

**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

**ANNEX I**

to the Commission Implementing Decision on the financing of the annual action plan in favour of Vietnam for 2024 part 1

**Action Document for EU – Vietnam Forestry Support Programme**

**ANNUAL PLAN**

This document constitutes the annual work programme within the meaning of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of the NDICI-Global Europe Regulation.

## 1 SYNOPSIS

### 1.1 Action Summary Table

<b>1. Title CRIS/OPSYS business reference Basic Act</b>	<b>EU – Vietnam Forestry Support Programme</b> <b>OPSYS number: ACT-62177</b> Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
<b>2. Team Europe Initiative</b>	Yes. TEI 1 (Climate-resilient, low-carbon circular economy) In collaboration with France, Finland, Germany and Italy
<b>3. Zone benefiting from the action</b>	The action shall be carried out in Vietnam.
<b>4. Programming document</b>	Multi-Annual Indicative Programme (MIP) for Vietnam in 2021 -2027.
<b>5. Link with relevant MIP(s) objectives / expected results</b>	MIP Priority Area 1: Climate-responsive Digital Circular Economy, and Specific Objective 1.3: Conserved natural resources.
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>6. Priority Area(s), sectors</b>	DAC 312 – Forestry DAC 321 - Industry DAC 410 – General Environment Protection
<b>7. Sustainable Development Goals (SDGs)</b>	Main SDGs: SDG 15 - Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss and SDG 13 - Take urgent action to combat climate change and its impact  Other significant SDGs and where appropriate, targets: SDG 1 - End poverty in all its forms everywhere SDG 5 - Gender Equality

<b>8 a) DAC code(s)</b>	31220 - Forestry development; afforestation for industrial and rural consumption; exploitation and utilisation; erosion control, desertification control; integrated forestry projects – 30 % 41030 – Biodiversity; including natural reserves and actions in the surrounding areas; other measures to protect endangered or vulnerable species and their habitats (e.g. wetlands preservation) – 30 % 31210 - Forestry policy and administrative management; forestry sector policy, planning and programmes; institution capacity building and advice; forest surveys; unspecified forestry and agro-forestry activities – 20 % 32130 - Small and medium-sized enterprises (SME) development; direct support to improve the productive capacity and business management of micro, small and medium-sized enterprises in the industrial sector, including accounting, auditing, advisory services, technological transfer and skill upgrading – 20 %			
<b>8 b) Main Delivery Channel</b>	11003: Donor Government – Public corporations 41300: Other UN			
<b>9. Targets</b>	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input type="checkbox"/> Human Rights, Democracy and Governance			
<b>10. Markers</b>  <b>(from DAC form)</b>	<b>General policy objective @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Climate change adaptation @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>11. Internal markers and Tags</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Digitalisation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services	YES <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	
	Connectivity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital connectivity energy transport health education and research	YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	
	Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>BUDGET INFORMATION</b>				
<b>12. Amounts concerned</b>	Budget line(s) (article, item): 14.020131 Total estimated cost: EUR 20 000 000 Total amount of EU budget contribution EUR 20 000 000 The contribution is for an amount of EUR 20 000 000 from the general budget of the European Union for 2024, subject to the availability of appropriations following the adoption of the relevant annual budget, or as provided for in the system of provisional twelfths.			
<b>MANAGEMENT AND IMPLEMENTATION</b>				
<b>13. Type of financing</b>	<b>Indirect management</b> with the entity (ies) to be selected in accordance with the criteria set out in section 4.3.1			

## 1.2 Summary of the Action

Vietnam has 14.7 million hectares of forest, of which 10.2 million hectares are natural forests and 4.6 million hectares are plantations. The forest cover rate, currently 42%, has been steadily increasing since 1990. The increase is mainly the result of commercial timber plantations, primarily monoculture, short rotation Acacia. While the forest cover has increased, the quality of natural forests has been deteriorating. Vietnam's natural forests are mainly poor and medium in terms of growing stock. Encroachment into natural forests continue, largely because of uncontrolled expansion of coffee, rubber and other agricultural commodity production, and because of illegal logging. Vietnam considers forests an important resource for the socio-economic development and well-being of communities in the country. At present, there are about 25 million people with 20% - 40% annual income from forests. Forests also play a particularly critical role in watershed and coastal protection. Vietnam is ranked 16<sup>th</sup> among the countries with the highest biodiversity in the world. Ecosystem services provided by forests are particularly concentrated in remote, upland areas, where nearly 10% of the population are poor or of ethnic minority.

The **Overall Objective** of this action is to contribute to green, sustainable and inclusive growth as well as to reduce vulnerability to climate change in Vietnam.

The **Specific Objectives** of this action are:

1. To strengthen climate change mitigation and adaptation capacity in Northwest and Central Highlands regions through climate-sensitive, sustainable conservation, restoration and management of forests.
2. To promote climate-sensitive, environmentally sustainable forest-based value chains with more equitable and gender-balanced involvement of all stakeholders.

The action will contribute to climate change mitigation and adaptation through restoring carbon sinks, removing Green House Gas (GHG) emissions, and increase climate resilience through strengthening forest (among the safeguarding ecosystems) restoration and conservation, and improving forest-based value chains. The action will support the implementation of Vietnam's Nationally Determined Contributions (NDC) and its conditional target to remove 46.6 MT CO<sub>2</sub>eq through activities on land use, land use change and forestry by 2030, by deploying sustainable forest management practices to prevent further deforestation and forest degradation. The action will raise awareness of communities and citizens, advocating for the environment and for international standards and inclusiveness, and pursuing transparency and accountability for pioneering innovative schemes on climate and environmental action with a focus on sustainable forestry. While the action will address nationwide problems, it will focus on two regions: the Central Highlands and the Northwest. These regions are the poorest out of the eight ecological regions in Vietnam, and investment in forestry development has been very low, mainly due to the long distance to round wood markets. The two regions are vital in restoring the natural forests that provide significant environmental services and support the implementation of Vietnam's NDC.

Under the **Team Europe Initiative (TEI)** "Climate-resilient, low-carbon circular economy" the EUD has been actively in coordination with those EU Member States (EU MS) most active in the sector and their financial institutions (e.g. France, Finland, Germany, Italy) to engage with them as appropriate. The intervention logic has been designed to ensure synergies between the development programmes of EU Member States. The main component of the Action is expected to be implemented in partnership with EU MS agencies with extensive experience and expertise in the forestry sector.

The Action will contribute to Priority Area 1, 'Climate-Responsive Digital Circular Economy', and in particular Specific Objective 1.3, 'Conserved Natural Resources', of the Vietnam Multiannual Indicative Programme (MIP) 2021- 2027 and as such is fully part of the Team Europe Initiative 1 'Climate-resilient, Low-Carbon Circular Economy'. The Action will be in line with the EU Gender Action Plan-GAP III<sup>1</sup> and its thematic areas of engagement "Promoting economic and social rights and empowering girls and women" and "Addressing the challenges and harnessing the opportunities offered by the green transition and the digital transformation", as well as with the Resolution No. 28/NQ-CP dated March 3, 2021 of the government on Promulgating the National Strategy on Gender Equality for the period 2021 – 2030.

The Action will contribute mainly to SDG 15 (Protect, Restore, and Promote Sustainable Use of Terrestrial Ecosystems, Sustainably Manage Forests, Combat Desertification, and Halt and Reverse Land Degradation and Halt Biodiversity Loss) and SDG 13 (Take urgent action to combat climate change and its impact). It will also contribute to SDG 1 (End poverty in all its forms everywhere) and SDG 5 (Gender Equality).

## 2 RATIONALE

### 2.1 Context

#### 1.1. Political outlook

Vietnam is a dynamic emerging partner that wants to play an increasing role in world affairs. No other country in South East Asia is party to as many agreements with the EU: the Partnership and Cooperation Agreement (PCA), the Free Trade Agreement (EVFTA) and the Investment Protection Agreement (EVIPA – Member States

<sup>1</sup> EU Gender Action Plan (GAP) III – An ambitious agenda for gender equality and women's empowerment in EU external action, JOIN(2020) 17 of 25.11.2020.

ratification ongoing), the Framework Participation Agreement (FPA) and the Forest Law Enforcement, Governance and Trade Voluntary Partnership Agreement (FLEGT-VPA). These are the **cornerstones of the EU's relationship with Vietnam**, offering an opportunity for enhanced engagement in a number of strategic areas.

The Communist Party of Vietnam maintains its strong grip on power through a combination of economic development, stringent legislation, direct influence over the military and internal security apparatus, and tight control of media and mechanisms to **keep civil society in check**. The effective participation of civil society - including social partners and the private sector - in policy-making processes, is limited due to increasing administrative controls and restrictions in civil society operations.

On the international scene, Vietnam wants **to be seen as a reliable partner** by promoting the rule of law and multilateral rules-based order when it is in its interest. Against the backdrop of a US-China rivalry, the country is trying to diversify its relations, and engagement with the EU (including in the ASEAN context) which is generally welcomed. The country also wishes to be supported on the South China Sea territorial dispute with China and wants to limit reputational damage linked to its “neutral” stance regarding Russia’s war against Ukraine.

The EU launched its **new Indo-Pacific<sup>2</sup> and Global Gateway<sup>3</sup> Strategies** in a context of accelerating geopolitical and geostrategic shifts in the region. Vietnam is a key country for the Indo-Pacific Strategy and has been identified as one of 16 key countries by the EEAS for increased EU strategic engagement.

The **EU's Global Gateway strategy**, following the **Team Europe** approach, should guarantee the principles of “Democratic values and high standards” and “Good Governance and Transparency”, as well as promote an investment friendly environment in Vietnam. Moreover, essential features of Global Gateway such as “green and clean” “connectivity”, “network people to people”, “digital transformation”, “EU values and principles” are embedded in the MIP and its implementation (AAPs). This Action focuses on the Global Gateway priorities of “Climate Change and Energy”, and also partly to “Digitalisation”. The Action will contribute to TEI1 (Climate-resilient, low-carbon circular economy). Digital technologies will be used to promote sustainable forest-based and/or agriculture value chains linked to deforestation and enhancing private sector capacities.

The **EU-Vietnam Free Trade Agreement (EVFTA)** entered into force on 1 August 2020. In 2021, EU imports amounted to EUR 38.5 billion and EU exports to EUR 10.6 billion after the contraction in 2020 due to the COVID-19 pandemic. The policy reforms under the EVFTA, including fulfilment of environmental and labour related commitments, allows for an intense dialogue between the EU, its Member States (MS) and Vietnam. However, progress in these key areas is so far still limited. Overall, Vietnam is keen on boosting its cooperation with the EU on the implementation of the Trade and Sustainable Development (TSD) chapter, and a stronger engagement from both sides could achieve a transformational impact. The principles under the TSD chapter of the EVFTA offer an unprecedented opportunity for the Union and its Member States to engage in an enhanced policy dialogue and to support domestic policy reforms.

Vietnam has signed the **Voluntary Partnership Agreement (VPA)** on Forest Law Enforcement, Governance and Trade (FLEGT) with the EU and is now in the process of implementing it. The **Vietnam Timber Legality and Assurance System (VNTLAS)** is the core part of the VPA in ensuring good governance and adherence to agreed environmental and social standards amongst the operators. The implementation of the VPA and EVFTA, is expected to boost the **responsible trade of wood industry products** over time.

Vietnam is committed to international agreements that provide further direction: The country is a signatory in **Paris Agreement on Climate Change** that was adopted in COP 21 and ratified in 2016. The focus of the Paris Agreement is on the development of a **Nationally Determined Contribution (NDC)** for each country and updating the NDC every five years. The latest update for Vietnam done in 2022 (NDC 2022), sets the LULUCF net emission target with the Conditional Contribution at (-)46.6 million tCO<sub>2</sub>e by 2030, a considerable improvement from the (-)21.2 tCO<sub>2</sub>e in 2020. Meeting the ambitious and challenging target will depend heavily on the **ability to end deforestation and degradation and on restoration of natural forests**.

At COP 26, Vietnam committed to accelerating the implementation of the **National Strategy on Climate Change to 2050** and the **National Green Growth Strategy 2021-2030, with vision to 2050**, to proactively adapt to climate change and reduce greenhouse gas emissions aiming at net zero emissions by 2050. Vietnam adopted the **Glasgow**

<sup>2</sup> EU Strategy for Cooperation in the Indo-Pacific, JOIN(2021) 24 of 16.9.2021.

<sup>3</sup> EU Global Gateway Strategy, JOIN(2021) 30 of 1.12.2021.

**Declaration of Forests and Land Use** and is developing a **National Plan** for its implementation from 2022 to 2030.

The following policies and plans provide the basic orientation and resources for inclusive forestry development in the coming period: **Forestry Development Strategy** for the period of 2021-2030, vision to 2050, the **Program for Sustainable Forestry Development** in the period of 2021-2025 and the **National Forestry Plan** for the period of 2021-2030, vision to 2050.

The recently adopted **EU Deforestation Regulation (EUDR)**<sup>4</sup> sets mandatory **due diligence** rules for any company intending to place the given commodities and products on the EU market and any companies in-tending to export them from the market. Only deforestation-free (produced on land that was not subject to deforestation or forest degradation after 31 December 2020) and legal products (according to the laws of the country of origin) will be allowed on the EU market. One key requirement for companies is to collect precise geographical information on the farmland where the commodities that they source were produced or harvested, so that these commodities can be checked for compliance by the EU Member States.

The above international commitments and national policy instruments are well in line with the **European Green Deal**.

## 1.2. Forest sector in Vietnam

Forestry has an important role in reducing the LULUCF targets in the Vietnam NDC 2022. The conditional GHG emission target under the conditional contribution scenario is (-)46.6 million tCO<sub>2</sub>e, up from (-)21.2 million tCO<sub>2</sub>e in 2020. Forestry has a significant contribution also to the national economy. Measured by export income, currently USD 14 billion/year, Vietnam is ranked 5<sup>th</sup> in the world and number one in Southeast Asia. Natural forests are rich in flora and fauna, and Vietnam is ranked 16<sup>th</sup> among the countries with the highest biodiversity in the world. The annual revenue of payment for forest ecosystems services (PFES), generated through forest protection, has averaged \$150 million/year between 2018 and 2022, and is expected to grow to \$200 million/year during the period between 2023 and 2030.

Around 25 million (out of 100 million) people in Vietnam live in forests/near forests and are depending on forests and forest land. Around 14 million people in Vietnam belong to one of 53 ethnic minority groups. Each ethnic minority has its own long tradition, customs, and practices associated with forests.

In the ethnic minority communities, predominant in forested areas, gender inequality is still quite widespread. On March 3, 2021, the Government issued the Resolution No. 28/NQ-CP on Promulgating the National Strategy on Gender Equality for the period 2021 – 2030. The resolution sets out the goal that the women in leadership and management will be at least 27% by 2025 and 30% by 2030.

Despite the many women who work in the forestry sector, gender disparities in Vietnamese forestry are largely attributable to cultural norms. Women are heavily involved in activities like nursery tending, seedling preparation and non-timber forest product (NTFP) collection, whereas activities such as thinning and pruning, forest rehabilitation and enrichment planting are undertaken by both men and women. Overall, women's roles in forestry are linked to fulfilling subsistence needs for medicinal herbs, fuelwood, wild foods and fodder, while men are more involved in timber and NTFP extraction for commercial purposes. Fewer opportunities in forestry planning and capacity development programmes for managerial, technical and business skills are offered to women.<sup>5</sup>

**Main characteristics in forestry in Vietnam:** The forest management is governed by the new Law on Forestry of Vietnam, which was issued in 2017 and came into force on 1 January 2019. The new forestry law aims to improve forest governance, clarify the rights and responsibilities of different forest owners, provide for more extensive ownership for forest investors, and safeguard the rights of local communities to their spiritual or sacred forests.

<sup>4</sup> Regulation (EU) 2023/1115 of 31.05.2023 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) 995/2010.

<sup>5</sup> [Understanding Women's Participation in Forestry in Vietnam. Policy brief. FAO](#)

Under the Law on Forestry, the Ministry of Agriculture and Rural Development (MARD) is the focal point in performing the state management of forestry. MARD works closely with other ministries, including the Ministry of Natural Resources and Environment (MONRE), the Ministry of Public Security (MPS) and the Ministry of National Defence (MOND) in forest management and protection, and preventing and combating illegal activities about forestry. There is also a hierarchical system from the central to the provincial, district, and communal levels to guide and oversee the implementation and compliance of the legislation.

Vietnam has 7 agro-ecological regions and although the action will address forestry challenges at national level, it will have a special focus on 2 regions of Northwest and Central Highlands, because these are among the poorest regions with the biggest challenges in forestry development.

**Central Highlands and Northwest regions:** The situation of forestry in the Central Highlands and Northwest Regions, where the action will focus, differ from the overall nationwide situation in that the wood industry in these regions is less developed, the forest resources are far from round wood consumption markets, and therefore the competitive advantage of timber production is relatively low. Another unique feature in the two regions is the relatively large area, and proportion of natural forests that offer considerable environmental services in protecting vital watersheds and biodiversity.

The **Central Highlands** region has 3.4 million hectares of forestry land managed mainly by state organisations including Forest Management Boards and State Forest Companies. The area of forestry land allocated to households and communities is relatively small, 125,000 hectares, accounting for only 4%. The area of industrial timber plantations is modest, about 470,000 hectares. Encroachment into forests is common and usually related to production of coffee, rubber, and other agricultural products.

In the **Northwest region** the total area of forestry land is 2.8 million hectares, accounting for approximately 75% of the natural area of the whole region. As in the Central Highlands, plantations account for a very low proportion, only about 12.5% of the total forest area. The forests form a very large, and important watershed area that guarantees water and silt in the Red River delta downstream and ensures sustainable hydropower development. Like the Central Highlands, the Northwest region has great potential for forest environmental services.

Forest ownership in the Northwest region differs from Central Highlands in that majority of forests are owned by households, communities, and Commune Peoples' Committees. Forests in the Northwest have been gradually restored and the forest area has been increasing, albeit at a relatively slow rate compared to many other regions in Vietnam.

### 1.3. Intervention strategy

The Action aims to support government authorities and businesses in Green Deal-related policy areas. It will also aid Vietnam to fulfil its international climate commitments, such as the Glasgow Declaration, in forest and land use targets. This Action will contribute to the EU Green Deal and Global Gateway priorities. The EU will play a prominent role in policy dialogue, knowledge sharing, capacity building and technical assistance for ensuring deforestation-free commodities, climate-resilient approaches, and environmental and labour standards.

The Action's intervention will be implemented complementarily with the EU Strategy on Biodiversity<sup>6</sup> and commitments undertaken in the context of the Kunming-Montreal Global Biodiversity Framework (GBF)<sup>7</sup>.

Synergies will be established with a number of relevant projects implemented through existing and new financial instruments linked with the European Fund for Sustainable Development Plus (EFSD+). Specific attention will be paid to align this action with the EU-funded project "*Integrated sustainable landscape management through deforestation-free jurisdiction project in Lam Dong and Dak Nong, Vietnam*", which aims to improve environmental sustainability, social inclusion, and resilience of food production models and supply chains in the

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<sup>6</sup> COM(2020)380 of 20.5.2020 EU Biodiversity Strategy for 2030: Bringing nature back into our lives.

<sup>7</sup> CBD/COP/DEC/15/4 of 19.12.2022, Decision adopted by the Conference of the Parties to the Convention on Biological Diversity on the Kunming-Montreal Global Biodiversity Framework.



Central Highlands (Lam Dong and Dak Nong province) of Vietnam. Complementarity and synergies will also be ensured with a range of EU members states funded activities in the forestry sectors implemented across the country, including:

- **Germany** (via GIZ & KfW) is active on forest development and restoration; sustainable forest/natural resources management; biodiversity conservation and livelihood support; integrated protection and management of forest ecosystems; support the implementation of the VPA-FLEGT in Vietnam; climate-resilient management of natural resources in coastal areas of the Mekong Delta; and upscaling Sustainable Forest Management and Certification in Vietnam.
- **Italy** (via Italian Agency for Development Cooperation) provides support towards: nature tourism; sustainable forest management; generating income opportunities to communities living near the national parks; debt-swap programmes that contribute to forestry, reforestation; and climate change mitigation.
- **Finland** is funding: a Green Transition Investment Program through sustainable forest management; development of the Management Information System for the Forestry Sector (FORMIS); and capacity building for value chains of wood products industries in Vietnam.
- **France** (via AFD & Expertise France) supports the implementation of FLEGT VPAs and biodiversity conservation.
- Other donors/development partners who are active in the forest sector include USAID, WB, Norway, Japan, UNDP, IFAD, FAO and I/NGOs.

## 2.2 Problem Analysis

The forestry sector in Vietnam is facing challenges in losing carbon sinks and in GHG emission removal resulting from continued deterioration of the forest area and quality. According to the NDC 2022, under the high scenario, the annual average temperature will increase by 1.7%-2.3% by 2050. The increasing frequency of extreme weather events will adversely affect the forests in the mountainous regions in the Northwest and Central Highlands by increasing forest fires, flash floods, landslides, and loss of biodiversity in sensitive natural forests, such as dry dipterocarp forests and evergreen broadleaved forests. The productivity of plantation forests, particularly the monoculture acacia forests, will suffer from increasing pest, fungus and storm damages.

As a result of increasing temperature, exacerbated by reduced tree cover, the upland farming conditions in mountainous regions will deteriorate due to increased evaporation and the resulting deteriorating soil quality. This again will affect the resilience and the living conditions in rural and forest-dependent communities.

Forest area has been growing since 1990 due to plantation programmes, forest cover rate reaching 42% in 2021. However, the monoculture plantations do not provide the same climate resilience and other ecosystem services as the natural forests. The quality of natural forests has deteriorated as a result of illegal logging, and encroachment for agricultural products such as coffee and rubber.

Challenges remain also in ensuring the environmental and social acceptability of the products in the international market. This is due to difficulties in ensuring the legality of the origin of timber and the risk that the forest-based agricultural products are causing deforestation.

Two regions, the Central Highlands and the Northwest region, have been selected for the action because they are the poorest in Vietnam, have the highest proportion of forests land (Central Highlands 45.9% in 2021, Northwest 46.7% in 2021) and have the lowest investment in processing industry within reasonable distance from the raw material source.

In Central Highlands and the Northwest regions, the **current contribution to green growth, in reducing the GHG emissions and in contributing to climate change adaptation is very modest considering the availability of forest land**. The value added to timber and other forest-based products is low. For example: domestic timber in two regions is manufactured primarily into wood chips and wood pellets, which are relatively low value products compared to e.g., furniture, building construction products and bioeconomy products. The natural forests have become an emission source.

This is caused by **two specific problems**: 1) Reduced carbon sinks and GHG removals caused by continuous deforestation and degradation of forest resources and biodiversity, adversely affecting the resilience in vulnerable,



forest-dependent communities, and 2) The forest-based value chains are not climate-sensitive, effective, equitable, gender balanced or environmentally sustainable.

**Main causes of the first specific problem are:** Conversion of forest to monoculture timber plantations and to production of agricultural crops such as coffee and rubber, and illegal logging of high-value timber in natural forests. These problems again are caused by inappropriate forest management and protection models and management planning that is fragmented in product-based silos without sufficient consideration to the landscape as a whole and to climate change mitigation and adaptation as well as the needs of the local community.

**Main causes of the second specific problem are:** Inadequate awareness of and compliance to Vietnam NDC Implementation Plan, VNTLAS, EVFTA and the EUDR; insufficient investment in climate responsive forest-based processing industry, ecosystem services and nature-based tourism; inadequate ICT decision support for forest-based products market and for monitoring the NDC caused by, among other things insufficient capacity in maintaining the Forest Management Information System (FORMIS) platform and inadequate investment in ICT in non-governmental organisations; and inadequate institutional setup for climate responsive, equitable, integrated forest-based value chains. Low organizational capacity and inadequate bargaining power amongst the small holder forest owners is a major root cause for specific problem 2.

In addition, the EUDR, once in operations, will have a significant impact on production of forest-based products such as timber, coffee, rubber and cashew that frequently cause encroachment into natural forests.

Gender-based occupational segregation is common in forest ownership, forest management and in processing of forest-based products. Women are rarely found in leadership roles with decision-making power in the forest-based value chains in the Northwest and Central Highlands. Gender-based pay gaps are common in wood industry enterprises, many of which are informal micro-enterprises. In terms of green transition, women do not have sufficient access to technical, land, and financial resources for both climate mitigation and adaptation. Their inadequate participation in the political system at different levels hinders the inclusion of their specific priorities in preparedness and response programmes.<sup>8</sup>

The communities depending on forests as their livelihood are typically poor and ethnic minorities. They are also communities in the most vulnerable situation affected by declining forest quality, by restrictions of access to forest and by climate change reducing community resilience. Additionally, persons with disability are one of the groups living in vulnerable situation and 79% of those living in poor ethnic minority households experienced multidimensional poverty. The disability rate in Vietnamese rural areas is 1.5 times higher than in urban areas, and many persons with disabilities have multiple disabilities, with around 4% experiencing difficulties in two or more functional domains.<sup>9</sup>

*Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:*

The **main stakeholders** can be divided in **four groups**: 1) Local communities and forest owners responsible for the protection of forests, and for the production of ecosystem services, timber and other forest-based products; 2) enterprises processing wood and non-wood products and offering nature-based tourism services; 3) associations of forest owners, producers of forest-based products and processing industries; and 4) relevant government agencies at local and national level. Other stakeholders include financing institutions, such as development banks, plantation investors and impact investors. Currently forest owners, forest industry and government are the main investors of the forestry sector in Vietnam.

**Group 1: Local communities and forest owners responsible for the protection of forests, and for the production of ecosystem services, timber and other forest-based products.**

The Action will focus on marginalised communities and those in vulnerable situation and ethnic minorities that rely on forests for their livelihood. Forest owners and local communities have a critical role in the supply of forest-based products and services. The main issues they are facing are low income from timber and other forest-based products and services, inadequate lobbying power in the market, and insufficient alternative livelihood options

<sup>8</sup> [Vietnam Country Level Implementation Plan \(CLIP\)](#)

<sup>9</sup> [Situational analysis of the rights of persons with disabilities in Vietnam. Country brief. UNPRPD](#)

including employment opportunities. Furthermore, the forest resource they are depending is getting further degraded reducing forest-based products and ecosystem services.

#### **Group 2: Enterprises processing wood and non-wood products and offering nature-based tourism services**

Enterprises have a role in adding value to forest-based products and providing employment to the local community. The processing enterprises encounter challenges in procuring raw material in small-holder environment, caused by insufficient level of organisation of small holders. Furthermore the information on business environment, including the availability of raw material, and the forest-based products market is insufficient for investment planning. Awareness of the requirements of VNTLAS and EUDR is inadequate creating a barrier in accessing the export market. The opportunities for ecotourism and carbon trade are underutilised.

#### **Group 3: Associations of forest owners, producers of forest-based products and processing industries**

The associations of the producers of agricultural crops will have an important role in ensuring deforestation free value chains for e.g., timber, coffee and rubber and in creating economies of scale in the forest-based products market. The associations provide services to members and increase members' capacity. The issues the associations are facing are pertaining to organisational and financial capacity.

#### **Group 4: Relevant government agencies at local and national level**

Government agencies at local level have a role in law enforcement, in monitoring forest cover change, and in forest protection to prevent unauthorised conversion and logging. The agencies are facing issues related to inappropriate protection practices, and insufficient application of modern technology, including e.g., the FORMIS platform, in monitoring and reporting forest disturbance and change. Currently the agencies are also unable to provide attractive work environment to maintain skilled staff, which is becoming a serious issue in protecting and developing the natural forests.

## **3 DESCRIPTION OF THE ACTION**

### **3.1 Objectives and Expected Outputs**

The **Overall Objective** of this action is to contribute to green, sustainable and inclusive growth as well as to reduce vulnerability to climate change in Vietnam.

The **Specific Objectives** of this action are:

1. To strengthen climate change mitigation and adaptation capacity in Northwest and Central Highlands regions through climate-sensitive, sustainable conservation, restoration and management of forests.
2. To promote climate-sensitive, environmentally sustainable forest-based value chains with more equitable, inclusive and gender-balanced involvement of all stakeholders is promoted.

The **Outputs** to be delivered by this action contributing to the corresponding Specific Objectives are:

Contributing to **Outcome 1** (or Specific Objective 1):

- 1.1. Landscape-level models restoring carbon sinks and increasing GHG removals through sustainable and inclusive multi-purpose forest management are reviewed and scaled up in two target regions.
- 1.2. Climate-sensitive, inclusive, and sustainable forest management planning (SFMP), including solutions supporting climate change adaptation through alternative incomes, are piloted with selected communities and small holders in vulnerable situation.
- 1.3. Effective, collaborative, and responsive forest protection methods are reviewed and replicated in selected landscapes and communities to reduce unauthorised use.

Contributing to **Outcome 2** (or Specific Objective 2):

- 2.1. Capacity on production, organisation and human resources as well as knowledge on business and investment planning, on requirements related to NDC, VNTLAS, EVFTA, and EUDR among target groups in targeted provinces is strengthened, ensuring women participation.

- 2.2. Support systems on Information and Communication Technology (ICT) for monitoring the change of forest cover, the implementation of the NDC, traceability of forest-based products, and forest-based products market is developed/updated and piloted in target areas.
- 2.3. Legal framework and institutions for strengthening the sustainable conservation, restoration and management of forests as well as promoting climate-sensitive, environmentally and socially sustainable forest-based value chains is improved.
- 2.4. Feasibility studies on climate sensitive, forest-based products value chains requirements at landscape and regional level are carried out and available for investment.

## 3.2 Indicative Activities

*Activities relating to Output 1.1:* To pilot and scale up models on sustainable and inclusive forest conservation, restoration and management and sustainable multi-purpose forest management, including development of integrated livelihood solutions for groups in vulnerable situation living in or near the forest, and of carbon market potential. To support and scale up One Commune – One Product (OCOP) models of forest-based products (wooden handicraft, NTFP, rubber, coffee, etc.) in target value chains considering products made by ethnic minority communities, women group and persons with disabilities. To pilot, support and scale up Ecology-Community-based (Eco-co) Tourism models in collaboration between communities, forest management boards, and forest companies, focusing on ethnic minorities, women, and low-income households, and family with disable people in target landscapes.

*Activities relating to Output 1.2:* To support different groups of forest owners in their development of inclusive and sustainable forest management plans for effective use of forest and forestland, and reducing conflicts. To develop and support the cooperation between forest owners to has economies of scale, to optimise timber, and non-timber production and have regular, annual incomes.

*Activities relating to Output 1.3:* To deploy improved forest management practices (i.e. monitoring system, satellite technology) for forest protection in collaboration between forest guards, communities and non-state actors to control illegal logging and encroachment.

*Activities relating to Output 2.1:* To carry out awareness raising and training activities on NDC, VNTLAS, EVFTA, EUDR and deforestation free supply chain for local authorities, forest owners (especially small holders and communities), agricultural/industrial crops producer and forest-based products processing facilities at landscape level. To carry out training for interested forest-based product processing facilities (wood, non-wood, agricultural crops, industrial crops) in the development of responsible investment plans and inclusive social and environmental management plans considering gender balance, and ethnic minority job creation in target value chains. To develop and support models for joint forest management, a form of cooperation between small holder forest owners that has economy of scale, optimises timber, and non-timber production and regular, annual incomes, with consideration of ethnic minority communities and gender balance and experiences from existing practice.

*Activities relating to Output 2.2:* To upgrade the relevant forest management information systems, and develop an application to support updating and monitoring NDC (GHG removals, emissions, and mitigation activities) in target landscapes and provinces. To develop, pilot, and scale up a traceability system for deforestation-free products (wood, NTFP, rubber, coffee, soybean, cashew and some of their derived products) in support of the EUDR.

*Activities relating to Output 2.3:* To support the review and adjustment of laws and related subordinate regulations on management and protection of forest and forest land as well as of biodiversity conservation and investment in big timber production. To support the development of legal framework and specific policies on forest carbon for different appropriate applications, e.g., Payment for Forest Environmental Services (PFES), Emission Reductions Payment Agreement (ERPA), NDC and voluntary market with consideration of inclusive forest carbon ownership, financial management mechanism and benefit sharing. To review and adjust the VNTLAS regulation (Decree, Circular, and Guidelines). The implementation of activities will take into account the concerns and interests of small holders, ethnic minority communities and women as well as the characteristics of the two regions and the targeted landscapes.

*Activities relating to Output 2.4:* To carry out feasibility studies on forest-based value chains including products processing, logistics services and trading requirements at landscape and regional level, taken into account existing and new financial instruments linked with EFSD+. To carry out the feasibility of value added timber production in comparison to forest-based agricultural products and cash crops.

The commitment of the EU's contribution to the **Team Europe Initiative** to which this action refers, will be complemented by other contributions from Team Europe members. It is subject to the formal confirmation of each respective member's meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise, the EU action may continue outside a TEI framework.

### 3.3 Mainstreaming

#### **Environmental Protection & Climate Change**

The action aims to support the implementation of Vietnam's international commitments on climate adaptation and mitigation, the protection of forest ecosystems and watersheds and the implementation of the Green Growth Action Plan.

#### **Outcomes of the SEA screening** (relevant for budget support and strategic-level interventions)

The Strategic Environmental Assessment (SEA) screening concluded that no further action was required.

#### **Outcomes of the EIA (Environmental Impact Assessment) screening** (relevant for projects and/or specific interventions within a project).

The EIA (Environment Impact Assessment) screening classified the action as Category C (no need for further assessment).

#### **Outcome of the CRA (Climate Risk Assessment) screening** (relevant for projects and/or specific interventions within a project).

The Climate Risk Assessment (CRA) screening concluded that this action is [no or low risk (no need for further assessment)].

#### **Gender equality and empowerment of women and girls**

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that the gender equality is a significant cross cutting objective and mainstreamed across project outputs and indicators. The action, specifically under outcome two, will empower women's and girl's to participate in and benefit financially from environmentally sustainable forest-based value chains. The Action will be consistent with EU Gender Action Plan-GAP III and CLIP. Ensuring that both women and men have equal access to and control over resources, job opportunities, and decision-making processes, by providing women with access to training and resources, as well as promoting their leadership and participation will be addressed by the Action.

#### **Human Rights**

The action aims at contributing to each individual and community in the project areas to achieve natural, inherent and objective rights; namely, that each individual and community has a life that overcomes poverty, achieves happiness, and is not left behind. To achieve this goal, the project will launch activities to:

- Ensure every individual and community has equal access to resources, the enjoyment of the inherent value of resources as well as the added value created by themselves, as well as their responsibilities for ensuring sustainable resources;
- Ensure equality of ethnicity, religion, gender and social status when implementing and benefiting from project activities such as participating in modeling, piloting, deployment and scaling - up activities;
- Promote the rights to express opinions in the decision-making process through community meetings, participate in the development of legal documents, mechanisms and policies.

#### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1.

This implies that some activities of the project are designed to create opportunities for people with disabilities to participate in the production of local products through the One Commune – One Product (OCOP) models of forest-based products (Activity under output 1 of outcome 1, integrated livelihood solutions for groups in vulnerable situation and living in or near the forest). If done well, demonstrating humanity, the activities of people with disabilities create material and spiritual products for ECO-CO tourism (Activity under output 1 of outcome 1, integrated livelihood solutions for groups in vulnerable situation and living in or near the forest)

### **Reduction of inequalities**

The project will be implemented in the Central Highlands and the Northwest regions, which are the 2 least developed regions in the country. In project area the proportion of ethnic minority communities is predominant, gender inequality is still quite widespread. On March 3, 2021, the Government issued the Resolution No. 28/NQ-CP on Promulgating the National Strategy on Gender Equality for the period 2021 – 2030. The resolution sets out the target that the rate of female directors or owners of businesses is expected to reach at least 27 percent by 2025 and 30 percent by 2030, and other indicators of gender equality. To contribute to reducing the gender gaps, the project has set specific targets, indicators of impacts, outputs and results through the implementation of 8 specific activities. The project will contribute to improved institutions and policies related to gender equality in forestry sector.

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### **Democracy**

The 2022 Law on the Implementation of Grassroots Democracy lays a firm foundation for the implementation of democracy, the people's right to mastery and self-governance role, thus contributing to effectively implementing the motto "*People know, people discuss, people do, people monitor*". The project has designed to ensure democratic practice by outcomes, outputs and activities on the following 3 main aspects::

- i) Stakeholder participation, with special emphasis on community involvement in decision-making (problem identification, planning), implementation, evaluation, monitoring and benefit sharing is mentioned in the project activities that meet project outcomes and impacts
- ii) Development and application of ICT decision support systems for forest cover change monitoring, including independent monitoring by the communities and non-State actors (NSAs), the implementation of the NDC, traceability of forest-based products, and forest-based products market updated, developed, and piloted in target areas to meet output 1 of outcome 2
- iii) Strengthen the role, voice and substantive actions of non-State actors (NSAs) by supporting and promoting local associations and establishing an alliance for associations of forest-based products. This aspect will be implemented through a number of Grant activities.

### **Conflict sensitivity, peace and resilience**

The Central Highlands and the Northwest region are 2 regions that are quite stable politically and socially, without internal contradictions that lead to upsetting the social order or affecting peace. As in the whole country, the political, security and administrative environments for investment attraction are quite favorable and tends to improve. However, the aboved analysis of the problems in the Central Highlands and the Northwest region have pointed to conflicts over land use between state institutions such as state-owned forestry companies, forest management boards and communities, and individuals. The Government has been adopting policies to gradually ensure that communities and households have productive land by transferring a part of land area managed by state forestry companies to households and communities or allocating land areas currently managed by the Commune People's Committee to households and communities.

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### **Disaster Risk Reduction**

The Central Highlands is a plateau with 2 major risks, which are drought leading to forest fires and lack of water for daily life and production. Both of these risks have a huge impact on fire prevention, forest fire fighting and agricultural production in the Central Highlands. The Northwest is a highland area with a very steep slope, so there are also 2 risks, which are forest fires in the dry season and landslides, flash floods in the rainy season. The immediate solution to minimize the impact of natural disaster risks for both these regions is to enhance the predictability of forest fires, warning of landslides and flash floods. The medium-term and long-term solution is to implement the activities of this project, because the activities of the projects themselves aim to help repel and limit natural disasters.

### 3.4 Risks and Lessons Learnt

<b>Category</b>	<b>Risks</b>	<b>Likelihood (High/ Medium/ Low)</b>	<b>Impact (High/ Medium/ Low)</b>	<b>Mitigating measures</b>
1-Planning, process and system	Risk1: Low fiscal revenues, and limited human resources available in local administrations	High	High	The action aims to increase the national revenue collection from the forest sector, so in the medium to long term it will contribute to mitigating the fiscal risks.
2- People and organisation	Risk 2: Limited inter-ministerial coordination may prevent streamlining the value chains	Medium	Medium	In the shorter term, technical assistance will be provided for support to improve governance (including the business environment, sustainable forest-based value chains and enhancing the capacity of the private sector and other stakeholders). The EU and its Member States participating in the TEI will ensure room for dialogue and communication to mitigate the weak coordination.
3-Planning, process and system .	Risk 3: A weak business environment, un-transparent practices and limited access to finance.	Medium	Medium	The project promotes policy dialogue among relevant stakeholders, strengthens monitoring system and management tools to improve business environment and facilitate the access to finance by SMEs.
4-Legality and regularity aspects	Risk 4: Possible delay in approval of the action related to the new project implementation modality under Decree No. 114/2020/NĐ-CP	High	High	The EU will closely coordinate with line ministries, TEI and other development partners on the most appropriate implementation modality and during preparation of project document and contract preparation.
5- Gender equality	Insufficient or inadequate gender mainstreaming could reinforce gender inequalities and the non-realisation of human rights in the sector, and hinder the efficiency and	Medium	High	Knowledge and tools of gender mainstreaming are available. Gender-sensitive monitoring, use of sex-disaggregated data, and gender-sensitive indicators. Gender mainstreaming is applied in all phases of the project cycle.

	sustainability of the action.			
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#### **Lessons Learnt:**

- The role of MARD is very important to address the above-mentioned issues, through coordinating with other line ministries and targeted provinces.
- The intervention logic of the action goes beyond the mandate of government agencies. It will be important to ensure that non-State actors, including industry associations; forest owners associations; NGOs; and community-based organizations (CBOs), play a prominent role in the implementation.

### **3.5 The Intervention Logic**

The underlying intervention logic for this action is that, if landscape-level multipurpose forest management models, restoring carbon sinks and increasing GHG emission removals, are deployed (output 1, outcome 1) in accordance to climate-sensitive, integrated, sustainable forest management plans (output 2, outcome 1) while at the same time improving the effectiveness of forest protection by introducing modern technology for near real time monitoring (output 3, outcome 1), then it is possible to achieve the outcome 1, mitigation and adaptation to climate change through strengthened, sustainable conservation, restoration, and management of forests. This is assuming that the local forestry administration agrees to participate, and provide human resources, in piloting the new models. This is considered feasible because the local administration has expressed commitment to the action during the design process, and because the action is well in line with the national and regional programmes and priorities.

Furthermore, if the production capacity of forest-based products processing facilities, and the human capacity amongst forest owners and forest enterprises is improved, and if they are sufficiently informed of the requirements of the NDC implementation, VNTLAS and EUDR (output 1, outcome 2), and can access ICT decision support systems to ensure traceability of products (output 2, outcome 2), then this will promote climate sensitive, environmentally sustainable forest-based value chains and more equitable and gender balanced involvement of stakeholders (outcome 2). Climate-sensitive, effective, inclusive value chains can be scaled up if the legal framework and collaboration between producers is improved (output 3, outcome 2) and if new types of bio-economy products turn out to be feasible (output 4, outcome 2). These results rely on the assumptions that enterprises are willing to invest in increasing production capacity and that suitable financing mechanisms are available. It is possible to attain the outcome considering rapid growth in wood processing industry and the increasing financing mechanisms available for investors.

If the restoration and conservation of forests is strengthened and the forest-based value chains improved as explained above, it will lead to increased climate resilience, reduced GHG emissions, and sustainable, green and inclusive growth (Impact).



### 3.6 Logical Framework Matrix

This indicative logframe constitutes the basis for the monitoring, reporting and evaluation of the intervention.

On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete logframe (e.g. including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action.

The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

PROJECT MODALITY (3 levels of results / indicators / Source of Data / Assumptions - no activities)

**Logical Framework – EU Vietnam Forestry Support Project**

<b>Results</b>	<b>Results chain: Main expected results</b>	<b>Indicators:</b>	<b>Baselines (Values and years)</b>	<b>Targets (Values and years)</b>	<b>Sources of data</b>	<b>Assumptions</b>
<b>Impact</b>	The <b>overall objective</b> is to contribute to green, sustainable and inclusive growth as well as to reduce vulnerability to climate change in Vietnam.	<p>1. Change in forest area (rolling cumulative change ha/5 years) and forest cover rate (%) ***</p> <p>2. GHG emissions avoided as contribution from Land Use, Land-Use Change and Forestry (LULUCF) in target provinces, CO<sub>2</sub>e **</p>	<p>1. Forest cover rate in the Central Highlands decreased from 51.3% by 2010<sup>10</sup> to 45.94% by 2021<sup>11</sup>.</p> <p>Slow upward trend in forest cover in the Northwest in recent years has not been stabilised and is facing the risk of a new decline.</p> <p>A baseline study in the Central Highlands will be carried out during the Inception Phase.</p> <p>2. A baseline study will be carried out to determine the current situation with regards to GHG emissions avoided.</p>	<p>1. In accordance with Vietnam Forestry Development Strategy until 2030 and vision to 2050<sup>12</sup>:</p> <p>There is a radical change in the positive direction, especially in the Central Highlands; forest area: 2.72 million hectares, forest coverage 49.2% by 2030; in the Northwest region: forest coverage to 47.9% by 2025 and reach at least 50% by 2030.</p> <p>. Net forest emissions in the Northwest (2022-2030) are 28.8 million tCO<sub>2</sub>e<sup>13</sup>.</p> <p>2. Target for GHG emissions in the Central Highlands will be set during the implementation.</p>	<p>1. Forest Resource Monitoring System (FRMS-FORMIS platform at VNFOREST).</p> <p>MARD's Annual Statement on the annual forest status of the whole country and provinces.</p> <p>2. Updated NDC reports.</p> <p>Assessment of GHG emissions at local level (district, province).</p>	<p>FRMS-FORMIS platform updated to cover GHG emission monitoring.</p> <p>Not applicable</p>
<b>Outcome 1</b>	To strengthen climate change mitigation and adaptation capacity in Northwest and Central Highlands regions is strengthened, through climate-sensitive, sustainable conservation, restoration and management of forests.	1.1. Forest loss or gain, 5-year cumulative change, ha/5 years, and average change, ha/year, in the region.	1.1. a) Forest loss in Central Highland about 130,345 ha in the period (2016 <sup>14</sup> -2021 <sup>15</sup> ), average 26,000 ha/year.	<p>1.1. a) By the end of the project forest loss in Central Highland reduced by 75% (6000 ha/year)<sup>17</sup>.</p> <p>1.1.b) By the end of the project forest cover is</p>	1.1 and 1.2 Forest Resource	<p>Relevant authorities ensure effective land use planning to control unauthorise conversion of forest land to other uses.</p> <p>Local authorities can</p>

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- <sup>10</sup> MARD, 2011. Decision No. 1828/QĐ-BNN-TCLN dated on 11/8/2011 of the MARD for the statement of the forest status in 2010 of the whole country and provinces
- <sup>11</sup> MARD, 2022. Decision No. 2860/QĐ-BNN-TCLN dated on 27/7/2021 of the MARD for the statement of the forest status in 2021 of the whole country and provinces
- <sup>12</sup> Premier Minister, 2021. Decision No. 532/QĐ-TTg dated on 01/4/2021 of the Premier Minister on Approving Vietnam Forestry Development Strategy 2021-2030, with vision to 2050.
- <sup>13</sup> VNFOREST, 2022. Feasibility study report of the Project on Emission Reduction in Forestry in the Northern Midlands and Mountainous Regions, Vietnam. A Draft report elaborated by VnForest, The University of Queensland and SK Forest in October 2022.
- <sup>14</sup> MARD, 2017. Decision No. 1819/QĐ-BNN-TCLN dated on 17/5/2017 of the MARD for the statement of the forest status in 2016 of the whole country and provinces.
- <sup>15</sup> MARD, 2022. Decision No. 2860/QĐ-BNN-TCLN dated on 27/7/2021 of the MARD for the statement of the forest status in 2021 of the whole country and province.
- <sup>17</sup> MARD, 2019. Decision No. 297/QĐ-TTg dated March 18, 2019 of the Prime Minister: Approving the Project on sustainable forest protection, restoration and development in the Central Highlands in the period of 2016 – 2030.

		1.2. Distribution of natural forest to forest types: rich, medium, poor, %. ** *	1.1.b) Forest in Northwest increased 18,000 ha/year  1.2 Rich and medium forest: 32%, poor forest 68% in both regions <sup>16</sup> .	increasing 25%, 25,000 ha/year <sup>18</sup> .  1.2 Rich and medium forest: 45%; poor forest 55% are improved through restoration <sup>19</sup> .	Monitoring System (FRMS)	resolve land use conflicts.  Provinces and stakeholders apply the improved forest management models created by the project.
<b>Outcome 2</b>	To promote climate-sensitive, environmentally sustainable forest-based value chains with more equitable, inclusive and gender-balanced involvement of all stakeholders.	2.1 Productivity of native- and big timber plantations, and natural forests m3/ha/year. **  2.2 Women and men in all their diversity, increasingly participate in and have improved access to jobs, entrepreneurship opportunities and alternative livelihoods in the green economy and the circular economy (GAP III)  2.3. Participation level (%) of women in the production of forest-based goods; share, percentage in target regions. *  2.4. Participation level (%) of ethnic minority people in the workforce in the production of forest-based goods and services, percentage in target regions. **	2.1 Forest yield: Medium forest: 3.37 m3/ha/year; poor forest: less 1.6 m3/ha/year, in natural forest, and 14m3/ha/year in plantations <sup>20</sup> .  A baseline study during the implementation.	2.1 Natural forest, yield 3.5 m3/ha/year; plantation 19 m3/ha/year.  2.2. The women in leadership and management of community and communal organizations will be at least 27% by 2025 and 30% by 2030.  2.3. From 2025, women's participation in community decisions on forest protection and production of forest products through community meetings will be at least 40%.  2.4. 50% of workforce consists of ethnic minorities.	2.1 Project reports  2.2 Project reports       2.3. GSO statistics at district and province level.  2.4. Sociological survey and evaluation.	Investment in improving road infrastructure.  Enterprises invest in wood processing, mechanised harvesting and transport, and quality standards.  Financing for investments is available for interested enterprises.

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<sup>16</sup> MARD, 2017. Report No. 10073/BC-BNN-TCLN dated December 4, 2017, of the Ministry of Agriculture and Rural Development on the completion of the National Forest Inventory Project for the period 2011-2016.

<sup>18</sup> MARD, 2020. Program on sustainable forest protection, restoration and development in the Northwest in the period of 2021-2030 (Draft).

<sup>19</sup> MARD, 2022. Report on National Forestry Planning for the period 2021-2030, vision to 2050. The draft is submitted to the Prime Minister in document No. 2302/BNN-TCLN dated April 15, 2022, on the proposal to meet the National Forestry Planning Appraisal Council.

<sup>20</sup> Prime Minister, 2021. Decision No. 532/QĐ-TTg dated on 01/4/2021 of the Prime Minister on Approving Vietnam Forestry Development Strategy 2021-2030, with vision to 2050.

<b>Output 1</b> <b>relating to Outcome 1</b>	Landscape-level models restoring carbon sinks and increasing GHG removals through sustainable and inclusive multi-purpose forest <sup>21</sup> management are reviewed and scaled up in two target regions.	1.1.1 Number of appropriate, climate-sensitive models reviewed and scaled up <sup>22</sup> ; participants disaggregated by gender, disability and ethnicity. **	1.1.1 Baseline survey during the Inception Phase	1.1.1 At least 15 appropriate models per target province; 40% of women; 40% of ethnic minorities in piloting.  80% of ethnic minority households in the project commune have access to information on gender and the law on gender equality <sup>23</sup>	1.1.2 Project reports	Introducing effective management control in the forest and forest land currently temporarily managed by the communal people's committees (CPCs) by completing the land allocation.
<b>Output 2</b> <b>relating to Outcome 1</b>	Climate sensitive, inclusive and sustainable forest management planning (SFMP), including solutions supporting climate change adaptation through alternative incomes, are piloted and scaled up with selected communities and small holders in vulnerable situation <sup>24</sup> .	1.2.1 Number of forest owners/forest owner group who have a climate-sensitive , inclusive SFMP. *** *	1.2.1 Less than 5% of small holders and communities; <sup>25</sup> ; 70% of State Forest Companies' (SFC) and Forest Management Boards' (FMB) .	1.2.1 At least 30% of smallholders and communities have; 90% of SFC's and 100% of FMB's	1.2.1 Project report	National and provincial forestry administration agree with piloting and with scaling up.
<b>Output 3</b> <b>relating to Outcome 1</b>	Effective, collaborative, and responsive forest protection methods are reviewed and replicated in selected landscapes and communities to reduce unauthorised use.	1.3.1 Number of FMB's, SFE's and non-state forest owners engaged in applying the new method in controlling the illegal logging of high-value timber. **	1.3.1 To be determined during the Inception Phase.	1.3.1 50% of FMB's and 30% of non-state forest owners, small holders and communities, applying the new, methods.	1.3.1 Project reports	National and provincial forestry authorities participate in piloting and provide human resources to carry it out.
<b>Output 1</b> <b>relating to Outcome 2</b>	Capacity on production, organisation and human resources as well as knowledge on business and investment planning, on requirements related to the NDC, VNTLAS, EVFTA, and EUDR among target groups in targeted	2.1.1 No and percentage of state management units, forest owners, forest-based processing facilities and forest owner/industry associations fulfilling the human- and organisational capacity requirements. **	2.1.1 Number and percentage of units to be identified during the Inception Phase.  The associations for forest-based products are fragmented.	2.1.1 By the end of the project 50% of units in target provinces.  One alliance of forest-based products associations developed and a partnership networks to link operators in forest-based value chain. **	2.1.1 Project reports	Relevant stakeholders are willing to participate in building human- and organisational capacity.

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<sup>21</sup> The models will be reviewed by the experts/project team and verified through seminars/workshops for lesson learnt, avoid duplication, and for possible scale up.

<sup>22</sup> The models are under section 3.2. Indicative Activities.

<sup>23</sup> Prime Minister, 2017. Decision No. 1898/QĐ-TTg dated November 18, 2017 of the Prime Minister: Approving PROGRAM "SUPPORT FOR GENDER EQUALITY ACTIVITIES IN ETHNIC MINORITY AREAS IN THE PERIOD OF 2018 - 2025".

<sup>24</sup> The SFMP will be developed by by the experts/project team in consultation with forest owners/forest owner group through interviews/surveys and seminars/workshops.

<sup>25</sup> National Assembly, 2017. The Law No. 16/2017/QH14: The Forestry Law. Hanoi, November 15, 2017.

Forestry Law 2017 stipulates that all forest owners who are organizations must build SFMP. Forest owners that are households and communities are encouraged by the government for developing their SFMP. To date, very few households and communities (about 5%) have built SFMP due to their insufficient capacity and resources.



	provinces is strengthened, ensuring women participation.					
<b>Output 2</b> <b>relating to Outcome 2</b>	Support systems on Information and Communication Technology (ICT) for monitoring the change of forest cover, the implementation of the NDC, traceability of forest-based products, and forest-based products market is developed/updated and piloted in target areas.	2.2.1 Number of information systems upgraded in FORMIS Platform in VNFOREST, and developed to support forest owners and forest-based products processing facilities. ***	2.2.1 Four relevant information systems in FORMIS platform (FRMS, Forest Industry Monitoring System (FIMS), Data Sharing System (DSS), Social Safeguards Monitoring System (SSMS);  zero information systems to support forest owners and forest-based processing industries.	2.2.1 Upgraded Forestry Management Information System (FORMIS) platform.  Two new information systems for forest owners and forest-based processing industry.	2.2.1 Project progress reports	MONRE will open access to cadastral data.
<b>Output 3</b> <b>relating to Outcome 2</b>	Legal framework and institutions for strengthening the sustainable conservation, restoration and management of forests as well as promoting climate-sensitive, environmentally and socially sustainable forest-based value chains is improved.	2.3.1. The number of laws, decrees, circulars and technical guidelines amended, or developed on forest and forest land, VNTLAS, carbon trade, and market-oriented big timber plantations. **	2.3.1 Current laws, decrees, circulars and technical guidelines at MARD and province level are not suitable due to insufficient linkage between different relevant laws and policies.	2.3.1 By the end of the project, recommendation developed for amending the Forestry Law; 3 new or amended decrees, 3 draft circulars: 2 draft technical guidelines per target province developed <sup>26</sup>	2.3.1 Project reports	VNFOREST and local forestry administration will improve the organisation and governance in Special Use-, and Protection Forest Management Boards and make them financially sustainable.
<b>Output 4</b> <b>relating to Outcome 2</b>	Feasibility studies on climate-sensitive, forest-based products value chains at landscape and regional level are carried out and available for investment.	2.4.1. Number of feasibility studies on bioeconomy products, building construction materials and logistics services. **	2.4.1 Zero, currently no information of existing studies.	2.4.1 Five feasibility studies.	2.4.1 Project reports	Relevant stakeholders along the value chains are interested and willing to share information (work plan, budget, challenges,...)

<sup>26</sup> Government, 2021. Resolution No. 76/NQ-CP dated July 15, 2021, on the Overall Program on State Administrative Reform for the period 2021-2030 (Vietnamese).

## 4 IMPLEMENTATION ARRANGEMENTS

### 4.1 Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with the partner country.

### 4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3.2 will be carried out and the corresponding contracts and agreements implemented, is **72 months** from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer in duly justified cases.

### 4.3 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>27</sup>.

#### 4.3.1 Indirect Management with one or more entrusted entities

This action may be implemented in indirect management with one or more entrusted entities, which will be selected by the Commission's services using the following criteria:

- Verifiable track record in technical expertise and project management in relevant thematic areas (including but not limit to climate change, sustainable forest management and value chains development)
- Verifiable track record in working with relevant stakeholders (government agencies, private sectors, civil society organisation and community) in Vietnam.
- Previous experience implementing EU-funded projects successfully in Vietnam.
- Possibility to demonstrate Team Europe spirit and brand.
- Experiences working on ODA projects that include the national implementation modality in Vietnam would be an asset.

### 4.4 Indicative Budget

Indicative Budget components	EU contribution (Amount in EUR)
<b>Implementation modalities</b> – cf. section 4.4	
<b>Specific objective 1</b>	
Outcome 1 (Outputs 1.1, 1.2 and 1.3)	12 800 000
<b>Specific objective 2</b>	
Outcome 2 (Outputs 2.1, 2.2, 2.3 and 2.4)	6 700 000
<b>Evaluation</b> – cf. section 5.2	500 000
<b>Audit</b> – cf. section 5.3	
<b>Total</b>	20 000 000

<sup>27</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu). Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

#### 4.5. Organisational Set-up and Responsibilities

The project implements activities at both national and provincial levels. The organisational set-up has been thoroughly analysed and consulted with stakeholders to ensure ownership at both national and provincial levels.

A Project Steering Committee (PSC) will be set up of representatives of line ministries, provincial people's committees (PPCs) of the target provinces and a representative from the EU Delegation. This is the highest level of decision making of the project responsible for budget approval, promulgating a number of project policies, enforce coordination among the provinces, between national and local levels for effective implementation and productive engagement of project's key stakeholders.

Ministry of Agriculture and Rural Development (MARD) is the project governing body and the national implementation partner, responsible to the Government for the implementation of the project's objectives, in coordination with the implementing partners in targeted provinces.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission, represented by the EU Delegation, may participate in the above governance structures set up for governing the implementation of the action and may sign or enter into joint declarations or statements, for the purpose of enhancing the visibility of the EU and its contribution to this action and ensuring effective coordination.

## 5 PERFORMANCE MEASUREMENT

### 5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partners shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

All monitoring and reporting shall assess how the action is considering the principle of gender equality, human rights-based approach, and rights of persons with disabilities including inclusion and diversity Indicators shall be disaggregated at least by sex.

Roles and responsibilities for data collection, analysis and monitoring:

The entrusted entity will be responsible for setting up the internal project performance monitoring system against the logical framework performance indicators. Regular monitoring will be carried out in collaboration with the implementing partners at central and province levels. Progress reports will be prepared annually and published within one month after the reporting period.

Meaningful and inclusive participation of stakeholders will be ensured through the Project Steering Committee and the implementing partners in both central and provincial levels. Where appropriate, landscape level monitoring meetings and self assessment workshops will be arranged to track the performance in participation with community-level stakeholders including e.g., commune peoples' committees, and civil society organisations.

A baseline study will be carried out within six months from the start of project implementation. The entrusted entity, in collaboration with the implementing partners, will engage service providers to carry out specialised baseline surveys as indicated in the logical framework.

The change of forest cover including the area and the forest quality, which is a fundamental performance indicator, will be monitored in collaboration with the forest protection departments. The monitoring mechanism will be embedded in the national forest cover change monitoring set up and carried out through the Forest Resource Monitoring System (FRMS), which is in nationwide use. The action will support the strengthening of the use of the FRMS and set up an internal data verification mechanism to ensure satisfactory reliability of the forest cover change reports.

The action will foster inter-ministerial coordination between MARD and the General Statistic Office (GSO), particularly at district and province levels to harmonise the reporting parameters and the performance statistics.

## 5.2 Evaluation

Having regard to the nature of the action, a mid-term and final evaluations will be carried out for this action or its components via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to the effectiveness of action implementation strategy.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the action is expected to create innovative models for forest management and support the Vietnamese government in attaining the challenging NDC targets.

The Commission shall inform the implementing partner at least 30 days in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

All evaluations shall assess to what extent the action is taking into account the human rights-based approach as well as how it contributes to gender equality and women's empowerment and disability inclusion. Expertise on human rights, disability and gender equality will be ensured in the evaluation teams.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

Evaluation services may be contracted under a framework contract.

## 5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

## 6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

In line with the 2022 “[Communicating and Raising EU Visibility: Guidance for External Actions](#)”, it will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union’s support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, duty bearers, grant rights-holders or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.