

ASIAN DEVELOPMENT BANK

TAR:VIE 34341

TECHNICAL ASSISTANCE

(Financed from the Japan Special Fund and
the Government of The Netherlands)

TO THE

SOCIALIST REPUBLIC OF VIET NAM

FOR PREPARING THE

**FORESTS FOR LIVELIHOOD IMPROVEMENT
IN THE CENTRAL HIGHLANDS PROJECT**

December 2001

CURRENCY EQUIVALENTS

(1 December 2001)

Currency Unit	–	Dong (D)
D1,000	=	\$0.0663
\$1.00	=	D15,088.00

ABBREVIATIONS

ADB	–	Asian Development Bank
DARD	–	department of agriculture and rural development
5MHRP	–	Five Million Hectare Reforestation Program
FSDS	–	Forest Sector Development Strategy
FSSP	–	Forest Sector Support Program
GDP	–	gross domestic product
GEF	–	Global Environment Facility
MARD	–	Ministry of Agriculture and Rural Development
NGO	–	nongovernment organization
NRDMP	–	natural resource development and management plan
PPU	–	project preparation unit
SDP	–	sector development program
SFE	–	state forest enterprise
TA	–	technical assistance

NOTES

- (i) The fiscal year (FY) of the Government and its agencies ends on 31 December.
- (ii) In this report, "\$" refers to US dollars.

I. INTRODUCTION

1. The Government of the Socialist Republic of Viet Nam has requested the Asian Development Bank (ADB) for technical assistance (TA) to prepare the Forest for Livelihood Improvement in the Central Highlands Project.¹ The TA Fact-Finding Mission visited Viet Nam during 18-29 June 2001 and held discussions with stakeholders, including officials of relevant government and aid agencies, nongovernment organizations (NGOs), and potential beneficiaries. The Mission reached an understanding with the Government on the objectives, scope, approach, cost estimates, financing plan, implementation arrangements, and terms of reference for consulting services. The TA will focus on the central region in line with ADB's Country Strategy and Program for Viet Nam. It is included in ADB's 2001 TA program for Viet Nam and the ensuing loan program for 2003.

II. BACKGROUND AND RATIONALE

2. The forest sector officially accounts for only a little over 1 percent of the official gross domestic product (GDP) in Viet Nam. But if domestic processing, consumption of timber products and fuel wood, and export of wood-based products are taken into account, the contribution is nearer to 4 percent. The country's forests, comprising of about 9 million hectares (ha) of natural forests and 1.5 million ha of plantations, assume an environmental and developmental importance that goes beyond the official GDP estimate. This importance is owed to the forest's role as habitat for a large variety of animal and plant species and as hydrological flow regulator for local and major drainage systems. The Central Highland forests are of particular significance, as they account for about 30 percent of the total area of natural forest remaining in Viet Nam, with many biodiversity "hot spots" and important watersheds, and contribute about 50 percent of the total annual log harvest of the country.

3. The forest-rich Central Highlands are also home to about three million people, with two thirds belonging to majority Kinh and one third belonging to various ethnic minority groups including Ede, Bana, and Jarai. Because of locational disadvantages of geography and inaccessibility to mainstream development opportunities, this is one of the poorest regions of the country. Socioeconomic surveys in the area indicate a high incidence of poverty, with Kinh households suffering from food production deficits averaging more than three months, ethnic minority households exceeding a five-month deficit. The most common coping mechanism for the ethnic minorities involves securing food from the forests through hunting, foraging for alternative foods, and consumption and/or sale of nontimber forest products. Furthermore, the livelihood improvement and development potential of the forests in the Central Highlands is high relative to other parts of the country, as the forest area per capita is 0.85 ha compared with the national average of 0.13 ha per capita. A number of wood processing enterprises in the region have developed export markets for manufactured wood products, but these are threatened by shortages of raw material. These forests also play an important role in regulating the water flow into the Mekong delta and smaller rivers flowing to the east.

4. The forest cover of Viet Nam declined by about 30 percent between 1945 and 1990. This forest cover loss and depleted growing stock reduced the growth potential of the nation's forests. Consequently, the Government drastically reduced the annual harvest from 3.4 million cubic meters (m³) in 1990 to about 300,000 m³ in 1998. However, processing facilities cannot switch to alternate supply sources so easily, and the supply deficit is probably being met from unregulated logging in Viet Nam and neighboring countries. Increasing supply deficits are leading to increased pressure on the country's remaining forests, thereby undermining their watershed and biodiversity conservation potential and effectiveness.

¹ The TA first appeared in *ADB Business Opportunities* (Internet Version) in May 2001.

5. Forest loss in Viet Nam has been driven by demand for agricultural land to meet the food security needs of an increasing population, and by heavy forest exploitation, largely by state forest enterprises (SFEs), to provide materials and revenue for development and economic expansion. Furthermore, the SFEs' preoccupation with revenue generation has made logging, as opposed to sustainable forest management, the object of management. Moreover, the SFEs' monopoly on timber harvesting has resulted in up to 70 percent wastage in felling and processing operations, resulting in substantial revenue losses and increasing pressure on the remaining forests. In recent years, increasing population pressures exacerbated by both regulated and unregulated in-migration from other parts of the country are in part responsible for the current food and livelihood insecurity, poverty, and natural resource degradation in the Central Highlands. For example, in response to a temporary rise in world coffee prices and in the absence of rationalized land use policies and plans, there has been a manifold increase in the area under coffee production. While delivering higher incomes to some sections of the society, the unplanned coffee cultivation has resulted in the conversion of productive agricultural and forest lands to coffee production; but in many cases forests are cleared to compensate for the production losses suffered by the subsistence farming subsector. This process is pushing many poor households, in particular ethnic minorities, to cultivate highly erodible upland slopes with low agricultural potential, resulting in increased food insecurity and an impoverished environment. It is recognition of these negative impacts on people and the environment that have led the Government to prepare an action plan for the Central Highlands to address both the emerging problems of socioecological instability and the persistent problems of food and livelihood insecurity.

6. Lessons learned from assessments of past government and externally funded programs, policies, and institutions, undertaken under TA 3255-VIE: Study on Forest Policy and Institutional Reforms,² include the following: (i) segregating the problems of agricultural and forest lands is no longer tenable, and therefore intersector coordination at the policy and practice levels is required; (ii) the state-dominated and centralized forest sector management structure lacks market and commercial orientation; (iii) inappropriate and inadequate forestland classification leads to inefficient forestland allocation and management; (iv) SFE monopoly and dominance prevents the development of nonstate enterprises; and (v) insufficient investments in improving human and natural resource productivity, and in upgrading forest management technologies and practices limit the employment- and income-generating potential of the sector. Furthermore, experiences gained from the implementation of Loan 1515-VIE: Forestry Sector Project³ and other projects indicate that, for efficient and effective project implementation, the following elements need to be in place: (i) sufficient capacities for integrated and participatory resource planning at the central and provincial levels; (ii) standardized cost and benefit sharing norms to be used for project implementation; (iii) rationalized forest classification and land use plans, and forestland allocation and delineation; (iv) adequate forest technology generation and delivery capacity; and (v) sufficient policy and institutional coherence and coordination.

7. In response to increasing forest loss and poverty in the uplands, the Government, with the assistance of aid agencies, has undertaken several investment projects. In 1992, Decree 327 focused on tree planting of fast-growing species with the aim of increasing forest cover and employment opportunities in the rural areas. In 1998, the Government launched the Five Million Hectare Reforestation Program (5MHRP) with the aim of addressing Viet Nam's poverty reduction and environmental protection priorities. The 5MHRP will bring an additional 5 million ha under forest cover by 2010, with the broad objectives of (i) protecting the environment by preserving biodiversity and conserving soil and water resources; (ii) increasing the wood supply for both domestic use and export; and (iii) reducing poverty and improving social development,

² TA 3255-VIE: *Study on Forest Policy and Institutional Reforms*, for \$470,000, approved on 14 September 1999.

³ Loan 1515-VIE: *Forestry Sector Project*, for \$33 million, approved on 20 March 1997.

especially among ethnic minorities. This shift toward linking forest sector development with poverty reduction is being institutionalized in the Government's Forest Sector Development Strategy (FSDS) for 2001-2010, which is under finalization. Furthermore, over the last two years the Government, together with the aid community including ADB, has developed a formal partnership to support the 5MHRP, and has finalized the agreement on Viet Nam's Forest Sector Support Program (FSSP).⁴ The FSSP had identified policies, strategies, and priorities that are in line with international and national agreements, and that define a common work program both for (i) policy, legal, and institutional strengthening; and (ii) investment activities, as well as planning, monitoring, and evaluating decision support systems.

8. The Government's development of the FSDS, and its involvement in and ownership of the FSSP process demonstrate its willingness to move toward a programmatic approach in the sustainable management of its forest resources. The program component of the proposed sector development program (SDP) will assist the Government in the implementation of the FSDS and FSSP by providing budgetary support. Support for the adoption of the FSDS at the national level will help to create an enabling environment for the investment component, which will focus on the Central Highlands. The investment component of the SDP will promote livelihood development in the target provinces in line with the FSSP. Building on the community-based resource management experience of the ongoing Loan 1515-VIE and the experience of the 5MHRP and other aid initiatives, and consistent with FSSP program objectives, the SDP will improve livelihoods and food security in the Central Highlands, and will address local and national forest resource conservation and development needs and priorities.

III. THE TECHNICAL ASSISTANCE

A. Objective

9. The goal of the TA and its ensuing project is to harness the full development and conservation potential of Viet Nam's forest sector. The immediate objective is to assist the Government in preparing the SDP, focusing on the Central Region, which will assist Viet Nam in implementing a forest policy that will enhance sustainable natural resource management and environmental protection; improve food and livelihood security; and reduce social, economic, and gender inequities as well as poverty by improving on- and off-farm incomes, particularly of ethnic minorities living in or near forests in the Central Region.

B. Scope

10. The TA will comprise two parts. The first part will prepare the program component, while the second part will prepare the investment component of the envisaged SDP. The investment component will support the implementation of the policy and institutional reform actions at the provincial level. Based on the FSSP program framework, the program component will provide the enabling policy/institutional framework for effective and efficient implementation of the investment component. The TA will also identify specific project implementation support needs and priorities. The likely contents of policy-related actions under the program component will be (i) enhancement of cross-sector policy coherence; (ii) implementation of policy, regulatory, and institutional reforms at the central and local levels; (iii) implementation of forest land-use classification and planning at the macro level; (iv) adoption of integrated land-use planning and management in rural areas using the participatory approach; (v) implementation of a reform/restructure program for SFEs; (vi) formulation and adoption of sustainable forest and biodiversity management plans for priority forest areas in the country; and (vii) strengthening

⁴ On 12 November 2001, the Government of Viet Nam and 20 representatives from various aid agencies, including ADB and social and environmental NGOs, signed the FSSP Memorandum of Agreement.

tree and forest product marketing. The work will be carried out with a geographical focus on the Central Highlands, and key outputs will include a cause-effect analysis, policy matrix with sequencing, detailed costing of the implementation of the policy matrix, proposed tranching, and well-defined monitoring indicators.

11. The economically justified investment component will focus on the Central Highland provinces of Dak Lak, Gia Lai, and Kon Tum;⁵ and contiguous districts adjacent to these provinces. These provinces and districts are integral to the Greater Mekong watershed and will facilitate the use of the landscape planning approach by the TA.⁶ The contents of the investment component will include (i) a proposal for an integrated natural resource development and investment plan for the entire project area; (ii) investment proposals for the individual participating provinces for improving livelihood and sustainable forest management; (iii) investment proposals for ethnic minority food and livelihood security and development; and (iv) a proposal for Global Environment Facility (GEF)-eligible biodiversity conservation work.⁷ Key activities for formulating the investment component will include (i) livelihood and natural resource assessments; (ii) poverty assessments and mapping to identify the poorest communes; (iii) identifying and prioritizing interventions for improving food security and livelihood, in particular among ethnic minorities; (iv) assessing investment needs and opportunities for increasing on- and off-farm income from value-added forest processing and products, and ecotourism; (v) assessing investment priorities for small-scale income-generating infrastructure development; (vi) assessing basic services needs such as primary health, drinking water, and literacy;⁸ and (vii) need assessments for capacity building for local government and communes for integrated and participatory natural resource development, in particular of economically disadvantaged ethnic minorities and women.

C. Cost Estimates and Financing Plan

12. The total cost of the TA is estimated at \$1.95 million equivalent, comprising \$1,040,000 in foreign exchange and \$910,000 equivalent in local currency costs. ADB will finance \$800,000 equivalent, including \$460,000 in foreign exchange and \$340,000 equivalent of local currency costs, on a grant basis from the Japan Special Fund, funded by the Government of Japan. The Government of the Netherlands will cofinance, on an untied basis, \$760,000 equivalent, including \$580,000 in foreign exchange and \$180,000 equivalent of local currency costs, to be administered by ADB. The Government of Viet Nam will finance the balance of about \$390,000 equivalent in local currency costs to cover staff salaries, office accommodation, and local transport costs. Details of cost estimates and financing plan are provided in Appendix 1. The Government has been advised that approval of the TA does not commit ADB to finance any ensuing project.

D. Implementation Arrangements

13. The Forest Development Department of the Ministry of Agriculture and Rural Development (MARD) will be the Executing Agency for the TA. In each of the Project provinces and concerned districts, the department of agriculture and rural development (DARD) will be the implementing agency for the TA. A project steering committee headed by the vice-minister of

⁵ In Kon Tum province, TA implementation will be coordinated with implementation of the proposed Central Region Livelihoods Improvement Project to maximize inter- and intrasector synergies and development impact.

⁶ Landscape planning approach allows for integrating human welfare and development needs into natural resource development planning.

⁷ GEF-eligible conservation activities identified under the TA will have access to conservation funds to be established under a World Bank-GEF project that is under preparation and scheduled for implementation in 2003-2004.

⁸ The TA will identify investment needs in these sectors with the purpose of enhancing the development impact of the ensuing project. However, the ensuing Project will not invest in these sector/subsector activities but will promote their implementation by other ADB projects, and such government programs as Program 120 and Decree 135, which focus on rural poverty reduction.

MARD for forestry will be set up to oversee TA implementation. The TA will closely coordinate its activities with the FSSP to ensure sector-wide coordination. At the provincial level, a coordinating committee, headed by the vice-chairman of the provincial peoples committee, will be set up and will include representatives from the provincial DARD, and from other concerned departments and districts. To ensure smooth implementation of the TA, a project preparation unit (PPU) headed by a director-level official of FDD will be established in FDD, and a dedicated management team will be formed. The management team will consist of the consultant team leader, the PPU head, the consultant deputy team leader with geographical responsibility for development of provincial investment activities, and the DARD directors for each of the Project provinces. The management team will meet at least once every two months and will report to the provincial coordinating committees, the steering committee, and ADB on implementation progress.

14. The TA will apply a multistakeholder participatory diagnosis and design approach for project preparation, and will be implemented over about 10 months commencing in April 2002, with completion expected in January 2003. This will facilitate the development of agreements on the scope of policy reforms and the institutional reform action plan, means for effective integration with the FSSP and the 5MHRP, and investment proposals to be implemented at the central and provincial levels, and will enable the Government to approve the feasibility study for the ensuing loan project. For TA implementation, ADB will recruit (i) an international consulting firm in association with domestic consultants; and (ii) on an individual basis, an international forest policy specialist and a participatory planning and mediation specialist, and a domestic public administration specialist, in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements on the engagement of domestic consultants satisfactory to ADB.⁹ A total of 124 person-months of consulting services will be required: 37 person-months of international and 87 person-months of domestic. The required expertise and outline terms of reference are provided in Appendix 2. All equipment will be procured in accordance with ADB's *Guidelines for Procurement*.¹⁰ At least three stakeholder workshops will be organized—the first at inception, and the next two to discuss the draft integrated natural resource development plan, and the draft final report and feasibility study. These will be supplemented by provincial level workshops. The following reports will be produced: (i) an inception report, by the end of the second month; (ii) an interim report and integrated natural resource plan, by the end of six months; (iii) a draft final report, two months prior to TA completion; and (iv) a final report, upon completion of the TA. ADB will set up a dedicated project team, (including staff of the Viet Nam Resident Mission to support the implementation of the TA), and which will monitor TA progress through the (i) inception, interim, and final workshop reports; and (ii) participation in the workshops and review missions.

IV. THE PRESIDENT'S DECISION

15. The President, acting under the authority delegated by the Board, has approved (i) ADB administering the portion of technical assistance to be financed by the Government of the Netherlands on a grant basis in an amount not exceeding the equivalent of \$760,000; and (ii) the provision of technical assistance on a grant basis in an amount not exceeding the equivalent of \$800,000, both to the Government of the Socialist Republic of Viet Nam for the purpose of preparing the Forests for Livelihood Improvement in the Central Highlands Project, and hereby reports such action to the Board.

⁹ Individual recruitment is necessary, as these form the core team for the policy/program component. This team will have to coordinate their work with, and mediate among, five main parties: the central government, provincial governments, intended beneficiaries, the FSSP, and ADB. This requires that these specialists be independent of the TA implementation team.

¹⁰ Upon TA completion, ownership of the equipment provided under the TA will be transferred to the agencies involved in the implementation of the ensuing loan project.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank Financing^a			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	320	0	320
ii. Domestic Consultants	0	184	184
b. International and Local Travel	20	20	40
c. Reports and Communications	10	5	15
2. Equipment (computer, printer, etc.)	15	0	15
3. Workshops and Conferences			
a. Facilitators	10	5	15
b. Workshops	0	15	15
4. Surveys	0	20	20
5. Miscellaneous Administration and Support Costs	10	40	50
6. Representative for Contract Negotiations	6	0	6
7. Contingencies	69	51	120
Subtotal (A)	460	340	800
B. Cofinancing (Netherlands)			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	420	0	420
ii. Domestic Consultants	0	119	119
b. International and Local Travel	30	10	40
c. Reports and Communications	0	10	10
2. Equipment (computer, printer, etc.)	30	0	30
3. Workshops and Conferences			
a. Facilitators	5	0	5
b. Workshops	0	10	10
4. Surveys	0	5	5
5. Miscellaneous Administration and Support Costs	5	0	5
6. Contingencies	90	26	116
Subtotal (B)	580	180	760
Total Aid Agency Funding (A+B)	1,040	520	1,560
C. Government Financing			
1. Office Accommodation and Transport	0	130	130
3. Remuneration and Per Diem of Counterpart Staff	0	160	160
3. Local transport and communication	0	100	100
Subtotal (C)	0	390	390
Total	1,040	910	1,950

^a The technical assistance will be financed by ADB on a grant basis from the Japan Special Fund, funded by the Government of Japan.

(Reference in text; page 4, para 12)

TERMS OF REFERENCE FOR CONSULTANTS

1. The objective of the technical assistance (TA) is to produce a sector development program (SDP). Dedicated consultant teams will be set up at the national and provincial levels to ensure that the programmatic priorities of the forest sector support program (FSSP) and the requirements of each of the individual project provinces/districts in terms of defined investment components and associated implementation arrangements are met. The indicative consultants' inputs are shown in Table A2.1

Table A2.1: Consulting Service Inputs

Expertise	Person-months for Activities		
	(i) ^a	(ii) – (iv) ^a	Total
A. International			
1. Forest Policy Specialist/Team Leader	4.0	1.0	5.0
2. Institutional Reform Specialist/Deputy Team Leader	2.0	3.5	5.5
3. Land Use Planning Specialist	1.5	3.5	5.0
4. Participatory Planning and Mediation Specialist	2.0	3.0	5.0
5. Resource Economist/Financial Analyst	1.0	3.0	4.0
6. Livelihood/Poverty Reduction Specialist	1.0	2.0	3.0
7. Forest Management Specialist	1.0	2.5	3.5
8. Indigenous Peoples/Gender Specialist	1.0	1.0	2.0
9. Farming Systems Specialist	0.0	1.0	1.0
10. Landscape Ecologist/Environmental Impact Assessment Specialist	0.0	1.0	1.0
11. Private Sector/Business Development Specialist	1.0	1.0	2.0
Subtotal (A)	14.5	22.5	37.0
B. Domestic			
1. State/Public Administration Specialist	5.0	5.0	10.0
2. Forest Planning Specialist	3.0	5.0	8.0
3. Microplanning Specialist	1.0	6.0	7.0
4. Financial Analyst	3.0	6.0	9.0
5. Credit Specialist	1.0	5.0	6.0
6. Geographical Information System Specialist	2.0	6.0	8.0
7. Gender/Indigenous Peoples Specialist	2.0	6.0	8.0
8. Marketing Specialist	2.0	6.0	8.0
9. Farming Systems Specialist	1.0	5.0	6.0
10. Biodiversity Conservation Specialist	1.0	5.0	6.0
11. Enterprise Development Specialist	2.0	6.0	8.0
12. Rural Infrastructure Specialist	0.0	3.0	3.0
Subtotal (B)	23.0	64.0	87.0
Total	37.5	86.5	124.0

^a This reflects the four main components of the Terms of Reference for consultants: (i) program component and institutional reform implementation plan, (ii) integrated natural resources development and management plan, (iii) livelihood improvement and indigenous peoples development plan, and (iv) biodiversity conservation component. Source: Staff estimates.

(Reference in text: page 5, para. 14)

A. Methodology and Reporting

2. In implementing the TA, the consultants will consult with key stakeholders, and funding agencies, and coordinate their activities with the FSSP and the Five Million Hectare Reforestation Program (5MHRP). This will ensure that available knowledge and expertise are fully tapped in the formulation of the program/policy and investment components, that the required degree of design detail is integrated into the feasibility study so that the approval standards of both the Government and the Asian Development Bank (ADB) are fully met, and that the TA implementation is effectively linked with FSSP operationalization and the 5MHRP. The consultants will coordinate their activities closely with the project team set up by ADB for the implementation of the TA and the formulation of the ensuing SDP.¹

3. The consultants will submit the following reports: (i) inception report, within six weeks after the start of implementation; (ii) progress report, four weeks before the midterm review of TA implementation; (iii) draft final report, four weeks before the final review of the TA; and (iv) final report, upon completion of the TA. The consultants will take note of ADB requirements for the processing of loan projects in the implementation of the TA, and will design their reports as outlined in Staff Instruction on Use of the Logical Framework for ADB-assisted Loan and Technical Assistance Projects, ADB's *Guidelines on Economic Analysis of Projects*, *Guidelines on Integration of Poverty Impact in Project Economic Analysis*, and *ADB Handbook for Incorporating Social Dimensions into Projects*. The consultants will work closely with the project preparation team set up within the Ministry of Agriculture and Rural Development. Reports submitted by the consultants should include the information required for the Government's prefeasibility study and feasibility study report as defined in Decree 17/2001/ND-CP.

B. Main Outputs

1. Policy Matrix and Institutional Reform Implementation Plan

4. Using a multistakeholder participatory diagnosis and design approach, the key activities of the consultants in the formulation of the program/policy component will include the following:

- (i) Review the progress of forest sector development and reform to date. This review will focus on (a) sector development and investment priorities and impact, in particular an analysis of the constraints to the implementation and effectiveness of the forest policy and institutional reforms; and (b) identification of remaining policy, and legal and institutional constraints to market-led forest resource growth and participatory management. This review should make maximum use of ADB projects including TA 3255-VIE and Loan 1515-VIE. Special attention will be given to the program framework that is part of the FSSP Memorandum of Agreement signed on 12 November 2001; the Government's 2001-2010 development strategy and plans for the forest and allied sectors, including agriculture, water, rural infrastructure, and energy; the Government's 5MHRP, forest sector development strategy (FSDS), Central Highlands Development Action Plan, and poverty reduction programs, including Program 135; and ADB's country program and portfolio.

¹ ADB is currently finalizing a review of its operational business processes. It is expected that the details of the new approach to Project Preparatory Technical Assistance implementation and loan processing will be in place during implementation of this TA. The terms of reference will be modified as and when required once the new operational business processes are officially announced. The new business processes call for the establishment of a dedicated project team, which in the case of this TA will include staff of the Viet Nam Resident Mission and a representative from the Royal Netherlands Embassy in Hanoi.

- (ii) Based on the FSSP program framework, undertake additional policy reform cause-effect analysis and institutional assessment of relevant organizations at the national, provincial, district, and commune levels for SDP formulation and implementation; and for enhancing the implementation quality of national programs, in particular the 5MHRP.
- (iii) Based on (i)-(ii) above and stakeholder consultations, and in accordance with ADB's requirements, identify a policy and institutional reform matrix for the program component of the SDP covering the national and provincial levels with sequencing, costing, timing, and monitoring indicators.
- (iv) Based on the assessed needs for capacity building in different thematic areas, formulate an overall capacity-building program that identifies demand for capacity building as well as the possible suppliers of capacity building, and costing of the capacity-building program for servicing the SDP and the FSSP. Develop the capacity-building monitoring plan, which will assess both short- and medium-term impacts.
- (v) Develop an overall SDP implementation framework that gives responsibility for management and implementation of province-based activities to the provinces while maintaining a strong overall program integrity.

2. Integrated Natural Resources Development and Management Plan and Investment Plan

5. In close consultation with all the concerned Government departments and other key stakeholders, the consultants will undertake the following activities to design and develop the investment component, which will facilitate the introduction of a common planning and implementation framework in the forest sector in Viet Nam. The key activities of the consultants will include the following:

- (i) Assess the current extent and condition of forest resources in each of the target provinces and districts, including forest management data/information needs and priorities.
- (ii) Undertake economic and financial analysis of (a) major alternative land uses, including forests for different functions, selected agroforestry systems, and perennial crops; (b) present value and returns on investment, employment, and potential income generation from forestry activities in the project area; (c) on- and off-farm incomes and returns on investment from forest based "added value" activities, including nontimber forest products, wood-based energy, and ecotourism; and (d) current and projected future demand for forest products within the Central Highlands and at the national level, and prospects for increasing provincial revenues through forest resource management.
- (iii) Assess the strengths and weaknesses of government agencies in the planning and management of natural resources in the target provinces, including assessment of available coordination mechanisms.
- (iv) Assess investment needs for upgrading forest management practices and technologies, and examine the role of subsidies, taxes, pricing policy, and other market-distorting interventions in related sectors such as agriculture/cash crops that adversely affect the financial viability of forestry investments.
- (v) Examine the major farming systems and crops in current use and assess their current and future productivity potential.
- (vi) Examine the scope for wood-based enterprises as well as investment and TA required, and the scope for supplying energy in modern convenient forms such as electricity to locationally disadvantaged communes and ethnic minorities.

- (vii) Identify investment priorities for (a) small-scale income-generating infrastructure development; and (b) the transport, health, water, and education sectors.
- (viii) Assess the need for small-scale credit in the project area, as well as the availability and effectiveness of existing credit providers.
- (ix) Based on (i) to (vii) above, formulate a natural resource development and management plan (NRDMP) for the entire Project area, which will include (a) provincial level NRDMPs based on a landscape approach, (b) strategic approach to forest and tree product marketing and processing, (c) sustainable forest-biodiversity management plans for priority forest areas, (d) provincial level food security improvement plans, (e) guidelines for forest land use and allocation, and (f) institutional responsibilities for natural resource development and management at the provincial level.
- (x) Examine the potential for existing state forest enterprises (SFEs) in the project area to contribute to the objectives of the NRDMP through the development of new business strategies. Cost the SFE restructuring program/plan, and pilot test it in the Central Highlands.
- (xi) Prepare scenarios for the management of major forest classes based on condition and function, focusing on employment and income generation for households and communities resident in or near forests. Develop investment interventions for different groups of beneficiaries such as households, communities, SFEs, and the private sector, indicating direct and indirect benefits, in terms of income; employment; and improved quality of life.
- (xii) Prepare a summary environmental impact assessment/summary initial environment evaluation for the proposed investment components.
- (xiii) Consistent with FSDS and FSSP objectives, and building on FSP and 5MHRP experience, develop a planning and implementation framework, including institutional responsibilities, cost norm structures, and procedures for subsequent detailing by provinces for all the investment components of the program, which will serve the needs of the FSSP and the Government. Map out the capacity-building requirements, fund-flow arrangements and administrative clearance/decision-making processes to avoid delays between planning and implementation.
- (xiv) In consultation with provincial implementing agencies, formulate tentative lists of project communes for the investment component, and design the microplanning framework for the SDP. The microplans will contain objectives, description of inputs, guidelines for distribution of benefits, organizational structure and schedule for implementing activities, delegation of responsibilities, and a participatory planning and monitoring protocol, and will test in selected communities. Train the required number of teams of microplanners and monitor the microplanning exercises in selected communities/sites.
- (xv) Prepare the overall costing of the investment component, incorporating all investment activities to be undertaken by the project, integrate all investment activities into the SDP logical framework, and develop a corresponding monitoring and evaluation plan for the project.

3. Livelihood Improvement and Indigenous Peoples Development Plan

6. In accordance with ADB's policies, strategies, and guidelines, the consultants will identify the investment needs and priorities for securing the livelihoods of vulnerable communities, in particular the ethnic minorities, and identify means for including them in the integrated natural resource development plan and investment component undertaken by the project. The key activities of the consultants will include the following:

- (i) Analyze the livelihood assets, vulnerability context, and opportunities for interventions for a few sample indigenous communities; undertake social/poverty impact assessment and mapping in close cooperation with concerned authorities and women's unions; and prepare a poverty profile for the project area.
- (ii) Review current data and information on indigenous people and gender, undertake necessary steps including surveys to overcome data constraints, and ensure that the NRDMP will be in line with ADB's indigenous peoples policy.
- (iii) Assess the relative economic efficiency of current farming systems; and assess the scope for introducing new agroforestry systems consistent with the lifestyle of local communities, especially those from ethnic minorities.
- (iv) Assess the most appropriate criteria for allocation of land to local communities/households according to current and alternative farming systems, and assess the training and extension requirements to improve the livelihoods and income for communities living in or near forest areas.
- (v) Formulate institutional safeguards, including capacity-building plans for the national, province, district, and commune levels to ensure that organizations and staff at the various levels will be able to implement specific measures and activities aimed at ensuring that ethnic minorities will fully benefit from the investment component.
- (vi) Based on ADB's gender policy and poverty reduction strategy, assess the overall impact of the proposed SDP and its components on the position of women and indigenous people, and include a poverty impact assessment matrix. As part of the SDP logical framework and corresponding monitoring and evaluation plan for the project, formulate specific indicators that can be used to monitor the impact of project activities on ethnic minorities, women, and the poor.

4. Biodiversity Conservation

7. In close collaboration with the World Bank-Global Environment Facility (GEF) Biodiversity Conservation Project preparation team and other key stakeholders including international and national environmental nongovernment organizations, the consultants will undertake the following activities:

- (i) Assess current and planned conservation plans and activities in the project area, and undertake a rapid biodiversity assessment to ensure the potential impacts of the proposed project activities on the protected area/special use forest.
- (ii) Identify key biodiversity conservation threats, challenges, and priorities of relevance to SDP development and implementation. Outline methods to incorporate national, regional, and local biodiversity conservation considerations and priorities in the landscape planning framework developed as part of the integrated natural resources development and management plan.
- (iii) Identify training and other needs for the protected area/special use forest staff to implement improved management methods.
- (iv) Identify GEF-eligible conservation activities and investments, and suggest methods to involve indigenous communities or other stakeholder groups in biodiversity inventorying and monitoring.
- (v) As part of the SDP logical framework and corresponding monitoring and evaluation plan for the SDP, propose indicators that can be used to assess the impact of project activities on biodiversity in the project area.