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The LEAF Coalition

Lowering Emissions by Accelerating Forest finance

Jurisdictions are invited to provide a cover letter template in their proposal submission. Please note that in signing this form, you recognize that at a future stage, we will negotiate in good faith with a view to mutually fair and acceptable terms of a transaction through an Emissions Reduction Purchase Agreement (ERPA) with the LEAF Coalition participants via Emergent, acting as coordinator of Coalition.

Please note that the terms of the LEAF Call for Proposals (CFP) does not include removals due to the fact that ART/TREES 2.0 has not been finalized yet. Once the final version is published, all provisions therein will apply, and thus removals are expected to be eligible, and corresponding information will be requested of interested jurisdictions.

At this stage, jurisdictions are encouraged to provide succinct and clear responses with relevant links to this template. The LEAF Coalition participants recognize that the timeline for submission is short and as such does not expect complete and thorough explanations. Rather, we seek indication of willingness and ability to provide emission reductions to LEAF Coalition contributors according to the terms specified in the CFP. Please note that these answers are considered preliminary. If selected, Emergent will follow-up with further questions on a case-by- case basis.

Proposal submitted by (Name of Jurisdiction) (referred to as “Supplier” in this document)

Institution name: Ministry of Agriculture and Rural Development (MARD)

Country: Vietnam

Focal point’s name, title:

[REDACTED]

Mailing Address:

[REDACTED]

Email address:

Telephone:

Brief description of legal authority to represent country or jurisdiction:

The Vietnam Administration of Forestry (VNFFOREST) has overall responsibility for management and development of forests, including recommending to MARD policies, decrees, ordinances, or resolutions as necessary to perform their functions; formulating long-term strategies and plans for management of state forestland; developing norms, standards, regulations, and processes for implementing policies and laws related to national forests; designating Special Use Forests (SUFs); and serving as the lead technical agency for forest conservation and development, wildlife protection and other functions as assigned by the Minister within legal authorities

Please check applicable category that best defines your institution:

- National government
- Sub-national government(s)(please specify applicable administrative level of government. If more than one subnational jurisdiction, please specify)

Please confirm that:

- The boundaries of a subnational accounting area correspond with the entire area of one or several administrative jurisdictions no more than one level down from national level and one or several recognized indigenous territories;
- Total forest area of at least 2.5 million hectares;
- The national government will provide the participant with a letter from the relevant national entity authorizing the Participant's application to and participation in ART.
- Recognized indigenous communities (TBC – depending on inclusion under the finalized ART TREES 2.0)¹

Please confirm that:

- The boundaries of a subnational accounting area correspond with the entire area of the territory/ territories;
- Participating territories must be comprised of a total area (forest and non-forest) of at least 2.5 million hectares;
- The national government will provide the participant with a letter from the relevant national entity authorizing the Participant's application to and participation in ART.

Expression of Consent

- The Supplier, by checking the box, agrees to negotiate in good faith towards entering into an Emission Reductions Purchasing Agreement (ERPA) with interested LEAF Coalition participants if the proposal is assessed as eligible.

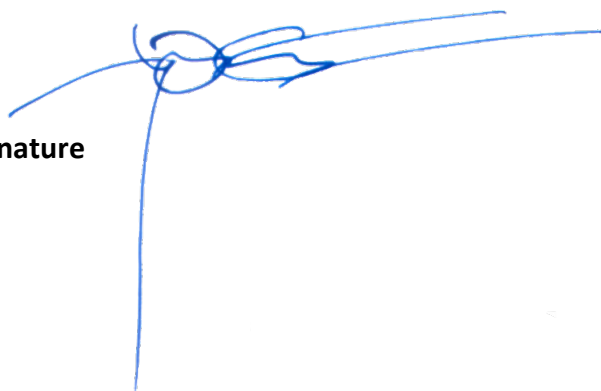
Please note: if a proposal overlaps geographically with another proposal, the LEAF Coalition will require a plan for how the two potential Suppliers will distribute benefits amongst themselves as well as the Supplier Country's authorization in the form of a letter, in accordance with ART/TREES.

¹ Under the proposed draft of TREES 2.0, "Participants shall be national governments (i.e., the highest level of government that exists in the country), subnational governments no more than one level down from national level, or recognized indigenous communities provided the requirements in section 3.1.1 are met." The ultimate eligibility of Indigenous communities' jurisdictions will depend on the definition of jurisdiction under the finalized ART TREES 2.0

Date of submission: 30.7.2021

Name of authorized representative: Prof. Dr. Pham Van Dien (Deputy Director General of VnForest, Ministry of Agriculture and Rural Development, Vietnam)

Signature

A handwritten signature in blue ink, consisting of several loops and a long vertical stroke extending downwards.

General:

1. Forest Emission Reduction Targets (500 words excluding links and appendices)

Please provide a narrative and applicable links, outlining Supplier's forest goals related to emission reductions from REDD+², for example, 2030 zero deforestation goals.

Vietnam ratified the Paris Agreement on Climate Change to commit reducing global GHG emissions and pursuing adaptation efforts in 2016 ([Resolution No. 93/NQ/CP](#) dated October 31, 2016). Its plan for implementation is approved by the Government ([Decision No. 2053/QD-TTg](#), 2016). The Vietnam Nationally Determined Contribution ([NDC](#)) under the Paris Agreement states that the country is working toward a 9% GHG emissions reduction compared to business as usual (BAU) by 2030, with the possibility of surpassing that benchmark to reach 27% reduction compared to the BAU with international support. Of this, the NDC identifies the forestry sector can contribute a reduction of 9.3 million tons of CO₂eq, approximately 1.0% compared to the BAU scenario with domestic resources, and 21.2 million tons of CO₂eq, about 2.3% compared to the BAU scenario with both domestic resources and international support, by 2030.

The Vietnam Forest Development Strategy 2021-2030 ([Decision No. 523/QD-TTg](#)) sets out the specific targets including the following:

- The national forest cover rate to become stable at 42% to 43%, effectively contributing to the implementation of the national commitment to reduce GHG emissions, building a green Vietnam;
- In the period of 2021-2025, 10% of the natural forest area will be upgraded in quality; the efficiency of biodiversity conservation and forest protection capacity will be improved;
- About 340,000 ha/year of production forests is to be planted by 2030, as well as planting protection forests and special-use forests with indigenous, precious and rare species at an average of 4,000 - 6,000 ha/year;
- Restoration of protection forests and special-use forests is to reach 15,000 ha/year on average;
- To develop forest environmental services, diversify and expand revenue sources in accordance with the provisions of law; total revenue from forest environment services to be increased by 5% per year on average;
- The forest area certified for sustainable forest management will reach to over 0.5 million hectares in the 2021-2025 period, and over 1 million ha in the 2026-2030 period.

The National REDD+ Action Plan (NRAP: [Decision No. 419/QD-TTg](#)) sets out objectives including the following:

² Reducing emissions from deforestation and forest degradation in developing countries, and the role of conservation, sustainable management of forests, and enhancement of forest carbon stocks in developing countries

- By 2020, increase forest cover to 42% and improve forests quality and carbon stocks through; (i) protection of 2.2 million hectares of natural forests in hotspots of deforestation and forest degradation; (ii) enhancement of 600,000 ha of natural forests; (iii) extending rotations for 150,000 ha of plantations to long-term rotation;
- By 2030, stabilize natural forests area at least to the level of 2020, and increase forest cover to up to 45% (subsequently revised to 43%) of national territory, contributing the national target as committed in the Paris Agreement; this contribution may be increased to 25% (updated to 27% as aforementioned, in [2020 NDC](#)) after receiving international support.

The sub-national jurisdiction for LEAF:

An area including 4.26 million ha of forest (as of 2020), of which 3.24 million ha is natural forest and 1.02 million ha is plantation³, within 11 contiguous provinces (i.e. provinces are one jurisdictional level under national level) belonging to the Central Highlands and South Coastal Central regions (Lam Dong, Dak Nong, Dak Lak, Gia Lai, Kon Tum, Quang Ngai, Binh Dinh, Phu Yen, Khanh Hoa, Ninh Thuan and Binh Thuan provinces).

2. Progress towards, or readiness to meet (non-safeguards elements of) ART/TREES requirements (500 words excluding links and appendices)

Please provide a summary of the Supplier's progress towards preparing/submitting a concept note, and/or registration document for ART, including expected timelines for submission (e.g. estimated date by which a registration document might be submitted). Please include links to any relevant documentation that has already been submitted to the ART secretariat, if applicable.

Please provide an overview of the steps taken to align with non-safeguards requirements of ART/TREES, and Supplier's ability to meet such requirements . If this proposal is selected by the Coalition participants , this information will be accepted as indication of commitment towards meeting ART/TREES requirements.

Vietnam is submitting a TREES concept note concurrently with the submission of this proposal to LEAF. The submission of its Registration Document for ART is anticipated to take place in 2022, provided the proposal is accepted. Vietnam aims to participate to register for the 2022-2026 crediting period proposed for LEAF. In order to do this, Vietnam commits to addressing the technical gaps as identified under Section 3 of this proposal, if accepted by the LEAF Coalition.

Vietnam's roadmap for operational accession to TREES participation and under LEAF:

³ Decision No. 1588/QĐ-BNN-TCLN dated April 13th, 2021 by MARD on publication of national forest status by 2020

When?	What?
Mid-2021	Submission of TREES concept note and LEAF proposal
End of 2021	Signature of ERPA and concomitant agreement of a technical assistance work package
From early 2022	Work to address capacity gaps (includes strengthen the SSCO's functions to ensure to manage the effectively the LEAF programme, collate, analyse and report on safeguards information, etc.) and meet TREES requirements
During 2023	Collect necessary data and prepare monitoring report (vintage 2022), undergo verification, issuance of ART credits
During 2025	Collect necessary data and prepare monitoring report (vintages 2023-2024), undergo verification, issuance of ART credits
During 2027	Collect necessary data and prepare monitoring report (vintages 2025-2026), undergo verification, issuance of ART credits

3. Capacity building /technical assistance needs (500 words excluding links and appendices)

If applicable, please summarize the capacity gaps and needs for support identified as necessary to meet ART/TREES requirements, and plans to address these gaps before submitting validation/verification documents to ART. This information will be critical for planning purposes

Vietnam has made strides in strengthening the capacity of its stakeholders, and developing its benefit-sharing mechanism, safeguard policies, and Measurement, Reporting and Evaluation (MRV) system, etc. from national to sub-national levels. Outstanding areas of capacity building against the ART/TREES requirements have been identified and include:

Forest monitoring:

Vietnam

- Vietnam has both technical and financial capacities to produce activity data and emissions factors for Deforestation and Forest Degradation. Technical assistance would be needed on Activity Data and Removal factors for afforestation. In submissions to the UNFCCC Vietnam used the average carbon stock of forest types based on all NFI plots in the targeted forest type. While the use of average carbon stock provides an accurate representation of the forest types considered, it does not track the purpose of the afforestation projects (protection or production) and is not based on growth models. To help distinguish the different types of plantation, planting plans approved by each province in the project area need to be collected and made available. Growth models for dominant plantations species would also be needed. On the activity data side, a registry

of newly afforested areas would need to be developed to keep track of emission reductions from removals based on locations and purpose.

- Due to the lack of available data, the crediting level (for the baseline years 2016-2020) is calculated based on the annual averages of two periods: 2011-2018 and 2019-2020. The first period is 8 years while the second period is only 2 years. All of these may affect the accuracy of the crediting level. The accuracy of the crediting level is expected to be better if the 2015 land use land cover map is available. Therefore, technical support is needed to develop the 2015 land use land cover map.
- Although the Sample Area Estimation (SAE) for period 2011-2018 has been implemented, the SAE for period 2019-2020 has not been implemented yet. In addition, the current classification of land use land cover maps has 17 classes, which makes the SAE difficult to implement. Therefore, technical support is needed to simplify the classification of the maps as well as implement the SAE for period 2019-2020.

ER Title:

- Government of Vietnam plans to issue a legal document (as is being prepared for the purpose of the Vietnam Emissions Reduction Programme under the FCPF Carbon Fund) that will provide the basis for Government's ability to secure ownership in ER title, and its ability to transfer ER title to LEAF. This legal document will also outline the use of proceeds, which will be further elaborated through a benefit sharing plan (see below).

Benefit-sharing:

- Vietnam has not yet finalized a nation-wide benefit sharing model, though it has a strong foundation (see also section 8). The country began work on piloting benefit sharing in sustainable forest management, protection and development of Special-Use Forests in 2012 ([Decision No. 126/QD-TTg](#)), in six pilot provinces in 2015 ([Decision No. 5399/QD-BNN-TCLN](#)), and in the ER-P in the North central Provinces. A [final draft Benefit Sharing Plan](#) for the ER-P was developed in October 2019 and is being rolled-out. Further support is needed to conclude piloting of benefit-sharing and finalise a BSP for application across all REDD+ implementation areas. This will include consideration of integration with MRV, as well as equitable access to benefits among all relevant stakeholder groups.

Safeguards requirements:

- Vietnam's Country Safeguards Framework (CSF) and its Safeguard Information System (SIS) were developed before ART/TREES safeguards guidance was available, although future upgrades to respond to international standards were anticipated. Initial assessment indicates that many TREES safeguards indicators can be mapped to existing elements of the CSF and parameters in the SIS, though some gaps have been identified (see section 13). Agreed gap-filling actions will be formulated and technical assistance will be needed to implement these to show conformance with all TREES safeguards indicators before Vietnam is registered as Participant under TREES. Also, support will be directed towards implementing agreed processes and guidelines to ensure that Vietnam

can demonstrate conformance with all ‘outcome’ indicators, including at subnational level.

- Vietnam has submitted a first Summary of Information on safeguards to the UNFCCC in early 2019. The existing Summary was not linked to a TREES crediting period, nor does it provide comprehensive information regarding “respecting” of the safeguards. Subsequent summaries will be developed to integrate information on how safeguards have been respected in REDD+ implementation.
- Capacities also need to be strengthened to fully support requests related to the third-party validation and verification of safeguards information, as required by ART/TREES. Additional financial resources may be needed to cover the costs of this validation and verification process.

A detailed action plan to address the above-mentioned gaps will be developed and implemented in 2022, including with technical assistance provided by the UN-REDD Programme.

4. High Forest Low/Deforestation (HFLD) (if applicable, 500 words excluding links and appendices)

Please indicate whether the Supplier expects to qualify as HFLD according to the criteria in the draft TREES 2.0 and whether the Supplier proposes to make available emission reductions under LEAF according to a future , approved HFLD -methodology in TREES . Please note that expressing expectation to do so is not binding.

There is no intention to qualify as HFLD.

5. Estimate of ART/TREES crediting level (non-binding)

Please provide an estimate of the ART/TREES crediting level, including annual estimates used to develop the crediting level, and links to further methodological descriptions of these estimates. We understand that these estimates are based on assumptions and will not be final. Please indicate a tentative selection of baseline years, consistent with the ART-TREES standard. Please indicate the assumptions made in the emission reduction volume calculations. Please provide a link to relevant public documentation or reporting (e.g. National Communications, REDD+ strategy/action plan).

The baseline years are 2016-2020.

Using the data in [Vietnam’s Technical Annex on REDD+](#), the annual emissions during period 2011-2018 in the six South Central Coast (SCC) provinces subject to this LEAF proposal⁴ and the five provinces of the Central Highlands (CH) are provided in the table below:

⁴ Normally, the South Central Coast (SCC) of Vietnam includes eight provinces. In this document, however, the SCC region includes only six provinces Quang Ngai, Binh Dinh, Phu Yen, Khanh Hoa, Ninh Thuan and Binh Thuan; the two provinces Quang Nam and Da Nang are excluded.

Annual emissions during period 2011-2018	SCC		CH		SCC+CH	
	Value (mil. tCO2)	U (%)	Value (mil. tCO2)	U (%)	Value (mil. tCO2)	U (%)
Annual emissions from deforestation	1.962	9.75	7.067	6.18	9.029	5.28
Annual emissions from degradation	2.800	13.16	9.421	11.43	12.221	9.31
Annual total emissions	4.762	8.72	16.488	7.05	21.249	5.81

The annual emissions during period 2019-2020 in the SCC and CH are provided in the table below (Forest Inventory and Planning Institute: FIPI, forthcoming):

Annual emissions during period 2019-2020	SCC		CH		SCC+CH	
	Value (mil. tCO2)	U (%)	Value (mil. tCO2)	U (%)	Value (mil. tCO2)	U (%)
Annual emissions from deforestation	3.203	9.75	5.604	6.18	8.807	5.30
Annual emissions from degradation	2.429	13.16	10.648	11.43	13.077	9.62
Annual total emissions	5.631	7.93	16.253	7.78	21.884	6.13

Note:

- 1. The uncertainties of annual emissions from deforestation and annual emissions from forest degradation for period 2019-2020 were not available and were assumed to be equal to those of period 2011-2018.*
- 2. The activity data used to calculate the results in the above tables are extracted directly from the land use land cover change maps (ie, not yet adjusted based on sample area estimation (SAE)). This is because the SAE for period 2019-2020 is not available.*

The annual emission during the baseline years (2016-2020) or the crediting level, \bar{E}_{2016_2020} , is calculated using following formula:

$$\bar{E}_{2016_2020} = \frac{3 \times \bar{E}_{2011_2018} + 2 \times \bar{E}_{2019_2020}}{5} = 21.503 \text{ (mil. tCO2)}$$

Where \bar{E}_{2011_2018} and \bar{E}_{2019_2020} are the annual emissions during period 2011-2018 and period 2019-2020, respectively.

The uncertainty of the crediting level is 4.25%, calculated using the IPCC default propagation-of-error method. Uncertainty estimated using Monte Carlo Simulation may be slightly different.

In order to estimate the emission reduction volumes by year, we make the following assumptions: The latest NDC of Vietnam states that: "Vietnam will have reduced its GHG emissions by 9% compared to the BAU scenario by 2030 with its own domestic resources. This contribution can be raised up to 27% with international support through bilateral as well as multilateral cooperation and the implementation of new mechanisms under the Paris

Agreement". Based on the assumption that the NDC target will be applied progressively and uniformly in the LULUCF sector throughout the country, to reduce GHG emissions by at least 27% for the LULUCF sector, Vietnam will reduce 21.2 million tCO₂eq in the year 2030 for the LULUCF sector in the whole country. Each year from 2021 to 2030, the ER targets for the LULUCF sector will increase by 2.12 million tCO₂eq to reach the target 21.2 million tCO₂eq in 2030.

In 2020, the two regions SCC and CH account for ~29% of national forest area and ~37% of national carbon stocks (FIPI, forthcoming). If we assume that the emission reduction in the LULUCF sector is proportional with the percentage of carbon stocks, the anticipated emission reductions by year for the two regions in the project area will be:

Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Emission reductions national	2.12	4.24	6.36	8.48	10.60	12.72	14.84	16.96	19.08	21.20
Emission reductions in the project area (37%)	0.79	1.57	2.36	3.15	3.94	4.72	5.51	6.30	7.09	7.87

Vietnam has issued a National REDD+ Action Programme (NRAP) by Prime Minister which supports the implementation of REDD+ and includes a national reversal mitigation plan. Therefore, the buffer set aside for reversal is 15% (ie, fixed rate with mitigating factors #1 and #3).

With the forest area under the project of approximately 4,26 million ha, which accounts for ~29% of the total national forest area, the leakage risk is assessed as medium and a leakage deduction factor of 10% is applied.

The uncertainty of the crediting level is estimated at 4.25%, which is far below the threshold 15%, and it is assumed that the uncertainty of the emissions in the crediting period has similar magnitude. Therefore, no deduction of emission reduction due to uncertainty is made.

With the above assumptions, the expected volumes of ERs by year during the period 2022-2026 in the two regions SCC and CH are provided in the table below.

Crediting year	Emission reduction targets by NDC (tCO ₂)	Reversal buffer (15%) (tCO ₂)	Leakage deduction (10%) (tCO ₂)	Expected volumes of ERs (tCO ₂)
2022	1,574,923	236,238	157,492	1,181,192

2023	2,362,384	354,358	236,238	1,771,788
2024	3,149,846	472,477	314,985	2,362,384
2025	3,937,307	590,596	393,731	2,952,980
2026	4,724,768	708,715	472,477	3,543,576
Total	15,749,228	2,362,384	1,574,923	11,811,921

6. Annual target ERs⁵ (non-binding)

Please provide an estimate of the ART /TREES expected volumes of ERs that may be delivered annually in the 2022-2026 period. We understand that these estimates are based on assumptions, and will not be final

Delivery by the end of (year)	Quantity (range, in metric tonnes CO2 equivalent)	Crediting year (please specify in brackets if emissions from forests are accounted for according to timelines that deviate from calendar years (e.g. Aug 1st– July 3 1st))
2023	1,181,192	2022
2025	1,771,788	2023
2025	2,362,384	2024
2027	2,952,980	2025
2027	3,543,576	2026

Vietnam will consider adding removal enhancements later when the technical requirements for calculating removal enhancements are available. Technical support may also needed in order to estimate removal enhancements.

7. Policies and Measures (500 words excluding links and appendices)

Please provide a summary of existing policy measures, regulations, enforcement and public finance instruments (taxes, transfers, subsidies) the Supplier determines are adequate to achieve the ERs, and a reference to where this information is publicly provided. If applicable, please describe other interventions (beyond policies and measures) Supplier has taken, or will take, to reduce deforestation and forest degradation, and enhance sequestration in order to provide ERs under LEAF (e.g. forest fire prevention). If the interventions are not yet operational, please provide a timeline with milestones.

The main drivers of deforestation and forest degradation that have been identified under Vietnam's NRAP are:

- i) Agriculture expansion, including high-value perennial crops (commercial agriculture) and subsistence agriculture;
- ii) Land conversion for infrastructure, especially hydropower installations;
- iii) Logging (both legal and illegal); and
- iv) Forest fires.

⁵ Please note that this is an initial estimate. LEAF Coalition participants do not expect this to be accurate at this stage.

The following national and sub-national level frameworks of programmes, financing mechanisms, policies, and legal provisions will be instrumental in addressing the above-mentioned drivers to achieve the ERs under the LEAF proposal.

- **National REDD+ Action Programme (NRAP)** ([Decision 419/QD-TTg](#)) which outlines REDD+ policies and measures for the period 2021-2030 to stabilize natural forests area by 2030, at least at the level of 2020, and increase forest cover up to 45% (subsequently revised to 43%) of the national territory, contributing to the national target as committed in the Paris Agreement, and this contribution may be increased to 25% after receiving international support (updated to 27%, in [2020 NDC](#)).
- **Payment for Forest Environmental Services (PFES) mechanism** ([Decree No. 156/2018/ND-CP](#)). This policy helps to mobilize funds for forest protection and development. In the scheme, the beneficiaries of environmental services (or PFES "buyers", such as hydropower facilities, municipal water supply companies, and ecotourism operators) provide financial incentives to the "suppliers" of these services such as local communities and Forest Management Boards. The PFES rate for hydroelectricity producers is VND36/kWh, and VND52/m³ for clean water production and supply factories; 1% of total revenue in the business period of organizations and individuals providing ecotourism, resort and entertainment services is also to be directed to PFES. The total PFES revenue from 2008 to 2018 is VND10,027 billion (USD436 million).
- **Forestry Development Strategy for the 2021-2030 period** ([Minister's Decision 523/QD-TTg](#)) The strategy's targets are: i) The national forest cover rate is stable at 42% to 43%, effectively contributing to the implementation of the NDC to reduce GHG emissions; building a green Vietnam; ii) By 2030, 100% of forest areas of forest owners will be managed sustainably; in the period of 2021 - 2025, 10% of the natural forest area will be upgraded in quality; improve the efficiency of biodiversity conservation and forest protection capacity; minimize the cases of violations of the law on forestry, ensure environmental security.
- **Directive and Decree for law enforcement and forest protection against encroachment, illegal logging and illegal forest conversion** ([Directive 13/CT-TW](#); [Decree No. 01/2019/ND-CP](#)). Objectives are to i) Improve the effectiveness and efficiency of state management of forest protection and development, build a strong ranger force; ii) Urgently review, evaluate and strictly control socio-economic development plans and projects that have negative impacts on forest area and quality; have a mechanism for strict management and supervision of projects on conversion of forest use purposes, especially projects on hydropower development, mineral exploitation, construction of industrial parks and tourism services; iii) Review and re-evaluate the implementation results and economic, social and environmental effectiveness of natural forest

improvement projects; projects to convert forests to rubber plantations and agricultural production.

- **Decisions to stop harvesting from natural forest and strictly control of conversion forests to other use purposes** ([Decision 2242/QD-TTg, 2014](#); Government Office Notice [No. 191/TB-VPCP, 2016](#)). The main points are: i) Strictly implement the policy of stopping logging of natural forests⁶ and strictly implement the closure of natural forests; ii) Do not change the use purpose of 2.25 million ha of existing natural forest to other purposes, including projects and works that have been approved but not yet implemented; and iii) Do not convert poor natural forests to industrial crops.
- **Master plan on development of agricultural production to 2020 and vision for 2030** (Prime Minister [Decision No. 124/QD-TTg 2012](#)). The decision sets out targets for:
 - Cassava: To stabilize the cassava acreage at 450,000 ha by 2020; to limit use of land with a slope of less than 15o and a thick layer of over 35 cm, mainly in the northern midland and mountainous region, central coast, southern Central Vietnam, the Central Highlands and eastern South Vietnam.
 - Coffee: The planned area for production is stable at 500,000 ha;
 - Rubber: To stabilize production area at 800,000 ha
- **Forest protection, restoration and sustainable development in the Central Highlands 2016-2030** (Prime Minister [Decision No. 297/QD-TTg, 2019](#)). The Programme's objectives are: i) Protect 2,246,068 ha of existing natural forest; ii) Prevent deforestation, encroachment on forest land, illegal exploitation of forests, illegal trading and transportation of forest products and wild animals, and fighting against law enforcement officers; iii) Actively implement forest fire prevention and control, timely detect and organize forest fire fighting; iv) To radically reduce the area of forest damaged by various causes.
- **Provincial REDD+ Action Plan (PRAPs)**: PRAPs were developed for five of the LEAF accounting area provinces (i.e., for Quang Ngai, Binh Thuan, Kon Tum, Dak Nong and Lam Dong), for the 2015-2020 period and will be updated if accepted for LEAF.

Foreseen coming into effect:

- **Forest protection and development, and investment in infrastructure and buffer zone development to promote protection and development of forest and improvement of local livelihood** (replaces [Decision No. 38/2016/QD-TTg](#) and [Decision No. 24/2012/QD-TTg](#)). State budget supports for protection of forest VND 300,000/ha/year; Assisted natural regeneration: VND 9.6 million/ha/6 years; planting protection forest: VND 30 million per ha; support communities in buffer zone VND 40 million per village per year for improving livelihood and local infrastructure conditions, etc.)

⁶ Following Conclusion No. 97-KL/TW dated May 9, 2014 of the Politburo.

8. Use of Proceeds (1000 words excluding links and appendices)

Please acknowledge the eligible uses of proceeds as established in the CFP, and provide initial thinking on the focus of a high-level investment framework describing the plans or arrangements in place for investing the proceeds of a transaction with LEAF Coalition contributors. This plan should be consistent with achieving the Supplier Country's NDC and sustainable economic development with a priority for forest protection and forest restoration, including its REDD+ strategy/action plan. The plan must also explain how benefits from such a transaction will be distributed to stakeholders. This plan should demonstrate equity, inclusivity, and transparency, and it should reach local communities and support wider climate goals. Suppliers may indicate whether future payments will be used to leverage up-front investments, if applicable. In other words, proceeds may be used to repay bonds or loans that were used specifically to finance activities that are consistent with the guidance on use of proceeds.

The Government of Vietnam developed an early pilot of a benefit sharing mechanism in sustainable forest management, protection and development of special-use forests in 2012 ([Decision No. 126/QĐ-TTg](#)), which will guide the benefit sharing and therefore the use of proceeds from LEAF.

The LEAF benefit sharing will closely follow that of the Vietnam Emission Reduction Programme (ER-P) which MARD is currently finalizing, and will provide guidance on conditions, principles, plan, modalities and arrangements for benefit sharing and other issues related to all payments for emission reductions within the framework of the LEAF project. The principles of the ER-P benefit sharing P are outlined in the Prime Minister's Decision on *Piloting emission reduction transfer and financial mechanism applicable for Emission Reduction Program Agreement in the North Central provinces* (available only as draft, at the time of writing). The plans are for a similar decision to be issued for the proceeds from LEAF, specific to its accounting area of the 11 provinces.

According to the ER-P draft Prime Minister's Decision, payments will be made as follows:

- Disbursements will go to the Vietnamese National Forest Protection and Development Fund (VNFF). The VNFF receives funds based on the estimated ERs and coordinates and disburses these funds to the provincial Forest Protection and Development Fund. The amount will depend on how successful the Province has been in delivering ERs. A formulae has been developed under the above-mentioned Decision.
- The payment amount transferred to provinces is based on: i) ER results of the province (tCO₂e); and ii) Natural forest area of province (ha). The basis for identifying the forest area is periodical forest inventory and annual forest change monitoring by MARD. The total revenue is determined by the total transferred emission reduction multiplied by the unit price/ton of emission reduction.
- The Provincial Fund disburses funds to the beneficiaries. The beneficiaries - forest owners as organization, Communal People's Committee (PC), other organizations - will receive payments into designated bank accounts.

The draft decision outlines how the funds will be allocated at each stage of disbursement.

- The VNFF is permitted to deduct 8% of total revenue collected to cover management and coordination costs and other remaining tasks in accordance with the plan approved by MARD. In particular, key national policies and measure will be assessed and enacted. There will also be an additional 2% for contingencies.
- From the remaining balance, VNFF coordinates to the Provincial Funds. The Provincial Fund is allowed to deduct 10% of the total received amount to cover costs for management and coordination tasks, as well as sub national policy implementation. The remaining balance will be paid to the forest owners, commune PC and other organizations allocated forest for management by the State.
- The forest owner is permitted to deduct 10% of the total amount received from the Provincial Fund to pay for forest management activities. The remaining balance of 90% will be paid by the forest owner for participatory forest management activities, of which 85% is paid to the communities participating in this agreement; 5% is paid to the commune PC.
- Forest owners as households, individuals, communities and forest contracted communities are allowed to use all of the paid amount for forest protection, management and development and livelihoods improvements.

Funds received from LEAF will be used to reward past performance, thus incentivizing local stakeholders on the ground to further engage in activities that help to generate emission reductions in the future. The received fund can be directly invested to activities which contribute achieving target to reduced deforestation and forest degradation and enhancements as follows:

- ER intervention activities: Protection of existing natural evergreen forests; Assisted natural regeneration of forest (without additional planting); Reforestation of protection and special-use forests; Coastal forest protection; Support for forest allocation to village communities;
- Value-added and sustainable and deforestation-free agriculture and aquaculture: Support for deforestation-free agriculture value chain; Support for deforestation-free agriculture commodities; Support for livelihoods improvement and income generation for local people.
- Enabling activities: Strengthening forestry governance and sector performance; Support of awareness rising activities, technical trainings, development of local regulations and commitments to forest law enforcement and protection, implementation of law enforcement activities; support capacity building; Other relevant support activities, as could be related to the forestry targets of the NDC.

9. NDC Alignment (500 words excluding links and appendices)

Please explain how payments received under LEAF would contribute to achieving the targets established in the Supplier Country's NDC.

Please also indicate how it is envisioned that the payments will contribute to raising the level of NDC ambition over time. Please note that it is not expected that potential Supplier Countries will

be able to commit to increasing ambitions by the July 30th deadline. Rather, a simple narrative about how this is envisioned is welcomed.

Areas of contribution of forestry sector to the [Vietnam's NDC](#) are identified as the following activity groups:

- Protecting, conserving and sustainably using forests and forest land to increase carbon sequestration and forest certification;
- Planting and developing forests, prioritising production forests, large timber forests and coastal forests; restoring protection forests and special-use forests;
- Defining areas for restoring natural forests, promoting forest regeneration and enrichment planting in areas planned for forestry; improving forest carbon stock quality and volume; and
- Developing agroforestry models to enhance carbon stocks and conserve land

Vietnam's NDC and the activities identified in the section above are complementary, both representing elements of countries' responses to climate change in line with the Paris Agreement. The rewarded fund from LEAF will be paid to the intervention activities addressing deforestation and forest degradation drivers, thus, contribute to creating motivation for forest protection.

Activities eligible to receive payment and distribution from ERs benefits for LEAF project as following:

- Emission Reduction intervention activities: Protection of existing natural evergreen forests; Assisted natural regeneration of forest (without additional planting); Reforestation of protection and special-use forests; Coastal forest protection; Support for forest allocation to village communities;
- Value-added and sustainable and deforestation-free agriculture & aquaculture: Support for deforestation-free agriculture value chain; Support for deforestation-free agriculture commodities; Support for livelihoods improvement and income generation for local people.
- Enabling activities: Strengthening forestry governance and sector performance; Support of awareness rising activities, technical trainings, development of local regulations and commitments to forest law enforcement and protection, implementation of law enforcement activities; support capacity building; Other relevant support activities, as could be related to the ERPA, ART/TREES.

10. Nesting (500 words excluding links and appendices)

If applicable, please describe Supplier's initial approach for how double counting from relevant activities with overlapping geographical scope will be avoided. This should include Supplier's approach to accounting for incorporation of activities either crediting, or seeking results-based payments for emission reductions from forests in the same geographical area (e.g. emission reduction or sequestration projects).

Not applicable.

11. Transfer of Title (500 words excluding links and appendices)

Some buyers will seek transfer of title of ERs on the ART registry, while others will allow the Supplier to retire ERs on the ART registry. Please indicate the Supplier's preference and expectations regarding transfer of title. Please refer to CFP document term "nature of transactions" for a detailed explanation of options under CFP related to transfer of title. Note that jurisdictions may choose to pursue multiple options.

The Government's decision regarding which option is the most appropriate for the country, as it relates with its ability to transfer ER titles, depends on the clarity of the existing legal framework in defining ER titles or carbon title.

Carbon ownership as such is not defined in Vietnam. The [National Program on REDD+ for 2016-2030](#) foresees that a Regulation on forest carbon rights shall be established and issued lead by MARD in order to achieve full REDD+ readiness and engage in step-wise improvements ([Work Package 3- NRAP](#)).

Under the Forestry Law (2017), carbon is dealt with as an environmental service, rather than an asset. The Forestry Law and the Land Law jointly deal and regulate assets that are attached to land, assigning exclusive management and decision-making rights to the state. This includes the right to regulate any benefits and profits generated from natural forest. As such, it is assumed that the government has rights over carbon resources and hence is allowed to transfer title of ERs to a third party, for trading purposes.

As it regards transfer of titles, article 5 of the draft Prime Minister's Decision on "Piloting emission reduction transfer and financial mechanism" applicable limited to the scope of the ERPA for the ER-P, states that: "1. MARD, on behalf of the State of Vietnam, transfers emission reduction results to the FCPF through the IBRD under ERPA. 2. In addition to the amount of emission reductions signed under the ERPA, in case the IBRD wants to buy more, the MARD will decide the additional quantity and selling price after obtaining consensus of MoF and MONRE. 3. Maximum transfer duration is until the end of 2025."

It is expected that a similar approach, ie. a legal document of similar nature, will be considered in the context of this proposal.

Vietnam opts for any of the following three pathways as laid out by LEAF for the nature of transactions that also address the need for title transfers:

Pathway #1: Vietnam receiving results-based payment (RBPs) from Sovereign contributor and requires ART to retire the ERs but Vietnam includes underlying mitigation in accounting for Vietnam's NDC targets.

Pathway #2: Vietnam receiving results-based payment (RBPs) from Private sector buyer and requires ART to retire the ERs but Vietnam includes underlying mitigation in accounting for Vietnam’s NDC targets.

Pathway #3: Vietnam receiving results-based payment (RBPs) from Private sector buyer and requires ART to retire the ERs and will transfer the ERs to the buyer on the ART registry but Vietnam includes underlying mitigation in accounting for Vietnam’s NDC targets.

12. Corresponding Adjustments (500 words excluding links and appendices)

Please indicate Supplier’s willingness to consider ERs with corresponding adjustments, per pathway #4 outlined in the terms of the CFP.

If applicable, please indicate the portion of total ERs (if any) for which the Supplier proposes to make a corresponding adjustment to the national account.

Please refer to CFP document term “nature of transactions” for detailed explanation of options under CFP related to corresponding adjustments.

Not applicable

13. Environmental, Social and Governance Safeguards (1000 words excluding links and appendices)

Please provide a brief description of the steps taken to assess safeguards requirements of ART/TREES and Supplier’s ability to meet such requirements. The Supplier should outline how all the TREES safeguards (Section 12 of the standard) will be addressed and respected, and how a national system for providing information on safeguards, or subnational equivalent, will inform TREES safeguards conformity.

Your response should include an outline of key current gaps in TREES safeguards conformance and plans for gap-filling actions. Subnational Suppliers should outline how safeguards tracking and/or monitoring tools are consistent with national tracking or tools, in particular with the national system for providing information on safeguards.

Please provide links to relevant publicly available information (e.g. summaries of information on safeguards as submitted to the UNFCCC and/or provide a link to, or describe, the either digital or analog system for providing information on safeguards).

Developed through a participatory process led by the multi-stakeholder Sub-Technical Working Group on Safeguards (STWG-SG), Vietnam’s Country Safeguards Framework (CSF) aims to reduce the potential risks and promote the benefits of REDD+ actions, and to demonstrate fulfilment of the country’s commitments under the UNFCCC. The CSF will help Vietnam meet multiple safeguards requirements, including those of the UNFCCC, Carbon Fund, Green Climate Fund (GCF) and others, progressively working towards a unified approach to all relevant REDD+ safeguards. As part of the CSF, the Cancun Safeguards were clarified in the national context, the legal framework and governance arrangements assessed to identify and progressively resolve gaps, a Participatory Governance Assessment conducted in pilot provinces, and potential impacts of REDD+ assessed through national and subnational processes, including: an [assessment of benefits and risks](#) associated with the NRAP (complemented by assessment of

benefits and risks at provincial scale as part of PRAPs, see below). National guidelines ([MARD Decision No. 5414/2015/QD-BNN-TCLN](#)) set out the requirements for PRAPs, including stakeholder participation, impact assessment, information disclosure, and monitoring.

Vietnam has in place a [national Safeguards Information System \(SIS\)](#) that provides accessible and transparent information in Vietnamese and English on how the safeguards are addressed and respected, linked to existing information systems and planned subnational monitoring of REDD+ and safeguards implementation. Launched in December 2018 the SIS portal is managed by the SSCO and Division of Information Development, under VNFOREST, and incorporates information from multiple sources at national and subnational level. The system is currently undergoing upgrades, in line with Vietnam's phased approach to SIS development, to incorporate more information and reporting against multiple safeguards standards, including ART-TREES. Vietnam also submitted its first safeguards [Summary of Information](#) to the UNFCCC in January 2019, focusing on the CSF, how safeguards are addressed, the SIS design, and the anticipated approach for respecting the safeguards. This approach centres on implementation of relevant policies, laws and regulations (PLRs), together with specific safeguards-relevant measures and processes, such as collaborative forest management. Improved implementation of both PLRs and safeguards and processes will require strengthened institutional capacities. The respecting of safeguards will be demonstrated through the SIS, and reported in subsequent summaries.

Vietnam has already designed and piloted key processes to support safeguards implementation. Building on existing regulations, particularly the Law on Environmental Protection (2014), the Law on Grassroots Mediation (2013), and the Law on Complaints (2011), a grievance redress process has been set out, based on mediation at local level, with referral to other higher-level GRMs when needed. Grievance redress was piloted together with benefit sharing in six provinces (based on Decision No. 5399/2015/QD-BNN-TCLN), and further guidance integrated into final draft Subnational Safeguards Guidelines. Vietnam was one of the first countries to pilot "free, prior and informed consent" (FPIC) for REDD+ in Lam Dong Province in 2010 (now known as "free, prior and informed consultation" in the Vietnam context). Lessons learned fed into the development of national guidelines, which then informed the development and revision of the NRAP and the MARD Guidelines on PRAPs. As noted, Vietnam also piloted benefit sharing in 2015, and has developed a model further via the ER-P in the North Central Provinces; as discussed in section 8, Vietnam will build on these pilots to formalize a national benefit sharing approach for use in REDD+ implementation areas

At the subnational level, Vietnam has progressed in designing, implementing and reporting on the safeguards, and its safeguards processes aim to ensure coherence across national and subnational scales. Vietnam's provinces follow the legal framework set out at national level, and coordinated socio-economic, land and environmental planning further promote coherence. In the North Central Provinces, the FCPF ERP has prepared an [Environment and Social Management Framework](#), based on a [Strategic Environmental and Social Assessment \(SESA\)](#), as well as a Feedback & Grievance Redress Mechanism, [Benefit Sharing Plan](#), [Ethnic Minority Planning Framework](#), and Gender Action Plan. The [FCPF First Monitoring Report](#) was submitted

to the Carbon Fund in 2021. To support implementation and monitoring of REDD+ and safeguards across provinces, Vietnam applies the MARD PRAP Guidelines (with 22 provinces having approved PRAPs as of 2021), has developed a REDD+ monitoring and evaluation framework, and has tested Subnational Safeguards Guidelines in 2020. These guidelines provide detailed information on planning, implementing and monitoring REDD+ to ensure adherence to Vietnam's CSF. Further support will be directed towards disseminating and building capacity for applying the guidelines and reporting to the SIS.

Vietnam's CSF and the mechanisms described above will support the country's response to the LEAF safeguards requirements. An initial assessment of the ART-TREES safeguards has been carried out with UN-REDD Programme support, considering requirements related the SIS and summaries, and reviewing evidence of conformance with the 44 TREES safeguards indicators. Discussions with key national and provincial stakeholders held in July 2021 also informed this assessment and development of this EOI. In the future, TREES safeguards conformance will be reviewed through the information provided in Vietnam's SIS, and subsequent summaries of information. If needed, the TREES Monitoring Report template will be used to provide additional information.

Preliminary gaps and gap-filling measures related to the ART-TREES safeguards have been identified, further considering those already identified in Vietnam's first Summary of Information. These include some processes already underway, such as: specific improvements to the legal framework; and strengthening subnational implementation and reporting on safeguards. Other areas for strengthening include: finalization and dissemination of agreed mechanisms for grievance redress and benefit sharing; improved reporting on key processes such as Environmental Impact Assessment; more systematic use and reporting on REDD+ information-sharing channels; clarification and documentation of definitions and processes related to tenure, mapping and review of the NRAP; and strengthened implementation and reporting on non-carbon benefits. Further refinement of the TREES safeguards assessment is planned for 2021, including agreement of actions to address the identified gaps and development of a detailed plan for conformance for outcome indicators, with stakeholder input.

14. Financial Intermediary (FI)

Before an ERPA can be finalized, an accredited FI must be identified as a channel for disbursement of funds. FIs will ensure that robust monitoring and reporting procedures on the use of proceeds are in place⁴. If available, please provide the name of the proposed institution(s). Please note there may be multiple candidate institutions.

Vietnam is in the process of identifying a number of the potential financial institutions that can work as a Financial Intermediary for Vietnam's LEAF proposal, and will communicate this accordingly when confirmed.

15. Contacts and Implementation Arrangements

Please describe the key jurisdictional contacts and government entities managing the jurisdictional program and indicate preferences for how subsequent correspondence with your jurisdictions should be handled.

National Management level:

To manage and coordinate the programme implementation, a management Taskforce will be established at central level. The member of the Taskforce is not limit but at least including Leader of VNFOREST and member of State Steering Committee on Sustainable Forestry Development Target Programme and REDD+ implementation, and Vietnam Forest Protection and Development Fund (VNFF).

Contact person 1:

Title

E-mail

Contact person 2:

Title:

E-mail

Contact person 3:

Title:

E-mail

Sub-national level:

The programme implementation at site level will be managed and coordinated by Provincial Department of Agriculture and Rural Development (DARD). The provincial Vietnam Forest Protection and Development Fund Division under DARD to be a focal point at provincial level in monitoring, reporting and disbursement of ERs benefits.

The preference for the subsequent correspondence for the LEAF programme is

E-mail