



# Technical Assistance Report

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Project Number: 47180-001  
Capacity Development Technical Assistance (CDTA)  
December 2013

## Socialist Republic of Viet Nam: Improving Payment for Forest Ecosystem Service Implementation (Financed by the Japan Fund for Poverty Reduction)

## CURRENCY EQUIVALENTS

(as of 2 December 2013)

Currency unit	–	dong (D)
D1.00	=	\$0.000047
\$1.00	=	D21,103

## ABBREVIATIONS

ADB	–	Asian Development Bank
BCC	–	biodiversity conservation corridor
FPDF	–	forest protection and development funds
GIZ	–	Deutsche Gesellschaft für Internationale Zusammenarbeit
Lao PDR	–	Lao People's Democratic Republic
MARD	–	Ministry of Agriculture and Rural Development
MONRE	–	Ministry of Natural Resources and Environment
PFES	–	payments for forest environmental services
TA	–	technical assistance
USAID	–	United States Agency for International Development
VNFF	–	Vietnam Forest Protection and Development Fund

## TECHNICAL ASSISTANCE CLASSIFICATION

<b>Type</b>	–	Capacity development technical assistance (CDTA)
<b>Targeting classification</b>	–	Targeted intervention
<b>Sector (subsectors)</b>	–	Agriculture and natural resources (land-based natural resources management, forestry)
<b>Theme (subthemes)</b>	–	<b>Environmental sustainability</b> (natural resources conservation, environmental policy and legislation)
<b>Climate change</b>	–	Climate change mitigation
<b>Location (impact)</b>	–	Rural (high), national (medium), regional (medium), urban (low)
<b>Partnership</b>	–	Japan Aerospace Exploration Agency, GIZ, Greater Mekong Subregion Environment Operations Center, United States Agency for International Development

## NOTE

In this report, "\$" refers to US dollars.

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## I. INTRODUCTION

1. Viet Nam is one of the 10 most biologically diverse countries in the world, possessing natural ecosystems from tropical jungles to dry forests, mountains, wetlands, and marine ecosystems.<sup>1</sup> Recognizing that these ecosystems are essential to human life, the government advanced a policy framework to assign values to ecosystem services and to enable payments for forest environmental services (PFES) to be collected and disbursed to resource managers.<sup>2</sup> Payments from forest environmental service users in Viet Nam accrue to national and provincial forest protection funds. To ensure revenues are used for their intended purpose, sustainable forestry and livelihood development, they must be integrated into provincial and national socioeconomic development planning. The government has requested Asian Development Bank (ADB) support to improve the implementation of PFES schemes.<sup>3</sup>

## II. ISSUES

2. Viet Nam was one of the first countries to pilot a PFES scheme that mandates payments at the national level. The government issued Decision 380 in 2008, assigning to the Ministry of Agriculture and Rural Development (MARD) responsibility for overseeing the management of payments. Decree 05 in January 2008 established forest protection and development funds (FPDFs) as the provincial-level financial mechanism for PFES payments. With these decisions in place, studies were carried out to determine payment levels for environmental services based on a valuation of the service provided and willingness to pay. Later that year, with assistance from the United States Agency for International Development (USAID), pilot payments were successfully made to households for protecting forests in Lam Dong Province, because this service enhances water regulation, thereby contributing to the sustainability of the operations of hydropower and water supply companies. Viet Nam's Decree 99/2010, issued in January 2010 mandates nationwide application of PFES schemes for the following services: (i) soil conservation, reduction of erosion, protection against sedimentation of reservoirs and river beds, (ii) regulation and maintenance of water supply for production and social life, (iii) absorption and storage of carbon, (iv) protection of the natural landscape of forest ecological systems for tourism purposes, and (v) provision of breeding grounds, food supply, and water resources necessary for aquaculture. The first three services have been legally assigned values in the decree. MARD is planning to assign values for the latter two services in 2013–2014 and has requested support to develop the necessary regulations.

3. **Managing and distributing payments.** Under Decree 99, MARD collected D1,172 billion in 2012 from more than 80 hydropower, water supply, and ecotourism operators. FPDFs have been established in 22 provinces, and province level PFES steering committees have been established in 35 provinces to manage these funds. The Central Forest Protection and Development Fund transferred 99.5% of the PFES revenues collected in 2012 to provinces but, of that amount, only 50% was distributed to households managing forest resources. Distributing payments in cases where individual households are forest owners is proving difficult, because the government uses on-the-ground forest inventories to determine household payment levels, and enters into individual contracts with household forest managers.

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<sup>1</sup> IUCN Viet Nam. Fact Sheet. Accessed 22 May 2013.

[http://cmsdata.iucn.org/downloads/iucn\\_fact\\_sheet\\_20112008.pdf](http://cmsdata.iucn.org/downloads/iucn_fact_sheet_20112008.pdf)

<sup>2</sup> The Millennium Ecosystem Assessment ([www.maweb.org](http://www.maweb.org)) defined ecosystem services as the benefits people derive from ecosystems, including actual or potential benefits. Each ecosystem will provide different services, with some generating higher levels of services than others.

<sup>3</sup> The TA first appeared in the business opportunities section of ADB's website on 6 December 2013.

4. To improve PFES contract management, ADB piloted a new approach to PFES distribution and monitoring in Quang Nam Province under the TA subproject for Support for the National Roll Out of Payment for Forest Environmental Services and Benefit Sharing Mechanisms in Viet Nam.<sup>4</sup> Two innovations were applied in five villages in Ma Cooil Commune: (i) a group approach to forest patrolling and fund management, and (ii) the use of satellite data to determine forest ownership and payment levels, and monitor forest management efforts. In the pilot villages, each PFES group carries out regular forest monitoring and manages its own PFES payments, setting aside 30% of the group's funds to support livelihood activities. PFES groups track expenditures in logbooks and manage micro-livelihood activity loans. PFES groups also keep a log of their forest monitoring efforts and are periodically checked by the forest management units managed by the District Agriculture and Rural Development Agency. In the same pilot villages, geographic information system maps are used to establish forest boundaries and forest quality, as well as track forest management. The village-level pilot projects are viewed as successful by provincial and national authorities, which have requested ADB to increase its support by (i) streamlining the regulatory framework for PFES implementation, including the group approach to forest patrolling and PFES management, (ii) improving transparency in payment systems, and (iii) establishing a robust monitoring and evaluation framework for PFES implementation using satellite data. When fully operationalized, the low cost of this new approach will allow provincial authorities to map PFES levels, monitor environmental service provision, and administer payments with the resources provided for management under Decree 99.

5. **Capacity gaps.** Moving beyond provincial implementation issues, a deeper understanding of payments for environmental services is required in order to mainstream resource accounting in development planning. This will necessitate a broader range of ecosystem services and, as indicated in Decree 99, a shared methodology and approach to the integration of ecosystem services in provincial and national economic planning. In particular, it is critical that MARD and the Ministry of Natural Resources and Environment (MONRE) cooperate to synchronize land use planning and forest master planning, including ecosystem services accounting. Barriers to the integration of ecosystem service values include: (i) the lack of comprehensive and easily accessible information on environmental resources and economic data; (ii) the absence of guidance for integrated and interdisciplinary planning; (iii) the limited knowledge and capacity of government officers to adopt and implement the integrated approach to the management of ecosystem services; and (iv) a lack of institutional capacity to implement integrated and interdisciplinary ecosystem management methods. Furthermore, it is not clear how men and women participate in the provision of forest services and how benefits are distributed among household members.

6. **Lessons.** A number of related ADB and development partner projects are supporting analysis of the overall value of ecosystem services. These include ADB's Biodiversity Conservation Corridors Loan in Quang Nam, Quang Tri, and Thua Thien Hue; GIZ's support for ecosystem service payment systems in Son La; United Nations Development Programme's support for valuing mangrove ecosystem services in Ca Mau; United Nations Convention to Combat Desertification—Global Mechanism's support for valuation of ecosystem services in Quang Nam; and USAID's support for PFES in Lam Dong, Nghe An, and Thanh Hoa. While these initiatives support improved livelihoods and forest conservation in target communes, no assistance program has achieved province-wide PFES application. A recent USAID-sponsored study found that provincial distribution schemes vary, with the largest payments being made at

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<sup>4</sup> Subproject under ADB. 2007. *Technical Assistance for Mainstreaming Environment for Poverty Reduction*. Manila (TA 6422-REG).

the village level and the smallest at the household level. A review of the 20 legal documents issued to regulate PFES found that none provides consistent guidance to provincial authorities on fund distribution or evaluation of forest conditions (i.e., the key measures of the effectiveness of a PFES scheme). The study recommends (i) greater outcome level accountability at the village, provincial, and national levels in order to improve the PFES scheme, and (ii) scaling up the approach piloted in ADB's ongoing assistance in Quang Nam.

### III. THE TECHNICAL ASSISTANCE

#### A. Impact and Outcome

7. The impact of the technical assistance (TA) is that ecosystem service payments will improve rural livelihoods and environmental quality in the three target provinces by 2020. The outcome of the TA is that the assessment, collection, and disbursement of ecosystem service values and payments in the three target provinces will follow a consistent approach by 2016.

#### B. Methodology and Key Activities

8. To achieve the outcome, the TA will support analytical studies, pilot demonstrations of payment and accounting systems, policy development, knowledge management, and capacity building. The TA has four main outputs:

9. **Output 1: Economic evaluation of environmental services will be standardized at the provincial level.** The TA will analyze the valuation and pricing of environmental services in Viet Nam compared to other developing countries in the region (India, People's Republic of China) and outside the region (Costa Rica, Ecuador, Kenya) through a desk study. The TA will then carry out pilot projects to collect PFES for aquaculture and forest carbon. Building on this work, the TA will produce a roadmap for integration of potential additional values in national and provincial socioeconomic development planning, including the use of decision support tools. To support provincial level implementation, the TA will also develop an assessment of management options for provincial level socioeconomic development planning and sector master planning.

10. **Output 2: Mechanisms for PFES valuation, management, and distribution will be piloted and institutionalized.** The TA will produce a gender-sensitive streamlined regulatory framework for forest patrolling and PFES management, including guidelines for (a) integration of ecosystem service values into provincial level planning and budgeting cycles, (b) transparent accounting of PFES collection and benefit distribution, and (c) monitoring and evaluation of PFES implementation using geographic information systems for integration with existing forest inventory and land use planning efforts. The streamlined guidelines will be approved for testing by the provincial authorities and pilot tested in three provinces. Policy guidelines will then be revised and approved for issuance as a circular at the national level. To ensure that the forestry information used by the TA is consistent with government procedures and available to decision makers, the TA will use the Development of Management Information System for Forestry Sector Phase II (FORMIS) platform for data management.<sup>5</sup>

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<sup>5</sup> The FORMIS Project is financed by the Government of Finland with the overall objective of building a modern forest information system from central to local level, in order to provide accurate information for decision making in the forestry sector at all levels. The first phase has developed an IT system capable of managing all forest-related data on a common platform managed by the Ministry of Agriculture and Rural Development, Viet Nam Forest, and piloted a forest inventory in three provinces using the system. The second phase (2013–2018) will expand the system to all provinces with a budget of €10 million. <http://formisvietnam.com/home>

11. **Output 3: National and provincial policymakers will have the capacity to value ecosystem services and integrate them into economic development planning.** A gender-sensitive impact assessment of PFES pilot schemes and an institutional mapping exercise and baseline survey of the capacity needs of target policy makers and stakeholders will be carried out so as to build support for implementation of the improved PFES approach. Results of the mapping and capacity assessment will be used to develop a female-friendly capacity action plan, and a PFES “champions network” will be set up. The network’s activities will include a training program, under which 50 people at the national level and in target provinces will be trained as trainers to support the revised regulatory framework for PFES implementation. The training will focus on (i) integrating ecosystem service values into provincial level planning and budgeting exercises, (ii) applying transparent PFES accounting systems, and (iii) setting up monitoring and evaluation systems that integrate satellite information with existing land use planning and forest monitoring systems. Using the champions network, capacity development workshops for national and provincial authorities (FPDFs, commune people’s committees, departments of agriculture and rural development and departments of natural resources and environment, and others) will be held to train 500 participants, 40% of which will be female. A final capacity assessment will be completed by the end of 2015.

12. **Output 4: Best practices and lessons will be captured and shared.** Viet Nam is a leader in PFES implementation. To enable it to continue to build national and regional capacity, a communications and knowledge management plan will be developed. Based on output 3, the TA will produce learning modules for dissemination in local languages and a summary of best practices will be drafted and disseminated through the Greater Mekong Subregion Environment Operations Center and other regional environment networks. Lessons learned will be incorporated into the Greater Mekong Subregion Biodiversity Conservation Corridors Project (BCC) activities for the Lao People’s Democratic Republic (Lao PDR), Cambodia, and Viet Nam.<sup>6</sup> Vietnamese officials will offer guidance on PFES for hydropower projects and on mechanisms for PFES valuation management and distribution in the Lao PDR.<sup>7</sup> Final print and multimedia reports will be disseminated in English and local languages by end-January 2016.

### C. Cost and Financing

13. The TA is estimated to cost \$1,650,000, of which \$1,500,000 will be financed on a grant basis by the Japan Fund for Poverty Reduction, and administered by ADB. The government will provide counterpart support in the form of counterpart staff, office accommodation, transport, data, administrative support, and other in-kind contributions. The cost estimates and financing table are in Appendix 2.

### D. Implementation Arrangements

14. The TA will be implemented between May 2014 and April 2016. The lead implementing agency will be the Vietnam Forest Protection and Development Fund (VNFF) under the Ministry of Agriculture and Rural Development (MARD).<sup>8</sup> Upon TA approval, a central project

<sup>6</sup> ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Grants to the Kingdom of Cambodia, Lao People’s Democratic Republic, and Socialist Republic of Viet Nam for the Greater Mekong Subregion Biodiversity Conservation Corridors Project*. Manila (loan effective in Viet Nam as of May 2011).

<sup>7</sup> Potential cooperation under the Forest Investment Program, which is funded by the Climate Investment Funds, will be explored, particularly for hydropower projects in the Forest Investment Program watershed in Southern Lao PDR where hydropower and irrigation projects are being identified in the BCC project area.

<sup>8</sup> VNFF, MARD will be the lead implementing agency according to ADB policy and “project owner” according to Government of Viet Nam policy.



management unit will be established under VNFF to support the agency in TA implementation.<sup>9</sup> At the provincial level, FPDF will be the lead implementation unit, reporting to VNFF and the Provincial People's Committee. Upon TA approval a provincial project management unit under the FPDF will be set up in each target province.<sup>10</sup> A technical steering committee, chaired by director, VNFF will be set up and include representatives from MARD, MONRE, the Ministry of Planning and Investment, and the people's committees and FPDFs of the target provinces.<sup>11</sup>

15. The project consists of four distinct outputs, and supporting activities will be executed by a firm that will be under the quality- and cost-based selection process, with a quality–cost ratio of 80:20. It is estimated that 10 person-months of international consultant services and 142 person-months of national consultant services will be required. Consultants will be recruited in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time), and disbursements under the TA will be done in accordance with ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time). The detailed terms of reference are in Appendix 3. The firm to be recruited will also be responsible for delivering training programs and procuring equipment.

16. ADB will collaborate with ongoing development partner initiatives. The Development of Management Information System for Forestry Sector Phase II platform (FORMIS) is the preferred vehicle for the management of data, knowledge, and outreach materials produced by the project. ADB is coordinating with GIZ to pilot PFES for aquaculture. The TA will also partner with Japan Aerospace Exploration Agency and Japan International Cooperation Agency to promote the use of satellite data for forest monitoring.<sup>12</sup> Coordination with the World Bank's Wealth Accounting and the Valuation of Ecosystem Services Program will ensure the TA outputs are consistent with the roadmap for natural resource accounting in the forest sector under development for the national level. ADB, VNFF, and consultants will seek to strengthen cooperation with these development partners by sharing knowledge through joint workshops, training events, and publications. Furthermore, ADB will circulate milestone reports to the Forest Sector Support Partnership, the international development coordination body for the sector.

17. A dissemination plan, integrating communications and knowledge management approaches, will be developed as part of output 4. Progress will be monitored using the intended outcomes and outputs described in the design and monitoring framework in Appendix 1.

#### IV. THE PRESIDENT'S DECISION

18. The President, acting under the authority delegated by the Board, has approved ADB administering technical assistance not exceeding the equivalent of \$1,500,000 to the Government of Viet Nam to be financed on a grant basis by the Japan Fund for Poverty Reduction for Improving Payment for Forest Ecosystem Service Implementation, and hereby reports this action to the Board.

<sup>9</sup> Individual outputs are assigned by agency as discussed during the fact-finding mission and defined in the design and monitoring framework (Appendix 1).

<sup>10</sup> Coordination between the provincial offices for this TA project and the project management unit of the BCC Project (Biodiversity Conservation Agency and departments of natural resources and environment) will be carried out through a shared monitoring framework for biodiversity conservation and sustainable livelihood activities, and applied by Provincial Project Management Unit staff.

<sup>11</sup> Target provinces will be identified through a readiness criteria jointly developed by ADB and MARD.

<sup>12</sup> All partners listed have agreed informally (by e-mail) to collaborate in implementing this TA. At a minimum, they will share technical reports on a quarterly basis. Upon TA approval, more formal agreements (e.g., a memorandum of understanding) will be considered if advantageous to both parties.

## DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p><b>Impact</b> Ecosystem service payments improve rural livelihoods and environmental quality in the 3 target provinces by 2020</p>	<p>The number of eligible families receiving PFES payments for completing forest monitoring work increases from below 20% to over 50% in the target provinces</p>	<p>Review of SEDP and provincial development plans 2020–2025</p> <p>Review of DARD inventory</p>	<p><b>Assumption</b> There is political will to integrate ecosystem service valuation approaches in planning and reporting systems.</p>
<p><b>Outcome</b> Ecosystem service values and payments assessed, collected, and disbursed following a consistent approach in the 3 target provinces by 2016.</p>	<p>By 2016, the 3 target provinces are applying consistent accounting, transfer and payment mechanisms to forest owners</p>	<p>Provincial Forest Protection and Development Fund annual reports</p>	<p><b>Assumption</b> Inter-ministerial coordination promotes mainstreaming in economic planning</p> <p><b>Risk</b> Ecosystem service revenues captured by elites, resulting in payment scheme failure</p>
<p><b>Outputs</b> 1. Economic evaluation of environmental services standardized at the provincial level</p> <p>2. Mechanisms for PFES valuation, management and distribution piloted and institutionalized</p>	<p>Methodology for ecosystem service assessment and integration in economic development planning<sup>a</sup> agreed with national and target provincial authorities by Q4 2014</p> <p>Economic evaluation report produced for the 3 provinces, including an assessment of ecosystem service management options by Q2 2015</p> <p>Streamlined policy for PFES implementation produced and approved by MARD and the FPDF of target provinces by Q4 2015<sup>b</sup></p> <p>Guidelines applied in 3 provinces by Q4 2014 Female-friendly capacity action plan produced by Q3 2014</p>	<p>MOU with government authorities; Methodology</p> <p>Technical assistance reports reviewed and approved by VNFF-led technical steering committee</p> <p>MARD circular updating PFES accounting and distribution</p> <p>Patrolling maps and PFES group reports</p>	<p><b>Assumptions</b> Technical capacity can be identified to produce a strong economic analysis</p> <p>Buyers and sellers of PFES can reach an agreement on scheme details related to multiple projects</p> <p><b>Risk</b> Authorities refuse to apply transparent PFES schemes, preventing effective monitoring and evaluation efforts</p>

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
3. National and provincial policymakers have the capacity to value ecosystem services and integrate them in economic development planning	<p>National provincial PFES “Champions Network” meetings held twice a year starting by Q4 2014, with minimum 25 participants per meeting</p> <p>An additional 50 officials are qualified as ‘PFES trainers’ and the total number of officials with an improved knowledge of PFES implementation increases by 500, 40% women, by Q4 2014.</p> <p>Final capacity assessment completed by Q4 2015</p>	<p>TA reports</p> <p>Interim report</p> <p>Workshop sign-in sheets; Interim report</p>	
4. Best practices and lessons captured, and shared	<p>Plan for communications and knowledge management for TA outputs developed by Q1 2014</p> <p>1000 reports disseminated and 500 downloads of final report and capacity development modules from GMS-EOC website.</p>	<p>Final report; Communications and knowledge management plan for TA</p> <p>Technical reports, presentations, and inputs to GMS working group meetings and other regional forums</p> <p>Final report</p>	

Activities with Milestones	Inputs
<b>1. Economic evaluation of ES standardized at the provincial level Institute of Strategy and Policy on Natural Resources and Environment (ISPONRE)</b>	<b>JFPR: \$1,500,000</b>
1.1 Complete a gender-sensitive comparative desk study of ecosystem service valuation and pricing in Viet Nam and other developing countries in the region (India, PRC) and outside the region (Costa Rica, Ecuador) by Q2 2014. (ISPONRE)	Item Amount (\$'000)
1.2 Pilot PFES values of aquaculture and forest carbon by Q4 2014 (VNFF)	Consultants 854.0
1.3 Develop a roadmap for the integration of the proposed methodology for ecosystem service assessment in economic development planning, including decision support tools, by Q4 2014. (ISPONRE, GSO, MPI)	Equipment 200.0
1.4 Purchase or integrate existing data layers and IT platforms required for implementation of approved methodology for application at national level and in target provinces by Q4 2015 (VNFF, MARD, ISPONRE, MONRE)	Training, seminars, conference 220.0
1.5 Develop an assessment of management options that will be integrated into provincial level planning by Q2 2015 (ISPONRE, MONRE lead, VNFF, MARD)	Surveys 30.0
	Miscellaneous 106.0
	Representative for contract neg. 5.0
	Contingencies 85.0

Activities with Milestones	Inputs
<p><b>2. Mechanisms for PFES valuation, management, and distribution piloted and institutionalized (VNFF)</b></p> <p>2.1. Produce a streamlined, gender-sensitive regulatory framework for PFES implementation, including the group approach to forest patrolling and PFES management and guidelines for (i) integrating ecosystem service values in provincial level planning and budgeting cycles, (ii) transparent accounting of PFES collection and distribution, and (iii) monitoring and evaluation of PFES implementation using GIS for integration with existing land use planning and forest inventory efforts, by Q2 2014 (VNFF lead, target FPDFs)</p> <p>2.2 Obtain the approval of the provincial authorities to test the streamlined guidelines (by Q3 2014), and conduct the pilot tests in 3 provinces by Q2 2015 (VNFF, FPDF, PPC)</p> <p>2.3 Obtain approval for the policy guidelines to be issued as a circular at the national level by Q1 2016 (VNFF)</p> <p><b>3. National and provincial policymakers have the capacity to value ecosystem services and integrate them in economic development planning (VNFF)</b></p> <p>3.1 Carry out a gender-impact assessment of PFES pilot schemes and an institutional mapping exercise and baseline survey of capacity needs of target policy makers by Q2 2014 (VNFF, target FPDFs)</p> <p>3.2 Use the results of the mapping and capacity assessment to develop a capacity action plan for advancing ES valuation in national and target provincial policy making by Q3 2014 (VNFF, ISPONRE)</p> <p>3.3 Hold twice yearly PFES “champions network” meetings from Q4 2014. (VNFF)</p> <p>3.4 Train 50 people at the national level and in target provinces as trainers in the use of ecosystem service monitoring systems that integrate satellite information with existing land use planning and forest monitoring systems by Q4 2014 (VNFF, FPDFs)</p> <p>3.5 Hold 10 capacity development workshops for national and provincial authorities on approved tools and methodologies to mainstream ecosystem service considerations into development planning (FPDF, PPC, CPC, DARD, DPI, DONREs, ISPONRE others TBD); 500 participants including 40% women by Q3 2015. (VNFF, target FPDFs)</p> <p>3.6 Complete the final capacity assessment by Q4 2015. (VNFF)</p> <p><b>4. Best practices and lessons captured and shared (ISPONRE)</b></p> <p>4.1 Develop a communications and knowledge management plan by Q3 2014 (VNFF, ISPONRE)</p> <p>4.2 Based on tested methodology, produce learning modules for dissemination in local languages by Q2 2015 (VNFF, ISPONRE)</p> <p>4.3 Draft a summary of best practices and lessons and disseminate it through regional networks including the GMS EOC and the GMS Environment and Agriculture Working Group by Q4 2015 (VNFF, ISPONRE)</p> <p>4.4 Mainstream lessons into the ADB regional GMS BCC project activities for the Lao People’s Democratic Republic, Cambodia, and Viet Nam (BCA)</p> <p>4.5 Disseminate the final report by 31 Jan 2016 (ISPONRE and VNFF)</p>	<p>The government will provide counterpart support in the form of administrative support, and other agreed contracts.</p>

DARD = Department of Agriculture and Rural Development, FPDF = forest protection and development funds, GMS-EOC = Greater Mekong Subregion – Environment Operations Center, GSO = General Statistics Office of Viet Nam, JFPR = Japan Fund for Poverty Reduction, ISPONRE = Institute of Strategy and Policy on Natural Resources and Environment, MARD = Ministry of Agriculture and Rural Development, MONRE = Ministry of Natural Resources and Environment, MOU = memorandum of understanding, PFES = payment for forest environmental services, VNFF = Vietnam Forest Protection and Development Fund.

<sup>a</sup> Using, where appropriate, decision support systems (geographic information system, integrated valuation tools).

<sup>b</sup> Guidelines are produced based on pilot work carried out under ADB. 2007. *Technical Assistance for Mainstreaming Environment for Poverty Reduction*. Manila (TA 6422-REG).

Source: Asian Development Bank

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

Item	Amount
<b>Japan Fund for Poverty Reduction<sup>a</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	220.0
ii. National consultants	484.0
b. International and local travel	75.0
c. Reports and communications	75.0
2. Equipment <sup>b</sup>	200.0
3. Training, seminars, and conferences <sup>c</sup>	
a. Facilitators	100.0
b. Training program	120.0
4. Surveys	30.0
5. Miscellaneous administration and support costs <sup>d</sup>	106.0
6. Representative for contract negotiations	5.0
7. Contingencies	85.0
<b>Total</b>	<b>1,500.0</b>

Note: The technical assistance (TA) is estimated to cost \$1,650,000, of which contribution of \$1,500,000 from the Japan Fund for Poverty Reduction is presented in the table above. The government will provide counterpart support of \$150,000 in the form of administrative support, and other agreed contracts. The value of government contribution is estimated to account for 9.09% of the total TA cost.

<sup>a</sup> Administered by the Asian Development Bank.

<sup>b</sup> Equipment such as forest patrol equipment (e.g., helmets, walking sticks, uniforms), monitoring equipment (e.g., binoculars, cameras), Geographic Information System data, software licenses, and office furniture will be procured under the consultants contract in accordance with ADB's Procurement Guidelines (2013, as amended from time to time). All equipment shall be turned over to Vietnam Forest Protection and Development Fund, Institute of Strategy and Policy on Natural Resources and Environment and Forest Protection and Development Fund upon TA completion.

<sup>c</sup> The training program will be designed and delivered by the consultants. ADB may recruit additional experts to serve as resource persons to provide specialized expertise on topics e.g., sustainable livelihoods, financial management, and environmental economics. The training program budget will be used to hire the venue and other logistical needs related to the training.

<sup>d</sup> Includes the recruitment, under the consultants contract, of four administrative officers 1 for the Central Project Management Unit and 3 (1 in each target province) for the provincial project management units.

Source: Asian Development Bank estimates.

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

### A. Note on Technical Assistance Preparation

1. The technical assistance (TA) aims to deepen the capacity for ecosystem service valuation and mobilize payments for communities. It will build on the previous TA to Viet Nam for Support for the National Roll Out of Payment for Forest Environmental Services (PFES) and Benefit Sharing Mechanisms in Viet Nam. Ministry of Agriculture and Rural Development (MARD) and Ministry of Natural Resources and Environment (MONRE) have identified several capacity and policy challenges that continue to hamper integration of the values of environmental services into socioeconomic planning. Under the TA, consultant services will be used to draft guidelines for practitioners at the provincial and national levels so as to expand the pilot work implemented under ADB programs and those of other development partners. The objective of all activities is a harmonized methodology for integrating ecosystem services in socioeconomic planning, increasing the efficiency of PFES mechanisms, and improving the livelihoods of local communities through the sustainable management of environmental resources. The government has requested TA to improve the capacity of institutions to mainstream environmental service values in national macroeconomic and development planning and provincial level planning by 2015. The TA requires 10 person-months of international and 142 person-months of national consultant support. All national consultants should have excellent spoken and written communication skills in English and Vietnamese.

### B. Consulting Services

2. **Chief technical advisor and team leader** (international, 10 person-months). The international advisor and team leader will be responsible for: (i) overall coordination of the team; (ii) the technical review of studies conducted at provincial and national level; (iii) detailed TA implementation design; (iv) the review of all policy guidelines and documents; (v) the review of the capacity development plan for the target agencies; (vi) the review of surveys and monitoring and evaluation indicators; and (vii) the study on international experiences with payment for ecosystem services (PES) frameworks. All the reporting requirements (including from the national consultants) in formats satisfactory to ADB and the government are the responsibility of the international team leader. The consultant will have a minimum of 5 years' experience working on PES issues and extensive experience in Viet Nam, and hold a doctoral degree in the environment, development, forestry or related field.

3. **Deputy team leader and policy and institutional capacity building specialist** (national, 20 person-months). The specialist will support the international team leader by (i) leading the detailed PFES implementation policy design, in particular liaising with government counterparts, translating draft documents, and compiling consultation results; (ii) assisting in the review of socioeconomic planning courses and production of PES capacity development materials targeted to national and provincial level planning departments; (iii) leading the capacity survey design, implementation, and analysis; (iv) designing an institutional capacity development program, including identifying links with existing training programs, improved approaches to integrating training on improved PFES implementation with appropriate training programs for MARD, MONRE, Department of Agriculture and Rural Development, Department of Natural Resources and Environment and other stakeholders identified in the capacity development plan; and (v) reviewing policy documents (e.g., guidelines for integrating PFES in socioeconomic planning, monitoring PFES, and developing PFES contracts). The consultant will have a minimum of 10 years' experience working on national level policy in Viet Nam and a

proven track record for developing capacity building materials. The consultant will hold a degree in natural resource management, environmental law or related field.

4. **National resource management and/or livelihood development experts** (2 national consultants, 8 person-months each). The specialists' tasks will include (i) supporting the detailed TA design at the provincial, district, and commune level; (ii) reviewing current PFES implementation practices and supporting their improvement; (iii) identifying new approaches to be adopted to improve integration of PFES into provincial policy and investment planning and related training; (iv) identifying links with existing training programs and improved approaches to the integration of PFES with appropriate provincial strategies; (v) reviewing livelihood development options and providing training materials that address local issues of concern and introduce new approaches and processes for rural development; and (vi) reviewing current practices for fund distribution and monitoring and evaluation, and identifying more efficient and transparent practices. The natural resource management experts will have a minimum of 5 years' experience working in the sector and a bachelor's degree in agriculture, environment, development, forestry, livestock management or related field. Experience of working in the target provinces is preferred.

5. **Environmental economics expert** (national, 10 person-months). The environmental economics expert will be chiefly responsible for the design and review of methodology for environmental service accounting. The expert will (i) review international best practices for environmental service accounting as well as Viet Nam's approach, and prepare a 3-year roadmap that recommends improvements; (ii) support the deputy team leader in drafting all policy documents; and (iii) assist the provincial authorities in integrating PFES valuations into socioeconomic development planning, in particular the planning and budgeting of PFES payments. The consultant will hold a doctorate in economics and have a minimum of 5 years working on PFES or applying environmental economics principles.

6. **Geographic information system expert** (national, 10 person-months). The specialist will (i) undertake a resource (forest) classification and k-value calculation approach; (ii) design a training program on remote sensing and/or geographic information system (GIS) methods for relevant government staff, deliver the training, including training materials and hands-on examples, and supervise and support trained Department of Agriculture and Rural Development staff in conducting field surveys to verify map results on the ground; (iii) participate in consultation workshops and field visits related to the project, providing translation services when necessary; and (iv) assist the PFES consultant in integrating remote sensing and/or GIS inputs into the provincial PFES strategies and the provincial forestry master plans. The consultant should have university level technical specialization in environmental science with a strong focus on remote sensing and GIS, a proven record of working on projects with remote sensing and GIS analytical components and of training government officials in remote sensing and GIS methodology, and intermediate knowledge of working with related software.

7. **Communications and knowledge management expert** (national, 14 person-months). The expert will (i) assess communications and knowledge management needs; (ii) develop a communications and knowledge management plan for the provinces, including liaising between the local communities and commune authorities; (iii) provide support for the preparation of a strategic plan for scaling up PFES in target provinces; (iv) liaise between local PFES beneficiaries, payers, government, and ADB, including translation services; and (v) assist in the preparation and delivery of capacity development activities. The consultant will have university level technical specialization in communications. Experience in publishing and development projects in Viet Nam is preferred.

8. **Financial management and accounting expert** (national, 8 person-months). The expert will assist in the design of a transparent system of accounting for PFES from the provincial funds to the PFES groups. The expert will (i) review and, where needed, revise monitoring and evaluation guidelines for PFES; (ii) contribute to the design of provincial and national systems for PFES accounting; and (iii) take the lead in rolling out these systems with provincial and national authorities and in preparing data, reports, and guidance documents. The expert will have a master's degree in accounting or related field and hold a professional credential (certified accountant or certified public accountant), and must have a proven track record of successfully designing and implementing reconciliation systems. Experience with large-scale government payment schemes is preferred.

9. **Gender and community development specialist** (national, 6 person-months). The specialist will support the international team leader and work closely with the deputy team leader and the livelihood expert to conduct two studies and provide inputs to the third one. These studies are (i) gender analysis of the forest service provision process, (ii) gender impact assessment of PFES, and (iii) gender-sensitive institutional capacity mapping of the value ecosystem service institutions. The outcomes of the studies and reports will be reflected in gender-sensitive PFES guidelines (output 2) and a gender sensitive capacity action plan (output 3). In addition, the specialist will assist with the documentation on lessons and best practices (output 4). The consultant will have a bachelor's degree in international development, social development or forestry engineering with intensive and practical experience in gender and development (5–10 years).

10. **Project coordination specialist** (4 national consultants, 6 person-months each; 1 will work at the national level, and 1 in each target province). The specialists will support the international and national experts in day-to-day TA implementation by (i) developing work plans and strategic planning for PFES; (ii) maintaining up-to-date documentation of PFES implementation and policies; (iii) preparing documents and minutes of meetings, semi-annual and annual progress reports, and materials and presentations for the workshops; (iii) coordinating the implementation of communication activities; (iv) preparing and participating in capacity building activities and developing operational instruments; (v) serving as the focal point for technical assistance monitoring and evaluation, review missions, and the provision of technical information; (vi) assisting with communications and knowledge management, in particular dissemination of TA documents to relevant networks; and (vii) carrying out other tasks that support the detailed TA design, in particular liaising with government counterparts and translating documents. The consultants will have a master's degree in international development, environmental economics or related field, experience implementing PFES, and a working knowledge of national policies and strategies on forest development. The consultants should also have a good understanding of portfolio management and experience, in developing work plans and budgets, and drafting reports, terms of reference, consultant contracts, and grant agreements.

11. **Project accountant** (national, 20 person-months). The project accountant will (i) maintain and reconcile project accounts for both the national and provincial implementation units; and (ii) prepare quarterly expense reports for the project and submit them to ADB and VNFF. The consultant will have a recognized accountancy qualification (e.g., certified accountant or certified public account) or a bachelor's degree in accounting or related field, and 10 years of experience working on international development projects.



12. **Technical officer** (national, 14 person-months). The technical officer will provide technical backstopping and expertise related to the government's policies and procedures in the forestry, accounting, and natural resource sectors. The consultant will have (i) extensive experience working with government at the national and provincial level, as well as with international development partners; (ii) a proven track record supporting implementation of successful overseas development assistance initiatives; and (iii) a degree in environment, public policy, public administration, economics or law.