



PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: Medium-sized Project
THE GEF TRUST FUND

Submission Date: 21 January 2008
Re-submission Date: 14 February 2008

PART I: PROJECT IDENTIFICATION

GEFSEC PROJECT ID:

GEF AGENCY PROJECT ID: 3627

COUNTRY(IES): Vietnam

PROJECT TITLE: Promotion of Sustainable Forest and Land Management in the Vietnam Uplands

GEF AGENCY(IES): IFAD

OTHER EXECUTING PARTNER(S): Department of Forestry, Ministry of Agriculture and Rural Development

GEF FOCAL AREA (S): Land Degradation, Biodiversity

GEF-4 STRATEGIC PROGRAM(S): LD SP2; BD SP4; BD SP5

NAME OF PARENT PROGRAM/UMBRELLA PROJECT: Vietnam Country Program Framework for Sustainable Forest Land Management (CPFSFLM)

INDICATIVE CALENDAR	
Milestones	Expected Dates
Work Program (for FSP)	April 2008
CEO Endorsement/Approval	July 2009
GEF Agency Approval	Sep. 2009
Implementation Start	Dec. 2010
Mid-term Review (if planned)	Dec. 2013
Implementation Completion	Dec. 2015

A. PROJECT FRAMEWORK

Project Objective: To preserve forest resources and reduce land degradation, through the application of sustainable forest and land management techniques, the promotion of diversification strategies and institutional strengthening, in allocated or rented forest land of the Uplands								
Project Components	Inv't, TA, or STA	Expected Outcomes	Expected Outputs	Indicative GEF Financing*		Indicative Co-financing*		Total (\$)
				(\$)	%	(\$)	%	
1. Promotion of sustainable forest and land management	Investment, TA	1.1. Increase land degradation and forest loss reduced and area under SFM in project area increased. These outcomes deliver on the CPFSFLM Intermediate Outcome 1	1.1.1. Documentation and dissemination of experiences with sustainable forest and land management 1.1.2. Increase area of land under Community SLM and SFM practices 1.1.3. Decrease loss of critical forest and biodiversity in project areas	200,000	7.41	2,500,000	92.59	2,700,000
2. Linking Rural Livelihoods and sustainable land management	Investment, TA	2.1. Sustainable economic alternatives provided through the valuation of forest goods and services stimulating better land and forest management by local communities This outcome delivers on the CPFSFLM Intermediate Outcome 1	2.1.1. Enhancement of rural income from PES schemes and voluntary certification systems 2.1.2. Stimulate community forest management by innovative livelihood financing schemes	250,000	5.88	4,000,000	94.12	4,250,000
3. Support to the implementation of the national forest land allocation program	TA	3.1. Capacity at local level to apply SFM in allocated forest land strengthened This outcome delivers on CPFSFLM Intermediate Outcome 2	3.1.1. Increase of no. of personnel trained in SFM 3.1.2. Strengthening mechanisms to monitor and control forest depletion 3.1.3 Strengthening community role in forest stewardship	139,000	8.48	1,500,000	91.52	1,639,000
4. Project management				65,545	6.15	1,000,000*	93.85	1,065,545
Total project costs				654,545	6.78	9,000,000	93.22	9,654,545

* Please note this is for the overall project.

B. INDICATIVE FINANCING PLAN SUMMARY FOR THE PROJECT (\$)

	Project Preparation	Project	Agency Fee	Total
GEF	100,000	654,545	75,455	830,000
Co-financing	100,000	9,000,000		9,100,000
Total	200,000	9,654,545	75,455	9,930,000

C. INDICATIVE CO-FINANCING FOR THE PROJECT (including project preparation amount) BY SOURCE and BY NAME (in parenthesis) if available, (\$)

Sources of Co-financing	Type of Co-financing	Amount
Project Government Contribution	In-kind	1,000,000
GEF Agency	Soft Loan	8,100,000
Others (beneficiaries)	Unknown at this stage	
Total co-financing		9,100,000

D. GEF RESOURCES REQUESTED BY FOCAL AREA(S), AGENCY (IES) SHARE AND COUNTRY(IES)*

GEF Agency	Focal Area	Country Name/ Global	(in \$)			
			Project Preparation	Project	Agency Fee	Total
IFAD	Land Degradation	Vietnam	20,000	130,909	15,091	166,000
IFAD	Biodiversity	Vietnam	80,000	523,636	60,364	664,000
Total GEF Resources			100,000	654,545	75,455	830,000

PART II: PROJECT JUSTIFICATION**A. STATE THE ISSUE, HOW THE PROJECT SEEKS TO ADDRESS IT, AND THE EXPECTED GLOBAL ENVIRONMENTAL BENEFITS TO BE DELIVERED:****A.1. General background and the Country Program Framework for Sustainable Forest Management**

(a) Biodiversity loss and deforestation in Vietnam: Vietnam is considered as one of ten centers of high or mega biodiversity in the world. Abundance of ecosystems has resulted in a rich diversity of species of fauna and flora throughout the country. At present, the recorded species include 13,776 plants, about 1,600 terrestrial and aquatic invertebrates, over 5,000 insects, 258 reptiles, 82 amphibians, 828 birds, and 275 mammals. Some groups have a high rate of endemic species such as 7 primates, 33 birds, 48 fresh water crustaceans and 43 mollusks. 6 new mammal species were discovered and described in Vietnam during the last few years.

This rich biodiversity is under severe strain. The main factors that threaten biodiversity are habitat destruction, over exploitation and unsustainable use of biodiversity resources. Tropical rainforest and other ecosystems have disappeared at a staggering rate during the last two decades, generating long-term losses to the environment, including the forest ecosystems themselves, the habitats for unique animal and plant species, livelihoods for forest-dwelling ethnic groups, and watershed and nutrients necessary for a larger ecological system.

In 1943 Vietnam had about 14.3 million hectares of forests that comprised 43% of the country's natural land area. By the beginning of 1999, however, the total area of forested land dropped to only 9.6 million hectares (28.8% of total country's area), of which natural forest was estimated at 8.2 million hectares and forest plantation at 1.4 million hectares. This resulted from the continuous clearance of and the unplanned over-logging of natural forests in times past in Vietnam. Most of the virgin forest and forest with rich standing volume had been cleared or degraded to a secondary or poor crop.

The causes of deforestation in Vietnam are complex and manifold. Direct drivers comprise forest fires, overlogging, war damage (in the years before 1975), shifting cultivation, collection for fuelwood, grazing of livestock and extension of shrimp farms. Underlying causes include market failures, government policies to exploit natural forests, extensive internal population movements induced by poverty, economic development, and lack of compliance with the legal framework.

(b) Vietnam's response to forest depletion: In the past ten years, the Government of Vietnam (GoV) has introduced policies and investment programs that severely restricted the logging of natural forests, investing in the protection of natural forests and the expansion of forest plantations. This resolute approach has partly succeeded in controlling

deforestation. In 2004, Vietnam had a total forest area of 12.9 million ha, recovering or planting 3.3 million ha. in a relatively short period of time.

Despite these good results, continuing overexploitation means that the quality of natural forests keeps on declining. Ongoing exploitation of forests and forest land has not been accompanied by effective market oriented policies to manage the environmental effects. Recent improvements in the legislative framework by the government provide a foundation, but a clear and consistent framework of policies, laws and regulations to create enabling conditions for sustainable forest land management is lacking. Moreover, while the government places a high priority on the extension of secure property rights to the users of forests and forest land, the allocation of forest land has been slow. This situation is impacting upon the livelihoods of the ethnic minorities as they are much more dependent upon forest lands than Kinh people (majority of the population). The 2004 Vietnam Household Living Standards Survey shows that only 24% of ethnic minorities have been granted access to forestry land.

As part of the combined efforts launched by the GoV to hamper deforestation, the Ministry of Agriculture and Rural Development (MARD) has prepared, with the assistance of the WB, a Country Program Framework for Sustainable Forest and Land Management (CPFSFLM). This Country Framework will establish an alliance of national stakeholders and international donors with these common objectives: (i) to halt and reverse the trend of forest and forest land degradation; (ii) to restore and maintain the function of forest ecosystems to realize local and global environmental benefits, and (iii) to increase the capacity of institutions to support, and land users to invest in, sustainable forest land management. Key donors have identified a set of investment projects and programs that will address these objectives across the range of forest degradation and forest land conversion situations described above, as well as to promote the sustainable and productive use of formerly forested “bare” land. Three GEF agencies (WB, UNDP and IFAD) have prepared proposals to be submitted to the GEF for cofinancing under the CPFSFLM (see section D).

A.2. Problem statement:

Active forest degradation and forest land conversion along the foothills of the biodiversity rich forests to the east of the Annamite ranges, in the central coastal region; in the northern Uplands, where economic opportunities are driving the expansion of cash cropping onto steep forested highlands areas; and in the formerly forested central Uplands, where expansion of perennial agricultural plantations is displacing natural forest and forcing subsistence cultivation into forested areas. This wide range of activities is impacting adversely on forest biodiversity, especially wildlife, and reduces the resilience to changing climatic conditions of both the natural resources and those communities whose livelihoods depend on forests. Some 25 million rural people, most of them poor and ethnic minorities, are using forest resources to meet subsistence needs and finance purchases. Forest resources help provide these people with reliable sources of energy and safety nets when they encounter economic shocks.

IFAD has been collaborating with the GoV since the early nineties to reduce poverty and improve living conditions in rural areas through partnerships, institutional capacity and promotion of participation. During the Country Programme 2002-2007, IFAD supported activities in the natural resources sector, increasing access to productive assets, such as land, credit and forest resources, and also promoting access to technology, to help poor rural people improve the management of natural resources. The IFAD Country Strategy (COSOP) 2008–2012, which is currently under preparation, proposes to focus on the Upland areas, which is the home of most of the country’s rural poor. Developing the Uplands on a pro-poor, market driven, agricultural foundation, and respectful of the environment, is critical to poverty reduction and the future impact of IFAD’s interventions. Therefore, one of the proposed Strategic Objectives of the new IFAD’s COSOP will focus on upland communities of the North and Central regions, through the promotion of sustainable agricultural practices and the implementation of payment for sustainable environmental services schemes.

A.3. Project strategy proposed by IFAD:

The proposed IFAD-GEF operation will be part of the MARD-WB Country Program Framework (CPFSFLM), supporting directly its goal and strategy, in two different areas of the Uplands. The project will be developed in pilot areas in two provinces, Bac Kan, in the northern highlands near to the border with China, and Dak Nong, province in the central highlands, along the border with Cambodia. These two provinces are both important for biodiversity and forest conservation which are under severe pressure from forest clearing and degradation. The final selection of pilot sites will be confirmed with local partners following more detailed assessments during the project development phase.

In the Bac Kan Province, the area consists of hills at an elevation of about 500m covered by broadleaf forests. The population is about 300,000, comprising five ethnic groups, most of which depend traditionally on forest resources. In this area, cash cropping is expanding onto steep forested highlands areas, leading to rapid degradation of land and water resources. Bac Kan Province contains important sites for biodiversity conservation, such as the Ba Be / Na Hang Conservation Complex, which support more than 102 mammal species, 327 bird species, 41 reptile species and 28 amphibian species of which thirty-four are listed as nationally or globally threatened. Most significantly the conservation complex supports important populations of Tonkin Snub-nosed Monkey, Francois' Langur Monkey, White-eared Night Heron, and Vietnamese Salamander. The main threats to biodiversity in the area come from habitat fragmentation, large-scale infrastructure development, illegal hunting, over-exploitation of non-timber forest products, and livestock grazing. Sustainable land management, forest protection combined with agroforestry has been shown to provide significantly higher productivity and income per unit of land, besides decreasing pressure on natural forests. Areas for intervention need to be selected in relation to remaining forest areas and areas of importance for biodiversity conservation.

In Dak Nong Province, the expansion of perennial agricultural plantations for coffee and other crops is displacing natural forest and forcing subsistence cultivation into forested areas. Degradation is partly due to migrants from elsewhere in Viet Nam who come to Dak Nong to log forests or develop new settlements. Problems of forest loss can be addressed by strengthening the capacity of local authorities working with local communities to protect the remaining forests and promote SFM. Experience from pilot experience in community forest stewardship in Dak Nong and adjacent Dak Lak Province can be promoted and upscaled through the project.

The IFAD intervention will focus on stimulating and supporting actions by rural communities in upland regions of Vietnam to reduce the rate of deforestation and land degradation and enhance the role of communities in stewardship for forest and upland areas. The overall goal of the IFAD-GEF operation will be to sustainably reduce the underlying causes of household vulnerability and improving household resilience to shocks of upland communities. The project objective will be to promote sustainable forest management (SFM) and sustainable land management (SLM) practices in the Uplands, to provide viable livelihoods alternatives that enhance forest and soil conservation in a sustainable manner, and to support the implementation of the forest land allocation process. The project will have three main action lines: (1) Promotion of Sustainable Forest and Land Management (SFLM); (2) Linking Rural Livelihoods to Sustainable Land Management, and (3) Support to the Implementation of the Forest Land Allocation Process.

The first component (Promotion of SFLM) will address unsustainable land use practices and over-exploitation of forest resources, and the concurrent loss of biodiversity, in the IFAD project locations. Since agriculture is the main occupation in the uplands, households and communities will be trained in the application of sustainable agriculture techniques, integrating SLM into productive forest landscapes. The project will identify technology and institutional models of sustainable activities related to water, soil and forest resources conservation in hilly areas already affected by deforestation and soil erosion. Best practices for SLM and SFM in upland areas will be documented and promoted. Communities living in or adjacent to forest areas will be supported to be involved in forest protection and sustainable forest management. The deforestation (and land change) avoided through these techniques will protect carbon stocks and contribute to reduce emissions. The project will also propose sustainable activities related to water, soil and forest resources conservation in hilly areas already affected by deforestation and soil erosion.

Proposed outputs will be: 1.1.1. Documentation and dissemination of experiences with sustainable forest and land management; 1.1.2. Increase area of land under community SLM and SFM practices; 1.1.3. Decrease loss of critical forest and biodiversity in project areas.

The second component (Sustainable Livelihoods) will promote the diversification from the traditional subsistence agriculture, mostly ecologically unsustainable, to alternative and viable livelihoods, which will allow mountain communities to diversify their economy without spoiling their natural base. The project will promote economic incentives for biodiversity conservation, such as payment for environmental services (PES) schemes and forest certification, implementing pilot experiences in the project area. Experiences from the IFAD-funded project on "Rewarding Upland Poor for Environmental Services" (RUPES) will be promoted. Options to develop resource transfers for protection of upland forests from downstream water users will be developed to generate resources to support upland communities. New approaches for using innovative financing for community livelihood to provide incentives for stewardship of forest resources will be developed such as providing preferential or concessional financing to those households or groups actively engaged in forest and land protection.

Proposed outputs will be: 2.1.1. Enhancement of rural income from PES schemes and voluntary certification systems; 2.1.2. Stimulate community forest management by innovative livelihood financing schemes

Component three (Support to the Implementation of the Forest Land Allocation Process) will support the efforts of the GoV to rehabilitate forests and to regreen barren hills through the forest land allocation and reforestation campaigns. The project will complement, at local level, the land distribution program, through two main measures: (a) training of local officers and communities to apply SFM and SLM techniques in selected areas in target provinces; (b) institutional strengthening to put into place effective measures to control and monitor illegal logging and forest depletion through enhanced monitoring, joint patrolling by community and government and improved law enforcement; and (c) strengthening the community role in forest stewardship through Community Forest Management (CFM), by granting villages the right to manage land and forest in accordance with the revised Forest Protection and Development Law (2004). This is envisaged to involve development of Village Forest Management Plan and sustainable harvest through a Village Forest Management Board (VFMB) with revenues generated shared with participating households and contributing to village development.

Proposed outputs will be: 3.1.1. Increase the number of personnel trained in SFM; 3.1.2. Strengthening mechanisms to monitor and control forest depletion; 3.1.3. Strengthening community role in forest stewardship.

The IFAD-GEF operation outcomes will contribute directly to the CPFSFLM objective, facilitating the achievement of its Intermediate Outcomes (IOs). Components 1 and 2 will work towards IO #1 of the CPFSFLM ("Sustainable forest and forest land management"), whereas Component 3 of the IFAD-GEF operation will help realize IO #2 ("Increased capacity to apply sustainable forest land management methods") of the CPFSFLM.

The total project cost will be US\$ 9.85 million, excluding fees. The GEF will contribute with US\$ 0.75 million (7.6 %), while total cofinancing (US\$ 9.1 million) will be provided by IFAD (US\$ 8.1 million, through a loan on highly concessional terms), and the GoV and beneficiaries (US\$ 1 million). Details of the GEF contribution and cofinancing are shown in tables B, C and D above. Details of the loan will be provided in the full project document.

A.4. Global benefits to be delivered: The CPFSFLM will deliver national benefits that include reduced poverty for millions of poor rural households, and improved management with increased sustainability of natural resources and the environment in accordance with international commitments. Local benefits will include increased income from more diversified livelihoods which boost the resilience of communities to natural disasters and increase their ability to adapt to the effects of greater climate variability.

More specifically, the IFAD-GEF operation will deliver global environmental benefits under three GEF Focal Areas, Land Degradation, Biological Diversity and Climate Change. Regarding Land Degradation, the project interventions will reduce land degradation processes in the project area, and will preserve and improve the ecosystem functions and services, including climate and water regulation, and soil conservation. Land and forest use will be enhanced sustainably through the use of combined SLM and SFM techniques, helping to improve livelihoods and offer more opportunities for income generation in a durable way.

In relation to Biodiversity, Vietnam has a high level of biological diversity in ecosystems, species and genetic resources. The country is part of the Indo-Burma biodiversity hotspot, including the Greater Annamites Ecoregion. Situated at the junction of two distinct biogeographical zones, the temperate north and the tropical south, this ecoregion encompasses an incredibly broad, diverse and special range of habitats, animals and plants. However, as stated above, this important biodiversity is under threat. In this regard, the project will play an important role in reducing the loss of natural forests and associated biodiversity. Better land management will also reduce the degradation of aquatic biodiversity in river and wetland ecosystems in the project areas. The proposed pilot areas will contribute to the protection of key biodiversity hotspots by improving rural livelihoods and providing incentives for protection of forests and biodiversity. Proposed pilot sites contain biodiversity of global significance.

B. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH NATIONAL PRIORITIES/PLANS:

The GoV has ratified the three Rio Conventions (UNCBD, UNCCD and UNFCCC). Since then, important efforts were made towards their implementation through the approval of the National Biodiversity Strategy and Action Plan (NBSAP, 1995), the UNCCD National Action Programme (NAP, 2002) and the First Communication to the UNFCCC (2003). In particular, the UNCCD provides an ideal framework for coordination between the two departments responsible for land and forest management, MARD and the Ministry of Natural Resources and Environment (MONRE). A National Coordinating Body (NCB) has been established for the coordination of actions under the NAP and is tasked to develop the proposed CPFSFLM. The Annual Reports of UNCCD Implementation have identified the need to address the causes of land degradation, to prevent further land degradation and to rehabilitate and restore the production capacity of degraded areas. The NAP sets out short, medium and long term actions for addressing land

degradation through sustainable forest land management and has identified priority areas and programs for implementation.

The proposed project is consistent with the main national strategies for development, the Socio-economic Development Plan 2006-2010, and the Strategic Orientation for Sustainable Development in Vietnam (Vietnam's Agenda 21). The project will also support the priorities set in the Vietnam Environment Protection Strategy and the Vietnam Forestry Development Strategy 2006-2020 (FDS). SFM is one of the five priority program areas under the FDS. Moreover, the recent reforms of State Forest Enterprises and reclassification of forestland has meant that large amounts of forest land are being (or will be) released for productive or protection purposes.

The GoV has recently enacted new legislation that provides a supporting framework for the proposed IFAD-GEF operation, including the Land Law (2003), Law on Forest Protection and Development (2004), and Environment Protection Law (2005). Finally, the project will support the objectives of two programs recently approved by the GoV: "Support to the Local People in Mountainous Areas for Sustainable Agricultural and Forestry Cultivation on Burnt-Over Land", and "Forest Allocation and Forest Rental".

C. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH [GEF STRATEGIES](#) AND STRATEGIC PROGRAMS:

The project conforms closely to the GEF's Operational Strategy, the objectives and the eligible activities under three Focal Areas (FA) Strategies: Land Degradation, Biodiversity and Climate Change. Regarding Land Degradation, the project will promote Strategic Objective 2 of the LD FA, "To upscale sustainable land management investments that generates mutual benefits for the global environment and local livelihoods", and the expected outcomes will include benefits for the communities from applying and disseminating SLM and SFM practices, and the systematic application, at national scale, of sustainable, community-based farming and forest management systems. The proposal fits into Strategic Program 2, "Supporting sustainable forest management in production landscapes", working to avoid the degradation of forests, forest margins and further forest fragmentation caused by agriculture, logging and unsustainable harvesting of fuel wood.

The proposal is also consistent with the Biodiversity FA Strategy, supporting directly Strategic Objective 2, "To mainstream biodiversity conservation in production landscapes/seascapes and sectors", mainly through Strategic Programme 4, "Strengthening the policy and regulatory framework for mainstreaming biodiversity", developing institutional capacities and enforcing the forest and land regulatory framework, and Strategic Programme 5, "Fostering markets for biodiversity goods and services", through the promotion of market-based instruments for biodiversity conservation (PES, forest certification).

The proposal will also contribute to Strategic Objective 7 bis of the Climate Change FA, "To reduce GHG emissions from land use, land use change and forestry", enhancing resilience and increasing the capacity of local communities within the project area to cope with the adverse impacts of climate change, and fitting into Strategic Programme 6, "Management of LULUCF as a means to protect carbon stocks and reduce GHG emissions", supporting the reduction of emissions from deforestation and forest degradation through conservation and management.

D. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:

The project will be part of the GEF Country Program Framework for Sustainable Forest Land Management (CPFSFLM) (see section A.1 above), contributing to its long-term program goal and outcomes. This Program is being developed under the UNCCD Secretariat, which promotes coordination among relevant government agencies. The development of the CPFSFLM has been co-financed by the Trust Fund for Forests under management of the Forest Sector Support Program and Partnership (FSSP), which represents 26 donor agencies and NGOs. Among these agencies, ADB, EC, GTZ, IFAD, JICA, KfW, UNDP and the WB are preparing or implementing projects and programs with complementary objectives under the umbrella of the CPFSFLM. The consultations and discussions are continuing to ensure that the CPFSFLM does not overlap with similar initiatives, and that is supported, to the extent possible, by other related donor initiatives.

Three proposals, prepared by IFAD, UNDP and WB, have been submitted for GEF financing under the CPFSFLM. The WB prepared a project on SFM and SLM that will support the forest land allocation program and promote SFM nationwide. UNDP is proposing, under the umbrella of the CPFSFLM, a GEF-funded project that will address land degradation in the South Central Coast region. The three agencies will work jointly within the CPFSFLM framework, through the coordination arrangements to be proposed by MARD and WB.

The present operation will be coordinated with other GEF-supported initiatives in the country, such as the WB and UNDP projects for biodiversity conservation in protected areas.

E. DISCUSS THE VALUE-ADDED OF GEF INVOLVEMENT IN THE PROJECT DEMONSTRATED THROUGH INCREMENTAL REASONING:

E.1. Current baseline scenario without GEF intervention: Under the present situation, the unsustainable management of the forest resources will persist. The poor integration between environment, land and forest management programs will continue to result in accelerated forest and forest land degradation. The institutional weaknesses (including miscommunication between the government departments, the lack of coordination between national and local levels, and weak capacity at all levels and lack of involvement of local communities in forest management) will hamper the enforcement of national regulations necessary for the conservation of natural resources. The lack of secure land tenure and the slow allocation of land to land users will also hinder further investments in the forestlands. Lack of harmonization between the various laws and policies as well as gaps in the legal system result in an unclear and inconsistent legal framework. Limited budgetary resources impede the effectiveness of forestry administration, research and extension. The globally significant biodiversity of the targeted upland regions will continue to be lost and significant carbon emissions will occur through the loss and degradation of forest and land carbon stocks, the significant carbon storage.

E.2. Alternative scenario with GEF intervention (incremental reasoning): The incremental value of GEF support to the CPFSLM will include: (a) improved knowledge of the underlying causes of forest degradation; (b) identification and promotion of lessons from past experience of sustainable forest management approaches; (c) strengthening of methodological approaches, inter-institutional arrangements and capacity; (d) capacity building for local support service delivery and of land users to plan and invest sustainable forest land management and livelihoods; (e) introduction of innovative options for payments for environmental services; and (f) developing incentives for long term forest stewardship by local communities in return for enhanced access to resources for alternative livelihoods. The GEF support will build the critical capacity and institutional collaboration mechanisms needed to improve the quality of forest land use planning and allocation processes, and will help scale-up successful approaches that take advantage of revised legal frameworks for the environment, water resources, land and forests.

In particular, the proposed IFAD-GEF intervention will address natural resource management issues (land degradation, deforestation, biodiversity loss, carbon emissions, unsustainable use of resources) that would be largely unaddressed within the baseline scenario, exploring at the same time innovative mechanisms for their perdurable use (payment for environmental services and forest certification), and supporting the national efforts to reform the forest sector (policies on forestland allocation and forest development and protection and community involvement).

F. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS, THAT MIGHT PREVENT THE PROJECT OBJECTIVE(S) FROM BEING ACHIEVED, AND IF POSSIBLE INCLUDING RISK MEASURES THAT WILL BE TAKEN:

F.1. General risks: No major risks were identified during the PIF preparation. However, there are some constraints and limitations related to the forest sector at national level that may be considered:

(a) Institutional capacity and support: The lack of coordination between the various agencies of government responsible for the management of land, forests and environment, together with the limited capacity, especially at local level, are potential barriers to the achievement of program objectives. The project will strengthen local capacities and will reinforce collaboration among relevant institutions at local level.

(b) Legal and regulatory framework: The forest policy system is not yet integrated, with many policies still not being implemented, or at a very slow pace. The project will particularly support the implementation of the forest allocation and rental process.

(c) External support to the development of the forest sector: Forestry development has relied until now on the state budget, without mobilizing resources from non-state actors, especially the private sector. Investment in the forest sector is still very low. Continued support from international agencies and donors will be also required. The project will back the efforts being developed by the FSSP.

F.2. Climate change risks: According to the IPCC Fourth Assessment Report, over the last decades Vietnam experienced climatic anomalies such as an increased occurrence of extreme rains triggering flash floods, but also severe droughts, causing damages to life and properties, massive crop failures, water shortages and forest fires. These potential dangers render even more necessary and relevant the actions proposed, such as good practices for land cultivation, appropriate management of forest resources, and reduction of GHG emissions. The project design will incorporate appropriate measures to minimize the risks from climate change including review of climate change

scenarios for the project regions, Inclusion of climate change adaptation measures into the project interventions and careful selection of sites for project interventions in relation to risks from extreme events.

G. DESCRIBE, IF POSSIBLE, THE EXPECTED COST-EFFECTIVENESS OF THE PROJECT:

The proposed project design offers potential for a high multiplier effect through its direct linkages with the other two GEF operations in the country (WB and UNDP) through the CPFSFLM. The integration of the proposal in the FSSP, that envisages harmonization, synergies and less duplication for higher and differential impact by GEF investment unit, will also contribute to higher cost-effectiveness. Coordination and harmonization will reduce transaction costs and duplications.

Regarding the implementation of the GEF operation, IFAD, as both a United Nations agency and an international financial institution - through its long standing experience and ongoing programs - will provide essential strategic support in terms of investment and implementation. The present estimated cost of the GEF contribution is nearly 7.5 % of the total project cost, implying highly effective leverage on the co-financing institutions. The total project management costs (11 % of total costs, 6 per cent of which will be covered by the GEF grant) are within international standards. The project will be also highly cost-effective in its administration, with benefits accruing from: (i) a joint management structure (Project Management Office), sharing resources and efforts; (ii) common procurement procedures and operations, and (iii) complementary project interventions, with little risk of duplication or overlap.

However, exact estimation and assessment of the cost-effectiveness aspects of this project can not be fully determined at this early stage. This will be further examined during the project inception period.

H. JUSTIFY THE COMPARATIVE ADVANTAGE OF THE GEF AGENCY:

The proposed activities are related to three Strategic Objectives (SO) of the new Focal Area Strategies approved by the GEF Council in 2007: LD FA SO 2, BD FA SO 2 and CC FA SO 7 bis. The three of them are within the IFAD comparative advantages, as approved by the GEF Council last June (GEF/C.31.5 rev.1). Aside from the IFAD's expertise in land degradation and sustainable land management, IFAD has also developed relevant experience in biodiversity conservation and management, and in climate change activities.

Natural resource management and biodiversity conservation concerns have been mainstreamed into IFAD projects since the early 1990s. Many IFAD-supported operations are already contributing to the preservation of species and ecosystems. Biodiversity mainstreaming and conservation are included in several IFAD operations. Some examples include the Biodiversity Conservation and Participatory Sustainable Management of Natural Resources in the Inner Niger in the Mopti Region in Mali and the Mount Kenya East Pilot Project for Natural Resource Management, which are directly dealing with biodiversity conservation in an integrated manner. Examples also include the Second Environment Program Support Project in Madagascar and the Sustainable Development Project for Rural and indigenous Communities of the Semi-Arid North-West in Mexico, which are particularly dealing with Ecotourism. IFAD has supported biodiversity through its grants portfolio, for example through the "Rewarding the Upland Poor for Environmental Services" (RUPES) project.

Given the IFAD's mandate, climate change has a special significance for the institution. The mission of IFAD is to enable poor rural people to overcome poverty. Agriculture is the main source of livelihood for most poor rural people, and it is also the human activity most directly affected by climate change. In response to the growing magnitude of climate change, the last IFAD's Strategic Framework, covering the period 2007-2010, emphasizes the need to address the impacts of climate change on the poor and their assets (including forest resources), and the importance of promoting adaptation measures to reduce their vulnerabilities, and the importance of reducing emissions. IFAD is increasingly integrating adaptation into its operations and contributing to mitigation programmes to make them beneficial to poor rural people. Given the strong synergies between SLM, mitigation and adaptation to the adverse effects of climate change, IFAD's strong experience in tackling the land degradation problem in an integrated manner will facilitate the provision of durable and viable solutions for the rural poor).

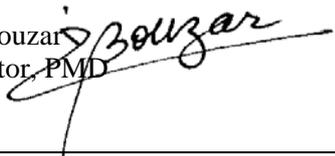
PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S):

(Please attach the [country endorsement letter\(s\)](#) or [regional endorsement letter\(s\)](#) with this template).

Dr. Nguyen Van Tai GEF Operational Focal Point Deputy Director General Department of Environment Ministry of Natural Resources and Environment Vietnam	Date: 21 January 2008
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B. GEF AGENCY CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for project identification and preparation.	
Ms. Khalida Bouzar  GEF Coordinator, PMD IFAD	Mr. Jesús Quintana Project Contact Person, PMD IFAD
Date: 14 February 2008	Tel.: +39.5459.2210 Email: j.quintana@ifad.org
<i>Please do not forget to copy the IFAD/GEF Registry on official communications, gefregistry@ifad.org</i>	

GEF VIETNAM OPERATIONAL FOCAL POINT

83 Nguyen Chi Thanh str., Dong Da dist., Hanoi, SR. Vietnam

Tel: (8 4 4) 7734985/ 7735084; Fax: (84 4) 7734245; E-mail: nvtai@yahoo.com, nvtai@monre.gov.vn

18th January, 2008

To: **Khalida Bouzar**
GEF Coordinator
Programme Management Department
International Fund for Agriculture Development (IFAD)
Via del Serafico, 107
Italy
Fax +39 6 5459-3459

Subject: **Endorsement for Project "Promotion of Sustainable Forest and Land Management in the Uplands".**

In my capacity as GEF Operational Focal Point for Vietnam, I confirm that the above project proposal (a) is in accordance with the government's national priorities and the commitments made by Vietnam under the relevant global environmental conventions and (b) has been discussed with relevant stakeholders, including the global environmental convention focal points, in accordance with GEF's policy on public involvement.

Accordingly, I am pleased to endorse the preparation of the above project proposal with the support of IFAD. If approved, the proposal will be prepared and implemented by Ministry of Agriculture and Rural Development of Vietnam. Further, I request IFAD to provide a copy of the project document for information/re-endorsement before it is submitted to the GEF Secretariat for CEO endorsement.

I understand that the total GEF financing being requested for this project is US\$ 2,310,000, which includes project preparation, project implementation, and fees to IFAD for project cycle management services associated with this project.

I consent to the utilization of the following indicative allocations available to Vietnam in GEF-4 under the GEF Resource Allocation Framework to cover the GEF project preparation and implementation as well as the associated Agency fees for this project:

Biodiversity: US\$ 664,000.

We strongly recommend GEF to utilize other resources for the rest of project's requested finance.

Sincerely,



NGUYEN VAN TAI
CHIEF EXECUTIVE OFFICER
AND CHAIRPERSON, GEF
CO-OP. NGUYEN VAN TAI
(CH. EXEC. OFF.)

GEF Operational Focal Point
Deputy Director-General, Department of Environment
Ministry of Natural Resources and Environment of Vietnam

Copy to: **Ms. Monique Barbut**
Chief Executive Officer and Chairperson, GEF