds from ABS agreements towards the conservation of biological diversity and sustainable use of its components.</p>	GEF TF	380,000	1,153,500
2. Developing administrative measures on ABS	TA	<i>An administrative and permitting system established and operational at a national and provincial level in compliance with the Nagoya</i>	2.1 An administrative permitting system and check-points are established enabling implementation of the national ABS law, providing	GEF TF	194,762	692,100

		<i>Protocol</i>	<p>legal certainty, clarity and transparency for commercial and research purposes.</p> <p>2.2 Institutional framework and network of CAs and FP and supporting measures are created to enhance access and coordination of information for permitting and licensing and monitoring (one-stop shop)</p>			
3. Increasing awareness and capacity building of all relevant stakeholders on the National ABS Framework	TA	<p><i>Capacity of agencies competent and otherwise relevant for ABS implementation improved by at least 30% as measured by UNDP's ABS Capacity Development Scorecard [baseline is to be established during the PPG].</i></p> <p><i>At least 60% of the population of researchers, local communities and the private sector actors targeted by the campaign is aware of the National decree and Nagoya Protocol provisions related to ABS and traditional knowledge (TK)</i></p> <p><i>A community of practice on ABS is developed among researchers, private sector, local communities and provincial authorities</i></p>	<p>3.1 National Action Plan on Capacity-Building for Access to Genetic Resources and Benefit-Sharing developed and implemented, through (i) Targeted training for Competent Authorities (CA), Focal Points (FP) and related agencies; (ii) Development of templates, guidance manuals and training programmes on the national ABS framework</p> <p>3.2 Public Awareness Materials and Campaigns aimed at key stakeholders regarding the national ABS framework</p> <p>3.3 Development of a national ABS CHM in link with the National Biodiversity and Genetic Resources Database.</p>	GEF TF	580,000	2,402,210
4. Demonstrating Private-Public-Community Partnerships on Access and Benefit Sharing	TA	<p><i>Effective working of a national ABS regime demonstrated by at least one ABS Agreement compliant with the revised legislation and the Nagoya Protocol in place</i></p> <p><i>Potential and existing bio-prospecting experiences, users and providers of genetic resources, including private sector and/or community-based bio-prospecting value-chains assessed to identify issues and concerns to be incorporated into the national ABS framework designed under Component 1 of this PIF.</i></p>	<p>4.1 One pilot project consisting of 1 ABS agreement for the development of one pharmaceutical, food or cosmetic product for commercialisation and 1 traditional knowledge registry is implemented. The pilot will be selected from 4 candidates (see description below) during the PPG phase.</p> <p>4.2 In situ and/or ex situ conservation measures to ensure the security of the concerned biological resources are integrated into the pilot projects.</p> <p>4.3 On-the-ground experiences, lessons derived from systematization of current bioprospecting activities, technology transfer, requirements to facilitate access and to negotiate fair benefit-sharing agreements and contribution to the conservation of the biological resources are consolidated in policy briefs and shared with relevant stakeholders for integration in national framework.</p>	GEF TF	750,000	3,076,000
Sub-Total					1,904,762	7,323,810
Project Management Cost				GEF TF	95,238	366,190
Total Project Costs					2,000,000	7,690,000

C. INDICATIVE CO-FINANCING FOR THE PROJECT BY SOURCE AND BY NAME IF AVAILABLE, (\$)

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Amount (\$)
National Government	Ministry of Natural Resources and Environment	Grant	790,000
National Government	Viet Nam Environment Administration – MONRE	Grant	700,000
National Government	National Institute of Medicinal Materials (NIMM)	Grant	300,000
National Government	Centre for Plant Genetic Resource, Ministry of Agriculture and Rural Development (MARD)	Grant	5,400,000
GEF Agency	UNDP	Grant	500,000
			7,690,000

D. INDICATIVE TRUST FUND RESOURCES (\$) REQUESTED BY AGENCY, FOCAL AREAAND COUNTRY

GEF AGENCY	TYPE OF TRUST FUND	FOCAL AREA	Country name/Global	Grant amount (a)	Agency Fee (b) ²	Total c=a+b
UNDP	GEF	Biodiversity	Viet Nam	2,000,000	190,000	2,190,000
Total Grant Resources				2,000,000	190,000	2,190,000

E. PROJECT PREPARATION GRANT (PPG)¹

Please check on the appropriate box for PPG as needed for the project according to the GEF Project Grants:

	Amount Requested (\$)	Agency Fee for PPG (\$) ²
• (up to) 50K for projects up to and including \$1 million	77,000	7,315

PPG AMOUNT REQUESTED BY AGENCY(IES), FOCAL AREA(S) AND COUNTRY(IES) FOR MFA AND/OR MTF PROJECT ONLY

TRUST FUND	GEF AGENCY	FOCAL AREA	Country Name/Global	(in \$)		
				PPG (a)	Agency Fee (b)	Total c = a + b
GEF	UNDP	Biodiversity	Viet Nam	77,000	7,315	84,315
Total PPG Amount				77,000	7,315	84,315

PART II: PROJECT JUSTIFICATION

A. PROJECT OVERVIEW:

A.1. Project Description.

Viet Nam is one of the world’s ten most biologically diverse countries – it contains about ten percent of the world’s species through covering less than 1% of global land area. Viet Nam hosts a diversity of marine, coastal, wetlands, forests and mountain ecosystems. In the country’s terrestrial ecosystems, more than 13,200 floral species and about 10,000 faunal species have been identified. More than 30,000 aquatic creatures have been identified in the interior wetlands. The tropical marine ecosystem is also home to more than 11,000 sea creatures. For the past two decades, many new floral and faunal species have been discovered and described. Many of them belong to new genera and species, particularly those of mammals and Orchidaceae’s species. It is noteworthy that among the abovementioned species, there are dozens of plants and hundreds of insects, hundreds of aquatic invertebrates and inland freshwater fishes, dozens of reptiles-amphibians, many bird and nearly ten mammal species new to Viet Nam and to science, discovered for the first time in the country.

¹ On an exceptional basis, PPG amount may differ upon detailed discussion and justification with the GEFSEC.
² PPG fee percentage follows the percentage of the GEF Project Grant amount requested.

Viet Nam is the tenth most important country in the world for bird endemism³ and 10% of all flora in Vietnam are endemicspecies.The resulting high level of genetic diversity makes Viet Nam a particularly attractive country for bio-prospecting, especially given that there are approximately 800 known medicinal and aromatic plants, 600 of which have associated traditional knowledge. Unfortunately, the general trend in the country is toward biodiversity degradation and loss, and a decline in biodiversity is observable in all ecosystems. This puts Viet Nam’s genetic resources at serious risk, since many are rare or vulnerable.

Viet Nam is also a country with multiple ethnic minorities. Fifty-four (54) ethnic groups are found in Viet Nam, of which 50 live in the uplands. The mountainous upland area of Viet Nam hosts approximately 25 million people, of which more than 10 million are from ethnic minorities. These ethnic minorities have lived for many centuries adapting to their environment, in many cases in isolation or little contact with other groups, developing complex cultural norms and rules that have successfully regulated human activities to integrate their continual co-existence with the natural environment. The minority groups’ knowledge and practices have developed to adapt to natural conditions for their survival. This Traditional Knowledge (TK) in upland Viet Nam is rich and greatly varied – and includes knowledge on conserving nature, health protection, farming systems and plant and animal species uses and management. It is a reflection of the varied geographic areas they live in as the different needs associated with the individual groups. The use of plants for medicinal treatment of illness/diseases are especially well developed among some of the minority groups and some research institutions, private pharmaceutical companies and NGOs have in recent years recognised the importance of conserving this knowledge, but also using it to create benefits, of which it has not always equitable been shared with the minority groups⁴.

Problem: Viet Nam has undergone dramatic socio-economic development in the past few decades. The average rate of GDP growth since 1994 has been over 5%. Major drivers of the economy are economic reforms, industrialisation and growth in service industries. Aligned to the economic growth is a sharp declining poverty rate. However, much of the economic growth has been fuelled by the exploitation of natural resources. Excessive exploitation and utilization of wild species and genetic resources for subsistence and commercial use has resulted in the decreased abundance of many medicinal plants and wildlife. Habitat loss, fragmentation and degradation due to commercial logging, urbanisation and development of aquaculture and farmland have been posing severe pressures on wild flora and fauna. Climate change is likely to worsen the state of the natural environment in years to come, with sea level rise in particular likely to contribute to biodiversity loss in Viet Nam. In addition, traditional knowledge of local communities that is associated with genetic resources is disappearing rapidly, due to the change of traditional lifestyles. A large volume of traditional knowledge, such as medicinal use of biological resources, is being replaced by modern technology.

ABS Legislation: Viet Nam became a signatory to the Convention on Biological Diversity (CBD) in 1993. Ever since, most attention has been directed to the two first CBD objectives, being the conservation of biodiversity, and the sustainable use of its components. The third CBD objective – the fair and equitable sharing of the benefits arising out of the utilization of genetic resources – for long received less attention. The policy and legal framework on biodiversity mentions genetic resources use and benefit sharing. The Biodiversity Law enacted in 2008 established a centralised regime on ABS and includes the requirements for Prior Informed Consent (PIC), Mutually Agreed Terms, Material Transfer Agreements and Benefit Sharing Agreements. The Law stipulates that the registration of genetic resources requires certification by the local People’s Committee thereby ensuring PIC. Further, a decree in support of the law enacted in 2010 states that the total benefits gained from access to genetic resources should to be shared among involved partiesandshall be determined in the course of licensing and under agreement between involved parties but not less than 30% of total benefits should be converted into money. The procedures for granting licences for access to genetic resources fall within the competence of MONRE, which acts as a focal point to the CBD. Among the tasks of MONRE, as specified in Decree no. 21/2013/ND-CP, are “to guide the management and supervision of access to genetic resources and traditional knowledge associated with genetic resources, of utilization of benefits shared from access to genetic resources managed by the State and traditional knowledge on genetic resources; to perform the development and unified management of a national database on genetic resources”. Taken together, these laws and provisions are preliminary requirements and they do not provide a coherent framework for ABS.Further, MONRE is currently finalising the materials to submit to the Government of Viet Nam for notification of the Nagoya Protocol in 2014. It is expected that the protocol will be signed in the first quarter of 2014. MONRE has produced an analysis of the current legal framework, law provisions and potential compatibility and application of the NP.

³Sattersfield, A.J., M.J. Crosby, A.J. Long and D.C. Wege. 1998. *Endemic Bird Areas of the World: Priorities for Biodiversity Conservation*. Birdlife International.

⁴Trung, T. C.; Quynh, L. X. and Hieu, V. V. *The Role of Indigenous Knowledge in Sustainable Development: A Case Study of the Vietnam Mountain Region*.

ABS Activities: A number of efforts in establishing Public Private Partnerships in promoting access and benefit-sharing in genetic resources have been undertaken in Viet Nam, namely (i) Research on drug discovery and the further development for cancer, AIDS, malaria, and tuberculosis therapies against central nervous system-related diseases, in particular Alzheimer’s disease and pain was undertaken by the University of Illinois at Chicago-Viet Nam – Laos International Cooperative Biodiversity Group in Cuc Phuong National Park. The project comprised the development of a biodiversity inventory (with a specific focus on plants of Cuc Phuong National Park) and capacity building among the collaborating institutions of long-term benefit-sharing arrangements derived from royalty stream that would flow from the industrial partner. Long-term benefit sharing schemes were developed in case a drug was discovered and commercialised. A number of non-monetary benefits were gained such as the development of templates for storing numbered specimens; results in taxonomy with the publication of “*Plant Taxonomy at Cuc Phuong National Park*” in both English and Vietnamese; (ii) SaproNapro Company medicinal bathing techniques. SaproNapro Company was established during a foreign funded project in 2006 with an initial capital of VND 60 million for the Hanoi University of Pharmacy and the Center for Medicinal Plants and Traditional Medicine. The company’s main products are bathing medicines of Dao ethnic minority. The company’s shareholders include local communities who supply medicinal plants materials. The company’s profits are paid annually to shareholders as dividend and a portion of profits are allocated to the communal development fund. On traditional knowledge conservation, the company employs a team of women who hold the knowledge and provide advice to the company; (iii) Research and manufacturing activities on Ngoc Linh ginseng by Nature’s Way. In the late 1990’s, the U.S. company Nature’s Way and its local intermediary company Rem Ventures explored new sources of NgocLinh (*Panax vietnamensis*, an endangered species) materials and partners to grow and protect ginseng in Viet Nam. The company supported the development of a symposium of scientists, local communities, government officials to develop a strategy for *Panax vietnamensis* conservation and commercialisation⁵. This initiative has helped to promote the protection and plantation of Ngoc Linh ginseng for sustainable use. These are the most known ABS cases in Vietnam, the majority of these activities were conducted with involvement of foreign counterparts. Since the establishment of ABS-related provisions in Biodiversity Law and under-law Decree no.65, no ABS agreements and/or contracts have been reported despite the fact that international and national cooperation among different organizations, companies and partners keep increasing in field of bio-prospecting, research and development; particularly in forestry and agricultural sectors. Different research and pharmaceutical institutes are currently conducting ABS-related activities such as the National Center for Plant Genetic Resources (PGRC), National Institute of Medicinal Materials (NIMM) and Hanoi University of Pharmacy. These institutes are accessing genetic resources from communities in Viet Nam to research active compounds and develop medicinal products. International companies, such as KAO Japan, are also active in the use and commercialization of compounds issued from Viet Nam biodiversity. Despite a number of on-going activities related to genetic resources use, they do not yet comply with the legal framework and regulations on the use, access and benefit sharing of the genetic resources and traditional knowledge. Contracts and agreements are developed on an *ad hoc* basis, with little reference to the Nagoya Protocol and ABS agreements.

Long-term Solution: In order to safeguard the Viet Nam’s diverse genetic resources, the potential of genetic resources must generate tangible local and national economic benefits. The benefits will be in the form of business, employment and capacity building opportunities, through the development of a national ABS framework and the discovery of new medicines, thereby providing a rationale for the preservation of the biological resources that contain the genetic material. This will present a paradigm shift from the situation described above, to one in which biodiversity-rich nations such as the Viet Nam are fully and equitably involved in this lucrative research process with the primary goal of promoting people-centric conservation and sustainable use. The long-term vision is therefore to establish a comprehensive national legal, regulatory and institutional framework for ABS, to promote understanding of ABS-relevant issues to all stakeholders involved in the production chain, to activate the potential that Viet Nam’s diverse genetic resources and traditional knowledge represent for generating economic benefits to the nation and stakeholders and to ensure the equitable distribution of benefits to the holders of the traditional knowledge as prescribed in the Nagoya Protocol (NP).

Barriers: The achievement of the solution proposed above, however, has to date been impeded by a number of barriers:

Weak National Regulatory and Institutional Framework on ABS	Despite improvements in the legal framework for biodiversity conservation in Viet Nam, the adoption of the Biodiversity Law and the Decree 65/2010/ND-CP have not fully resolved conflicts and overlaps in the management of genetic resources. The existing regime to ensure the implementation, compliance and enforcement of ABS in Viet Nam lacks specifications and clarity on the roles and responsibilities of the different players. Loopholes in the current regime include the undefined scope of ABS activities and genetic resources use related to ABS and the lack of clear objectives and definitions. The coordination and responsibility for state management
---	--

⁵Laird and Burmingham, 1999.The Development of a Benefit-sharing Partnership in Viet Nam; *Panaxvietnamesis* – a new ginseng. In Kate *et. al*. 1999.The Commercial Use of Biodiversity.

	<p>of genetic resources remain unclear and overlap with other laws on forestry and fisheries. The national administrative processes for issuing ABS license, negotiating and enforcing agreements have not been fully clarified and key stakeholders remain unaware of their roles in promoting ABS, especially between Ministry of Agriculture and Development (MARD), Ministry of Natural Resources and Environment (MONRE) and Ministry of Science and Technology. MONRE is responsible for state management of genetic resources as per Biodiversity Law. However, MARD has a historical mandate over a number of natural resources and protected areas, and ABS entails regulations on intellectual property rights that involve the Ministry of Science and Technology. This lack of coordination mechanism at national level impedes decision-making and negotiation of ABS agreements at the provincial level. Moreover, a consistent regime on ABS for Viet Nam that needs to tackle issues related to traditional knowledge and copyrights are poorly considered in the current framework leading to weak management and enforcement. Regulations are necessary to clarify and define the scope of utilization of genetic resources and the purpose of fair and equitable sharing of genetic resources. Specific procedures for access to genetic resources should be considered with the issuance of specific document forms, certificates, contract samples, guidance for trade centres and the regime for dispute resolution.</p>
Weak institutional capacity and awareness for ABS	<p>Government institutions have limited capacity to develop and implement national and local ABS norms. Although the Biodiversity Law has designated MONRE to take the lead in coordinating ABS related issues, the operational capacities of this national competent agencies and, in particular its provincial departments (DONRE) need to be developed significantly to be able to operationalize the ABS framework. Many DONRE staff are not specialised in biodiversity, and capacity remains limited, even more so in a new field such as genetic resources. Researchers often collect data and collaborate with local communities and protected areas on genetic resources. However they are insufficiently aware of the ABS legal framework and their responsibilities under such mechanisms. Research training programmes and curriculum seldom focus on benefit sharing and traditional knowledge in compliance with the Nagoya Protocol. The management capacity of the ethnic minorities and local communities who hold traditional knowledge and are the custodians of genetic resources is still weak. Communities are not sufficiently aware of the value of the resources and their benefits and little empowered to secure their rights over such genetic resources under the ABS regime and the Nagoya Protocol. In addition, a major barrier to stakeholder capacity development is insufficient awareness on the issues of ABS. It is necessary to build up awareness within governmental agencies and competent authorities in charge, as well as stakeholder groups, such as local residents and communities that hold genetic resources and traditional knowledge, scientific staff and research institutions, businesses and the private sector, public and media through training and education. Lack of a platform for technology and resource sharing is also hampering awareness and application of the ABS concept in research and development and commercialization activities.</p>
Limited in-country scientific research capacity and experience with the negotiation and implementation of ABS agreements	<p>Viet Nam has undertaken a number of ABS related activities, most of which have made use of traditional knowledge to identify the genetic resource and have contributed the commercialisation of products. Local and international companies continue to harness the economic potential of these resources and knowledge. However, these activities are not systemised and in many cases not registered. Difficulties are experienced in registration of ABS partnerships and compliance due to unclear guidance and lack of specific instruments. Bioprospecting arrangements/partnership seldom consist of a single agreement, rather it normally consists of an interlocking web of agreements. Experiences in Viet Nam have shown that even a single umbrella agreement may encompass several different interrelated agreements⁶. In addition, local governments, institutions and research companies have limited capacity and know-how on to carry out bioprospecting, obtain PICs and facilitate equitable benefit sharing. Given this inadequate capacity and the new nature of the topic, there is limited expertise in actually developing ABS agreements that are fully compliant with the Nagoya Protocol. Without model agreements and realisation of actual benefits to the country and concerned communities which can be replicated and up-scaled, the progress of advancing the ABS agenda in the country will remain slow. The government also needs support to address bio-piracy cases and ensure that local communities receive their right share of benefits.</p>

A.1.2 the baseline scenario and any associated baseline

The Viet Nam Government annually invests around US\$ 44 billion in all sectors of the Government. The current baseline investment by the Government into environmental management related actions with a bearing on biodiversity totals at least US\$ 350 million over the planned project period. Of this at least US\$ 200 million will be invested in sustainable land management. Though direct investments in promoting ABS from genetic resources have been limited, the government has made some investment in putting in place a legal regime. The Ministry of Natural Resources and Environment (MONRE) has conducted feasibility studies on the ratification of Nagoya Protocol in 2011 – 2013 and an assessment for the existing information on genetic resources and traditional knowledge is on-going. MONRE will make an estimated investment of US\$ 700,000 over the project period in the development of ABS legislation and guidelines. This work will be led by a

⁶University of Illinois Chicago- Viet Nam- Laos ICBG Programme

division within Biodiversity Conservation Agency, MONRE consisting of 6 people, dedicated to ABS and genetic resources. The team is working mainly on the issuance of legal and regulatory documents on ABS under the provisions of the Biodiversity Law and international treaties related to ABS; development and preparation of technical guidelines on ABS such as PIC/MAT ABS contract forms, code of conducts; and capacity building programmes for management staff, researchers. Additionally, the National Center for Plant Genetic Resources (PGRC) invests US\$ 1.6 million annually on the coordination and collection of a wide range of genetic resources including plants, animals, microorganisms and marine resources. The Center includes a network of 23 research institutes and centers nationwide. It boasts the largest collection of ex-situ genetic resources in Viet Nam – among other 28,000 genetic resources from 490 plant varieties. The National Institute of Medicinal Materials (NIMM), Ministry of Health, has the mandate to investigate, restore and develop products from medicinal plants and thus also contributes as a member to the national ex-situ collection network. NIMM has 6 stations located nationwide that collect and study the role and functions of Viet Nam's traditional medicinal medicinal plants. NIMM will during the project period continue their collection work, contributing to research results and technical support for cultivation of medicinal plants as well as collaborate with pharmaceutical companies to develop medicinal/dietary products. During the project period, NIMM will be undertaking a number of projects on sustainable livelihoods of local communities, particularly the uplands communities where the sustainable cultivation of medicinal plants will be promoted. The investment from NIMM in genetic resources' related work during the project period is estimated at least US\$ 5.4 million.

There are a number of baseline activities for the potential pilot that are identified under Component 3 in the table below. The economic value of these baseline activities will be estimated during the PPG phase.

Pilot	Baseline activities
Traditional knowledge registration, Lao Cai province	Different projects have already supported ethnic minorities in the cultivation and use of medicinal plants in Lao Cai province. Both of the identified projects are based on the compounds derived from the plants <i>Elsholtzia penduliflora</i> ; <i>Elsholtzia blanda</i> and <i>Fokienia hodginsi</i> in order to produce essential oils for the cosmetic industry. First, the project on <i>Medicinal Plant Innovation</i> was supported by a New Zealand company, Forest Herbs Research Ltd (FHR) in 2005. FHR has supported the establishment of a local company Sapa Essentials, for the use and commercialization of genetic resources and traditional knowledge of the Red Dao ethnic minority. The two parties have entered agreements under which royalties are returned via a development and conservation fund administered by the Sapa Indigenous Medicinal Plants Association (SIMPA). Second, the project on <i>commercialization of indigenous products of the Red Dao minority</i> was established in 2006 by the Hanoi University of Pharmacy and the Center for Research and Development of Ethno-medicinal Plants (CREDEP) in collaboration with the Red Dao community of Ta Phin village, Sa Pa district, Lao Cai. A shareholding company, SapaNapro ⁷ , was set up to use and commercialize the resources of the community for bathing medicines and pharmaceutical products. 48 households of the Red Dao minority are shareholders of the company; they cultivate medicinal plants, and apply zoning for the conservation and protection of forests and precious medicinal plants in order to ensure sustainable harvest. These two activities will further their research on species used by the communities for medicinal treatments and will continue products development for commercialization over the project period.
<i>Elsholtzia penduliflora</i> , Sapa district, Lao Cai province	A study was conducted by Hanoi University of Pharmacy (HUP) in 2011 on selected species and associated local knowledge for bathing products. Testing of the oil extracts was conducted to identify the pharmacology and medicinal effects of the plants. Further research is to be conducted to develop products mobilizing involvement of the local communities. Thus, potential ABS agreements on <i>Elsholtzia penduliflora</i> will be developed between the HUP and the farmers.
<i>Gymnema latifolium</i> , Thai Nguyen Province	Research conducted by the Hanoi University of Pharmacy from 2006 to 2010 on the endemic <i>Gymnema latifolium</i> identified potential effects on diabetes and glucose regulation. Two substances have been isolated: myrtillogenic acid and glochieriosides. Findings on the lowering effect on blood glucose of these compounds have never been published before. Further research for products development is to be conducted by HUP for product development.
<i>Acanthopanax gracilistylus</i> , Ha Giang province	Research by the National Institute of Medicinal Materials (NIMM) is on-going on the <i>Acanthopanax gracilistylus</i> in Ha Giang Province. The plant is on the Viet Nam Red List 2007. Supporting activities for sustainable cultivation were provided to local communities by NIMM. Pharmacology studies demonstrated a positive effect on memory capacities. Some education and communication activities about ABS issues of the plants are to be completed at local community level in its area of origin. Capacity training on ABS will be served to farmers, local biotech companies, research institutes and competent local government units.
<i>Valeriana jatamansi</i> , Lao Cai Province	The National Institute of Medicinal Ingredients (NIMM) is currently supporting the local community in Sapa district, Lao Cai province to sustainably grow the plants and to develop products to be sold to pharmaceutical companies. The resource is listed as rare and precious species in Viet Nam Red List 2007. Chemical study on

⁷<http://www.floral.vn/san-pham.html>

the compounds has been completed and pharmacology studies are under-way. The plant has proven effects to release muscle pain, treat heart disease and anxiolytic properties. Further research is to be conducted to develop tea products from the plant by NIMM with involvement of local communities and tea companies. The NIMM will continue to provide support to the communities on sustainable growing and harvesting of the plants.
--

A.1.3) the proposed alternative scenario, with a brief description of expected outcomes and components of the project and; A.1.4) Incremental cost reasoning and expected contributions from the baseline, the GEFTE, LDCF/SCCF and co-financing

The project objective is to strengthen national capacities on access and benefit sharing of genetic resources to facilitate the implementation of the Nagoya Protocol on Access and Benefit Sharing. The project will remove the aforementioned barriers and emplace necessary capacity with the MONRE and other relevant stakeholders to jointly promote access and benefit sharing. The project will support the implementation of the following three components.

Component 1: Strengthening the National Policy, Legal and Institutional Framework on ABS

The Government of Viet Nam is undertaking activities for the timely ratification of the Nagoya Protocol by early 2014. The project will support the implementation of the NP, through its integration into national legislation and administrative systems. This component will involve the issuance of a Government Decree on ABS that is in line with the CBD and its Nagoya Protocol, addresses intellectual property rights (IPR) and is adapted to national circumstances (including ABS provisions of the National Biodiversity Law and its supporting decrees) following stakeholder consultation and participation. To achieve this, the project will support the analysis of the implications of the signing and ratification of the protocol, including a full stocktaking exercise of all relevant legal and administrative decisions related to ABS. Moreover this component will involve the establishment of a sound regulatory and institutional framework necessary to support the successful implementation of the Nagoya Protocol in Viet Nam, including competent national authorities, supporting measures, and improved coordination between authorities that will oversee access and benefit-sharing. The result will comprise an institutional framework for handling the ABS process resulting in improved coordination between MONRE, MARD, the Customs Office of the Ministry of Finance, Ministry of Industry and Trade (MOIT) and Ministry of Science and Technology (MOST) on ABS-related issues. Mechanisms that will be institutionalized to facilitate access, benefit-sharing and compliance include national focal points and competent national authorities to serve as contact points for information, to grant access, or to cooperate on issues of compliance; an operational ABS monitoring and information-sharing mechanism; a R&D management platform; a payment and benefit-sharing system; and checkpoints at all stages of the value-chain, including research, development, innovation, and pre-commercialization. Under this component also a system to protect traditional knowledge that includes guidelines for a traditional knowledge registry will be created to ensure that access takes place with the prior informed consent of the holders of traditional knowledge, and that benefits are shared when traditional knowledge is used for the purposes of research and development. Given that there is considerable decentralization in Viet Nam in making investment decisions and on natural resources management, the project will also assist District and Provincial authorities to formulate and adopt local action plans, and integrate ABS into local development plans. A financial mechanism that could be a trust fund will be developed to channel and reinvest proceeds from ABS agreements towards the conservation of biological diversity and sustainable use of its components⁸.

Component 2: Developing administrative measures on ABS

In order to support and enable the implementation of the national ABS legal framework, administrative mechanisms will be put in place. The project will support measures that institutionalize permits, access, benefit-sharing and compliance. It will include national focal points and competent national authorities to serve as contact points for information, to grant access, or to cooperate on issues of compliance; an operational ABS monitoring and information-sharing mechanism; a R&D management platform; a payment and benefit-sharing system; and checkpoints at all stages of the value-chain, including research, development, innovation, and pre-commercialization. The administrative system of permits and checkpoints will provide legal certainty, clarity and transparency to parties of ABS agreements and ensure the application of the agreements in compliance with the national regime and the NP. The content of access licenses needs to be supplemented

⁸A provision in the Decree on ABS will mention a financial mechanism for benefit sharing, based on the review of international experiences. In the current regulation, it is stated that 30% of the benefit [Decree 65/2010, article 19.2 states “Total benefits gained from access to genetic resources to be shared among involved parties shall be determined in the course of licensing and under agreement between involved parties but must not be lower than 30% of total benefits converted into money”] should be shared, but no mention is made of the reinvestment of the funds in the conservation of biological diversity and sustainable use of its components. This provision therefore needs to be revised in the new ABS regime. More information of the process of establishing the financial mechanisms and its exact operation will be provided during the PPG stage.

in accordance with 'international certificate of compliance'. In addition, the project will support the issue of specific regulations on administrative sanctions and law enforcement.

Component 3: Increasing awareness and capacity building of all relevant stakeholders on the national ABS framework

This component will focus on building the capacity of the national and provincial management authorities and stakeholders for implementing the national ABS framework and NP. A National Action Plan on Capacity-building for access to genetic resources and benefit-sharing will be developed and implemented and capacity improvement will be gauged using the UNDP ABS Capacity Scorecard which has been developed specifically for ABS projects. The project will assist in the development of templates, guidance manuals and training programmes on the national ABS framework and disseminated such to relevant governmental and non-governmental organizations, research institutions and local communities. The guidance and training materials will address issues such as ABS procedures for users and providers of genetic resources, PIC protocols, ABS agreement negotiation strategies, ABS-related IP, bio-prospecting and research procedures, and so forth. Targeted training will be provided with to (i) Competent Authorities, Focal Points (FPs) and related agencies, including agency staff at provincial and protected area level; (ii) National research institutions⁹ – such as those working on traditional medicine and genetic resources research and development (R&D); and (iii) local communities and private sector partners¹⁰. The training for Government staff will be aimed at improving the capacity to process ABS access applications, negotiating ABS agreements, facilitating access to genetic resources, compliance monitoring and monitoring bio-prospecting projects, development of certificate of origin and PIC certificate. Enhanced understanding of the ABS regime and the value of traditional knowledge associated with genetic and biological resources will also be supported. In parallel, the project will raise awareness through a communication strategy, involving educational materials and a public awareness campaign focused on informing researchers, local communities and industries of the adoption of a national law on ABS, as well as particular provisions including PIC requirements, the use of model ABS agreements, and relevant provisions of the Nagoya Protocol. Besides, the project will support the establishment of a national Clearing House Mechanism (CHM) for Viet Nam that will collect information and link it to the international CHM under the NP. The CHM will be developed in close collaboration with the national biodiversity database, developed in parallel with MONRE. The national CHM will serve also as an information-sharing platform of ABS experiences in Viet Nam to be accessible to all stakeholders. The project also aims to connect with existing networks on biodiversity and natural resources such as the REDD network. Based on the national CHM, the project will participate in the building of a community of practice for researchers and genetic resources suppliers to share experience and best practices. To do so, the CHM will be a first-start mechanism, may the needs be greater the project will support the development of a national information-sharing mechanism. The information will be shared through newsletter, websites and thematic guidance..

Component 4: Demonstrating Private-Public-Community Partnerships on Access and Benefit Sharing

This component will support the piloting of specific experiences on Access and Benefit Sharing to guide future implementation of the National ABS Framework and Nagoya Protocol. The project will support the demonstration of the ABS regime through at least one pilot comprising of one ABS agreement and one Traditional Knowledge registry potentially in the provinces of Ha Giang, Lao Cai, or Thai Nguyen focusing on genetic resources and associated traditional knowledge. So far 4 pilots have been identified as in the table below, in the pharmaceutical, cosmetics and food industries. They include research on new drug development, cosmetics products and research cooperation. Other bioprospecting potentials within the medicinal plants sector in Viet Nam will be further investigated during the PPG. Most of the baseline activities are at the early stages of research and development. Therefore, the project will select the most advanced and the most feasible activities to be supported for the establishment of an ABS agreement. The process of identification of active compounds, use and effects and the development of commercial products will be supported by the project activities. The outputs of the pilots will form the basis for the establishment of ABS contracts and TK registry. One pilot will be selected during the PPG phase. Potentially, dietary products will be prioritized as it usually takes less time for research and development, less complicated testing processes must be applied compared to other pharmaceutical products.

⁹In order to reach out to the research community, the project will consider partnering with national organizations such as Viet Nam Union of Scientific and Technology Association (VUSTA), which is an umbrella organization of 60 provincial unions of science and technology associations; 73 scientific and technological associations, and potentially involve other relevant biotechnology research institutes and university networks.

¹⁰In order to target local communities and businesses, the project may involve the networks such as Women's and Farmers' Unions for dissemination in selected provinces.

The following indicates 4 potential pilot sites so far identified to be further investigated during the PPG phase.

1. Lao Cai province – *Elsholtzia* species

The potential pilot in Lao Cai province involves local communities and their use of medicinal plants for bathing techniques. The suppliers of the genetic resources are the local ethnic minority groups, in particular the Red Dao group. Their traditional knowledge and use of the plants: *Elsholtzia penduliflora*; *Elsholtzia blanda*; *Fokienia hodginsi* have already been accessed and researched by private and social enterprises and national research institutes. In this potential pilot case, the users of the genetic resources are the Hanoi University of Pharmacy, the Centre for Research and Development of Ethno-medicinal Plants (CREDEP) and pharmaceutical companies such as Sapa Essentials, Forest Herbs Research Ltd (FHR) and SapaNapro. The plants have been accessed for two potential uses in the pharmaceutical and cosmetic industry. Firstly, private companies have already developed products based on the essential oil extracts of the plant *Elsholtzia penduliflora* for bathing and cosmetic products. The above-mentioned private companies intend to access and research leading compounds in the plants for analgesic properties, anti-bacteria, anti-fungal properties. Secondly, research institutes have conducted pharmacology studies and intend to conduct further study to identify potential active compounds on muscle analgesic and skin care properties. Hanoi University of Pharmacy (HUP) has led research study on composition of prescriptions, effect and pharmacological activities, trials on volunteers and compiled results in a research paper. The research focused on the plants chemical composition and chemical responses in qualitative terms, on the quantification of the main substance of the medicinal plants and research and recommendations of standards for the manufacturing and production processes. The research on these genetic resources is at early stages of the R&D process. Further scientific studies and tests are necessary to identify chemical compounds in the plants, assess the medicinal and pharmaceutical properties, develop new products and commercialize them. Proven scientific effects will have to be determined by the users before production stage. The products will take the form of dietary supplements, essential oils, bathing products. However, it is acknowledged that the R&D process will be longer than the project timeframe. Therefore the project will aim to support the negotiation and establishment of an ABS agreement at the research stage to regulate the access of companies and research centres to the resources and to secure fair and equitable share of the benefits in the event of product development. The specific outputs on ABS agreement include calculation of benefits (monetary and non-monetary), detailed contracts, dispute settlement mechanisms and certifications. In a complementary manner, the project will support the community to register its traditional knowledge over the practice of bathing preparation from the use of the medicinal plants with material collection agreement, TK registry, prospecting contract and PIC certificate; products transfer agreement on derivatives for commercialization. The project will be instrumental in following the enactment of local level ABS regulations.

2. Thai Nguyen province

The site in Thai Nguyen province involves local farmers group for the cultivation of medicinal plants. In this case, the suppliers of the plant *Gymnema latifolium* are local farmers in the province and the users are research institutes (Hanoi University of Pharmacy) and pharmaceutical companies (Traphaco Company, Thai Hoa). Active compounds of the plants have been identified: *myrtillogenic acid* and *glochieriosides* for pharmaceutical use. At this stage, a study conducted by the Hanoi University of Pharmacy has isolated the active compounds and their effects on glucose level and diabetes. Medicinal and herbal tea prototypes have been developed by the HUP based on active ingredients of the plants. However, more intensive research on pharmacology and biology of the active substances needs to be conducted to develop pharmaceutical products. It is envisaged that within the project timeframe, scientific studies and tests of the chemical effects, dosage and testing of the substances could be performed and confirmed to support the product development stage. Although the whole ABS process will last longer than the project timeframe, the project will contribute to support the negotiation and establishment of a NP-compliant ABS agreement on genetic resources and derivatives of *Gymnema latifolium*, for R&D phase as well as commercialization phase between the HUP and the local providers of the plants. The specific outputs on ABS agreement include calculation of benefits (monetary and non-monetary), detailed contracts, dispute settlement mechanisms and certifications.

3. Ha Giang province

In Ha Giang province, the local communities have a traditional practice of using *Acanthopanax gracilistylus* for pain alleviation and memory capacity enhancement. Ethnic minority groups are the main providers of the resources that they collect in the wild and cultivate. Different research institutes such as the NIMM and other companies (Traphaco Company, Thai Hoa) have manifested interest in accessing and using the plants for pharmaceutical use on memory

capacities. So far, only pharmacological studies have been conducted by the NIMM on the effects on memory. The research is at the preliminary stages. The nature of the pharmaceutical products to be made out of the plants has not yet been identified and the process will go over the project timeframe. It is therefore expected that the project will support the studies on identification of active compounds on memory capacity. The main scientific output needed to start the R&D process is the isolation of active molecules and the test of their pharmaceutical properties. In order for the R&D conducted by NIMM to be NP compliant, the institute will have to negotiate and establish an ABS agreement with the local communities providing and cultivating the plants. The project will assist both parties to increase their understanding and capacity to negotiate an ABS agreement. The agreement will comply with model contractual clauses (PIC) and secure fair and equitable share of benefits on the basis of MAT. The project will also target model registration of traditional knowledge. The specific outputs on ABS agreement include calculation of benefits (monetary and non-monetary), detailed contracts, dispute settlement mechanisms and certifications. In a complementary manner, the project will support the community to register its traditional knowledge over the practice of the medicinal plants with material collection agreement, TK registry, prospecting contract and PIC certificate; products transfer agreement on derivatives for commercialization. The project will be instrumental in following the enactment of local level ABS regulations.

4. Lao Cai province – *Valeriana* species

The pilot involves local communities in Ta Phin, Sapa. The NIMM and pharmaceutical companies (Traphaco Company, Thai Hoa) have started to collaborate with local providers of indigenous plants for access and use of the *Valeriana jatamansi* for dietary supplement products. The users intend to develop new variety of tea and drink products. Chemical study on the compounds has been completed and pharmacology studies are under-way at NIMM. The plant has proven effects to release muscle pain, treat heart disease and anxiolytic properties. Further research is to be conducted to develop tea products from the plant by NIMM with involvement of local communities and tea companies. The scientific findings from the pharmacology and active compounds research will be the basis for product development stage. However the project timeframe will be too short to see the product and commercialization. The project will be instrumental in supporting NIMM to conduct the studies to identify and test active compounds. The project will also support the establishment of a NP compliant ABS agreement between local people and the NIMM and bio-companies. The specific outputs on ABS agreement include calculation of benefits (monetary and non-monetary), detailed contracts, dispute settlement mechanisms and certifications.

Activities under this component are aimed at developing at least **one pilot ABS agreement** on bio-prospecting and research on genetic resources with a private company. The pilot will also look at supporting traditional knowledge registration on-site. A traditional knowledge “registry” is a database that stores information on traditional knowledge associated to biological and genetic resources. This information can be confidential and non-confidential. The pilot will identify a community and an area to develop a local registry of TK in the aim to integrate it with a national database in the long-term. The agreement will comply with model contractual clauses (PIC) and secure fair and equitable share of benefits on the basis of MAT. So far, ABS practice has been not been implemented through national institutions and regulations but rather through individual and bilateral initiatives. Only a few groups and organizations have been involved in ABS. Limited awareness and capacities have impeded a broader practice of ABS agreements. This component will involve piloting technical assistance to local communities, and local companies to develop contract and benefit-sharing agreements. The project will support capacity building, awareness-raising activities among the users and the providers to enter and comply with the ABS regime. Efforts will be made to encourage the conservation of the identified biological resources through in-situ and/or ex-situ measures to ensure its security. Experiences and lessons learnt from these activities and others will be synthesised and analysed to feed into the national ABS and biodiversity database and inform revision and implementation of the ABS regime. The project will identify and inventory bio-prospective experiences and stakeholders at the national and local level, including users and providers from private sector and communities. Issues and concerns regarding the use and access to genetic resources will be channelled to relevant government agencies to feed into the revision of the national legal ABS regime. Finally, these activities will allow the systematization of the steps required to facilitate access and to negotiate fair benefit-sharing agreements, technology transfer, and to assess their contribution to the conservation of the underlying biological resources. Based on the assessment of current ABS agreements experiences and lessons learned, the project will produce policy briefs along with model contractual clauses, and minimum requirements to facilitate access through screening and to secure the fair and equitable sharing of benefits, including examples of mutually-Agreed Terms (MAT) provisions emerging from actual negotiations between private companies and indigenous or community groups. To this end, the project will seek to mobilize the participation of the private sector

in research and assessment of genetic resources and traditional knowledge. This stocktaking exercise and policy recommendations will be shared at policy dialogues on the implementation of the ABS legal regime.

Global environmental benefits: The project will contribute significantly towards the conservation and sustainable management of Viet Nam's genetic and biological diversity which constitutes around 10% of the world's species in terms of both terrestrial and marine organisms, as well as promote and lead to the conservation of the traditional knowledge of the uses of these resources. Sustainable management and conservation of Viet Nam's biological and genetic resources will have global benefits for future generation and for the world's heritage.

In fact, according to the government's decree 160/2013/ND-CP, 17 flora species and 15 plant varieties, 83 fauna species and 6 animal breeds fall under the list of endangered, precious and rare species prioritized for protection. The Redbook of Viet Nam's threatened species (2007) inventories list 464 flora species and 418 fauna species, following IUCN Red List evaluation criterion. 116 floral species are in a very critical state and 45 plant species are endangered. In 2006, the Ministry of Health published the (4th) Red List of medicinal plants of Vietnam which categorized and ranked 139 species according to IUCN criteria. According to the 3 categories: 18 species are endangered species, 54 endangered and 67 vulnerable species. Plant genetic resources account for over 90% of the genetic resources in Vietnam. Causes for the decline and loss of medicinal plants species can be traced back to uncontrolled harvest of wild medicinal plants, particularly on a commercial scale for processing and export by the pharmaceutical industry, along with habitat loss and degradation. Therefore the conservation and sustainable use of genetic resources of Vietnam through the ABS regime will support the rehabilitation and protection of species of global environmental significance.

In addition, the project facilitates co-management and public-private-community partnerships to use and conserve genetic resources in a way that allows benefits to accrue to the nation as a whole and to its people. The conservation of traditional knowledge and its promotion into modern medicinal practices will be directly linked to the conservation of the resources through the project. Demonstration of successful partnerships will further promote the conservation of globally significant biodiversity.

By developing the national ABS framework and capacity and piloting Nagoya Protocol compliant ABS agreements, the project will facilitate sustainable and most cost-effective use of biological resources. Thus, the project will play a critical role in safeguarding the country's biological resources and their genetic diversity. In the process, the project also promotes the CDB and the Nagoya Protocol implementation worldwide with setting Viet Nam as a leader and role-model in the field. In addition, the knowledge and experience gained by Viet Nam's demonstration and implementation of ABS agreements will contribute to the international community-of-practice and global knowledge on ABS and NP.

The project will specifically contribute towards the achievement of a number of CBD Aichi Targets: Target 1, by increasing the awareness of people in Viet Nam about the values of biodiversity and the steps they can take to conserve and use it sustainably; Target 12, by preventing the extinction and/or improving the conservation status of (economically valuable) threatened species; Target 13, by safeguarding the genetic diversity of socio-economically valuable species and cultivated plants (where these are also source of endemic genetic materials); Target 18, by better involving and respecting the traditional knowledge, innovations and practices of indigenous and local communities relevant for the conservation and sustainable use of biodiversity; and Target 20, by adding an untapped financing mechanism to the portfolio of resource mobilisation options for biodiversity in Viet Nam.

Innovativeness, sustainability and scale-up potential: The project is considered innovative for a number of reasons. Firstly, this project will assist the country to operationalize a new and challenging concept for benefit sharing, in the context of a globally significant biodiversity-rich country. This will necessitate a new and innovative model for implementing the ABS mechanism. Secondly, given that the ABS also involve protected areas, local communities and private sector, many different government actors will need to be involved for an overall effective management of the genetic resources at different levels. This is a response to the practical needs of genetic resources use expressed by on-going research and community projects. This multi-sectoral approach is also expected to lead to sustainable use and management of genetic resources for global and national beneficiaries. With the piloting of ABS agreements and model contracts with local communities and research institutes, there will be opportunities to scale up these approaches nationally as well as regionally.

A.2 Stakeholders: Identify key stakeholders (including civil society organizations, indigenous people, gender groups, and others as relevant) and describe how they will be engaged in project preparation:

Key stakeholders involved in the project are presented below.

Stakeholder	Implementation Role
Ministry of Natural Resources and Environment (MONRE)	Established in 2008, the Biodiversity Conservation Agency (BCA) is a department of MONRE's Viet Nam Environment Administration (VEA); located within VEA, BCA is responsible for the implementation of the biodiversity conservation provisions of the Biodiversity Law in cooperation with other ministries. BCA is the focal point of the CBD, Ramsar Convention, Cartagena Protocol on Biosafety, and Nagoya Protocol on ABS. Institutionally BCA is the agency authorized for preparation of NBSAP, biodiversity master planning, ABS and bio-safety management, reporting of biodiversity conservation including these submitting to CBD. Hence BCA will be the focal point for this project
Ministry of Agriculture and Rural Development (MARD)	Manages terrestrial and marine protected areas; hosts CITES Management Authority. MARD will seek to play a leading role in the management of genetic resources, as they have responsibilities over agricultural, husbandries, fisheries and forestry resources. MARD is expected to play a supportive role in the enforcement of ABS agreements and contracts.
Ministry of Science and Technology (MOST)	Manages the national program for ex-situ conservation genetic resources nationwide. MOST has the central role to coordination genetic resources conservation activities being conducted by relevant government organizations, research institutes, etc. Therefore, work that has been conducted with MOST will be crucially important to provide baseline information and background to on-going development and cooperation with regard to genetic resources. Hence, MOST is the competent authority in terms of ABS management.
Office of the Government	Responsible for passing decree to Government members including the annual budget, holding ministries. The National Assembly's Committee on Science, Technology, and Environment was involved in the passage of the Biodiversity Law and will be a key audience and potential advocate for the NBSAP.
Provincial People's Committees (PPCs)	Responsible for genetic resources management at provincial level; this is the level at which the key decisions that affect biodiversity are made. The local authorities will participate in enhancing the management and mechanism to institutionalize the ABS framework. They will also be fully involved in demonstration of ABS models and support to contract and licensing of local ABS agreements. The project will work closely with PPCs and functional agencies (DONRE and DARD), particularly in the pilot provinces where the project will be implemented.
Universities and research institutions	Research centres and university and institutes will fully participate in awareness campaigns, capacity building, and in development of access protocols. They will also conduct further research to inform ABS implementation and pilot ABS activities. Communication channels will be also strengthened to ensure research results are widely disseminated in the context of building national capacity on ABS.
Civil Society Organizations	CSO's will play an active role in liaising with local populations and raising public awareness with regard to ABS economic opportunities and positive social impacts. They are also expected to enrich and contribute to the design and implementation of a coherent legal framework.
Private sector (user and/or provider of genetic resources)	As a key partner the private sector will be involved in all project milestones - contributing to awareness-raising within the private sector, identifying suitable genetic resources, resource providers and value chains. They will also take part in awareness campaigns, capacity building, direct involvement through investment in access to genetic resources, and consultations. The private sector will be directly involved in pilot benefit-sharing agreements.
Providers of genetic resources: local/rural communities, Women's union, Farmer's union.	They will contribute to the registration of ABS-related knowledge. They will be involved in the awareness campaigns, capacity building activities and spread necessary capacities through training of trainers modalities. The local communities will be directly involved in the demonstration activities. The communities, ethnic minority groups in particular, will be consulted in all stages of the project preparation and implementation on the basis of participation, free and open consultation and PIC. The communities will also be agents of monitoring according to participatory principles of local governance.

Socio-economic benefits and beneficiaries engagement strategy will be undertaken as follows:

Sustainable use of genetic resources will have direct socioeconomics benefits for the national economy through an improved control over the benefits accruing from the use and commercialization of genetic resources in Vietnam. The ABS framework will establish a mechanism for fair and equitable distribution of benefits that will support both the central government and the local level. By accessing the Nagoya Protocol and implementing ABS regulations, a wide range of

sectors in Vietnam, pharmaceuticals, research and food industry, forestry, will be able to receive benefits such as technology transfer, research findings from the access of Vietnam's genetic resources. This will have a positive impact on the national economy and will help to drive innovation.

Communities that are custodians of genetic resources at the local level will benefit from livelihood support, skills training and conservation methods to enhance the sustainability of genetic resources use and fair access to benefits. The socioeconomic benefits of the project will be fully quantified during the PPG implementation phase. Social and economic feasibility of modifying existing and promoting alternative livelihoods and their likely impacts on achieving global biodiversity conservation will be assessed during project preparation and presented in full project document. In addition; most of the communities to be involved are ethnic minorities, renowned for the traditional knowledge on plant species and medicinal uses. The project will also ensure that there is strong involvement of ethnic minority's communities and their traditional knowledge and beliefs are incorporated into the development of an ABS regime and demonstration activities. During the PPG, a thorough local level socioeconomic assessment and consultation will be conducted to obtain the consent of the ethnic minorities to participate in the project pilots. Full environmental and Social Screening will also be conducted during the PPG phase. The project will ensure that strong gender concerns are built into its actions, and a proper gender analysis will be undertaken during project preparation as well as in its review. Especially at the local level, women's capacity needs to be strengthened as they are the gatekeepers of traditional knowledge and the primary providers/collectors/managers of natural and genetic resources. The project will ensure that the national ABS regime takes on gender lens in the implementation of its programme. The pilot and demonstration activities will also integrate gender focus and data in their design and monitoring processes to ensure that women are empowered to participate fully and also benefit from the use of genetic resources.

A.3 Risk. 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):

Risk	Level	Mitigation Measures
Weak Political Will	Medium	Given the complexities involved in ABS and lack of capacity to deal with it, governments often do not show strong political will to address these issues. In the case of Viet Nam, however, the government has demonstrated strong political support to deal with ABS through various policy documents and legislation on the development and conservation of genetic resources, and the newly-enacted Biodiversity Law containing a ABS chapter. The risk is considered medium and will be mitigated through the full involvement and participation of key government officials, awareness-raising, and capacity building.
ABS requires a long-term approach	Medium	The full development and implementation of an appropriate ABS framework is a long term process, given that the formulation of necessary implementing rules and guidelines need adequate time to establish them properly. Even when technical drafts can be done within a relatively reasonable time, they still need substantial time to go through consultative processes. In recognition of these challenges, the project does not pretend to fully develop and implement all elements of a long-term ABS framework but rather, only focus on those elements identified as "Phase 1" in the "Overview of Measures to Build or Develop Capacity to Effectively Implement the Nagoya Protocol based on the Needs and Priorities of Parties and Indigenous and Local Communities" of the Report of the Eleventh Meeting of the Conference of the Parties to the Convention on Biological Diversity (UNEP/CBD/COP/11/35 – Page 81).
Lack of interest by relevant stakeholders	Medium	ABS is not well known by all the groups and practitioners that manage or use the various components of biodiversity. It is possible that some actors may not show interest in participating in the formulation of regulations, or even oppose the use of genetic resources and its associated traditional knowledge. The risk is mitigated through the activities described in Component 2 of the project (awareness raising and capacity building).
Climate change	Low	Since the project is primarily focused at the policy level, climate change phenomena is not expected to impede the project from attaining its objective. During the PPG phase, mitigation measures will be identified for the work at the community level, which may be slowed or interrupted by poor weather conditions or natural phenomena such as floods.

A.4. Coordination. Outline the coordination with other relevant GEF financed and other initiatives:

Implementation of the proposed project will be carried out in coordination with, and where relevant, building on the on-going GEF funded and other donor/ partners supported projects, which are listed below:

- UNDP-GEF Removing Barriers Hindering Protected Areas Management effectiveness in Viet Nam project. This project aims to develop consistent and complete policy and legislative framework to support sustainable financing for PAs. It also provides support for the efficient management of PAs and greater involvement of local communities. The proposed project could in the long-term provide innovative financing to PAs and the project will collaborate in regards to establishing the enabling environment for such financing to take place.
- World Bank – GEF Wildlife Consumption: Reforming Policies and Practices to Strengthen Biodiversity Conservation project. The objective of this project is to enhance biodiversity conservation through innovative policies and reducing wildlife product consumption in Viet Nam. It focuses on improvement of the legal framework for wildlife management, increasing monitoring and inspection of wildlife consumption and awareness-raising for behavioural change. Although the proposed project is not going to work directly on wildlife consumption, it envisages an attitudinal change of Vietnamese people in regards to biodiversity, through adding a value and income benefits from biodiversity to the economic argument of biodiversity conservation.
- UNDP-GEF Conservation of Critical Wetland PAs and Linked Landscapes project. This project aims to establish new wetland protected areas and to create capacities for their effective management to mitigate existing and emerging threats from connected landscapes. This project will strengthen the national PA system by addressing specific biogeographic gaps in wetland coverage. It will strengthen the PA system by tailoring policy and regulatory frameworks for the specific characteristics of wetlands and by putting in place a sub-system administration for wetland PAs. The proposed project could in the long-term provide innovative financing to PAs and the project will collaborate in regards to establishing the enabling environment for such financing to take place.

A Technical Working Group will be established that ensembles technical experts on biodiversity and ABS-related issues and all the related projects in the Viet Nam will be presented on this group. Regular meetings will be held between the different projects to leverage synergies and ensure efficiency in implementing the projects. The studies conducted and information gathered under the other projects will be integrated into project development and implementation.

B. DESCRIPTION OF THE CONSISTENCY OF THE PROJECT WITH:

B.1 National strategies and plans or reports and assessments under relevant conventions, if applicable, i.e. NAPAS, NAPs, NBSAPs, national communications, TNAs, NIPs, PRSPs, NPFE, etc.:

The proposed project is fully in line with the country's national strategies and plans. Biodiversity conservation is one of the highest priorities in the socio-economic development of the Government of Viet Nam (GoV). The Socio-Economic Development Plan 2011-2015 (SEDP) promotes the mainstreaming of environmental protection. Further, the project is in line with the 2007 NBSAP and the recently submitted NBSAP as they advance the development and implementation of ABS mechanisms as specific targets. The revised NBSAP (2013) sets out three strategic goals focusing on protected areas and ecosystems, on endangered, rare and precious species and on inventory and conservation. It underscores that “*benefits from biodiversity and ecosystem services should be shared fairly and equitably with the participation of communities*”. The strategy further calls for action to “develop, improve and apply regimes on access to genetic resources and benefit sharing”, all which the proposed project responds to.

B.2 GEF focal area and/or fund(s) strategies, eligibility criteria and priorities:

This project addresses the GEF 5 BD4 Focal Area objective – *Build capacity on access to genetic resources and benefit sharing*, contributing directly towards Outcome 4.1 *Legal and regulatory frameworks, and administrative procedure established that enable access to genetic resources and benefit sharing in accordance with the CBD provisions* and Output 4.1 *Access and benefit-sharing agreements (number) that recognise the core ABS principles of Prior Informed Consent (PIC) and Mutually Agreed Terms (MAT) including the fair and equitable sharing of benefits*. The project will establish the national legal and regulatory framework for ABS, build capacity for its implementation through a range of training, awareness and supportive information management and guidance outputs, and demonstrate best practice ABS processes recognising the principles of Prior Informed Consent (PIC) and Mutually Agreed Terms (MAT) including the fair and equitable sharing of benefits. The project will also directly implement Aichi Target 16 to operationalize the Nagoya Protocol by 2015 and ensure consistence with national legislation.

B.3 The GEF agency's comparative advantage to implement this project:

The approach adopted by the project is in line with UNDP's comparative advantage, as it is based primarily on capacity building and policy development, and involves multiple productive sectors within a landscape-wide perspective. This project is fully aligned with UNDP's new Global Strategic Response Framework for Biodiversity “Signature Programme 1: Integrating biodiversity and ecosystem management into development planning and production sector activities to


safeguard biodiversity and maintain ecosystem services that sustain wellbeing”. Promoting sustainable use of biodiversity and facilitating agreements on Access and Benefit Sharing (ABS) for genetic resources and traditional knowledge has been noted as a key activity under this Framework. In Viet Nam, UNDP has an acknowledged comparative advantage for capacity building and technical assistance in the field of Environment and Biodiversity. It has provided support to the Government of Viet Nam to integrate global environmental concerns and commitments into national and regional planning, and supported the Government of Viet Nam in designing and implementing biodiversity projects that are consistent with both the GEF mandate and national sustainable development plans. In addition, UNDP has a growing expertise in the implementation of ABS frameworks and genetic resources related projects. UNDP has helped to design and implement GEF-funded projects in countries such as Costa Rica, Columbia, Fiji Islands and Bhutan. The project fully complies with the comparative advantages matrix approved by the GEF Council. UNDP’s additional comparative advantage lies in its capacity to broker funds from national and international sources to assist countries meeting their environmental finance needs. The UNDP Country Office will assign an experienced biodiversity conservation programme manager within the Energy and Environment Team, guided by the head of the team and supported by Human Resources, Procurement and Finance. The UNDP Regional Technical Adviser based in Bangkok and the Senior Technical Adviser on ABS based in Panama will provide technical support to the CO for implementation, monitoring and evaluation of the project.

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(s) with this template).

NAME	POS POSITION	MIN MINISTRY	DATE(MM/DD/YYYY)
Dr Nguyen Van Tai	GEF OFP, Director IPSONRE	MONRE	9/11/2013

B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF/LDCF/SCCF policies and procedures and meets the GEF/LDCF/SCCF criteria for project identification and preparation.					
AGENCY COORDINATOR, AGENCY NAME	SIGNATURE	DATE (MM/DD/Y YY)	PROJECT CONTACT PERSON	TELEPHONE	EMAIL ADDRESS
Adrian Dinu, UNDP - GEF Executive Coordinator and Director a.i		February 19, 2014	Johan Robinson, Regional Technical Advisor for Biodiversity, UNDP EBD	+662 304 9100 Ext. 2729	johan.robinson@undp.org