MINUTES OF MEETING
BDS SUB-TECHNICAL WORKING GROUP FOR REDD+
Topic: Design of Fund structure and Fund Management

Time: The 27th May 2011
13:30 – 17:00

Venue: Room 201, B6, MARD, No.2 Ngoc Ha, Ha Noi

Chairs: Mdm Vu Thi Hien, Director, Centre of Research & Development in Upland Area (CERDA).
Mr. Pham Xuan Phuong, BDS Expert

Annexes: Annex I: List of participants
Annex II: Agenda of the meeting
Annex III: Presentations

1. Opening remarks:
UN-REDD Programme Manager, Ms. Nguyen Thi Thu Huyen, expressed the meeting aimed to discuss and propose the design of REDD+ Fund structure and Fund management.

2. Some legal issues relating to the establishment and operation of REDD+ Fund: international requirements and implementation in Viet Nam
Facilitator: Mr. Pham Xuan Phuong, BDS Expert (Annex IIIa)

3. Trust Fund for Forests: Experience in establishment, operation for REDD+ Fund
Facilitator: Mr. Ivo Linzenberg, TFF (Annex IIIb)

4. PFES Fund: Experience from Son La
Facilitator: Mr. Luong Thai Hung, Son La Forest Management Department (Annex IIIc)

5. PFES Fund: Experience from Lam Dong
Facilitator: Mr. Vo Dinh Tho, Lam Dong Forest Protection and Development Fund (Annex IIIId)

6. PFES and REDD: Similarity and differences and implication for the establishment of the REDD+ fund
Facilitator: Mr. To Xuan Phuc – Forest Trends (Annex IIIe)

7. Discussion:
PFES Fund in Lam Dong and Son La:
Mdm. Vu Thi Hien said that, for PFES, Government plays a decisive role in requesting the payment from payer and deciding the payment rate for beneficiaries. Fund Management Council lacks the participation of two important subjects: the buyer - the seller, Fund is managed top-down by State. The Chairman questioned whether PFES is really a tool to manage forests better? Is forest’s quality in two provinces better after having PFES policy? Which is factor to determine the good or not good forest protection?

Mr. Pham Xuan Phuong stressed that the state must intervene in PFES due to the not enough human resources, hydroelectric plants can not pay directly to the people. So, we must have the state’s management at all levels to make the payment.

Since the implementation of PFES in Son La in 3 years piloting (1.5 years of operation and 1.5 years to identify forest owners, forest area to be paid), results demonstrated a better quality of forests after implementing PFES. There is unavoidable phenomenon of fraud, but clearly effective in raising awareness in forests protection and development for local people.
**Design of REDD+ Fund:**
The establishment of the REDD Vietnam Fund should comply with Vietnam’s conditions at local and central level. Research should focus on what might be appropriate to REDD Vietnam Fund. Should be based on the experience of PFES pilot provinces, the Vietnam's Funds (i.e Conservation Fund), as well as national and international experiences (Mr. Vu Minh Duc - Embassy of Norway).

The Decree No. 99 taking into account the carbon services. Under the implementation plan of Decree 99 of the Ministry of Agriculture and Rural Development, by 2012 there will be research on this service and gradually put into operation. When studying of the establishment of REDD + fund, should be aware of institutional arrangement if carbon service is calculated for PFES (Mrs. To Thi Thu Huong - GIZ)

The Chairman emphasized the study on design of REDD + Fund should focus on specific contents, for example, where should the Fund be located (independent or as a part of Forest protection and development Fund; should propose specific steps in the establishment of REDD + Fund; should state out advantages, difficulties, legal problems

REDD + Fund receives aid from international community must comply with international standards. The question is regarding who pay for the households involved in forest protection? In the two provinces, the phenomenon of fraud in the making payment documents (a voucher for a report and one of actual expenditures), so how to ensure transparency by monitoring? Therefore, studies of REDD + Fund should pay attention to how to pay directly to people without the phenomenon of fraud or corruption (Mr. Koos Neefjes - UNDP)

Design BDS for REDD is complex, can not be resolved in a few meetings; the BDS sub-technical working group should cooperate with state agencies to build specific road map, which design a general framework BDS firstly, then discuss the detail components involved, focus on specific contents.

Establishment of REDD Fund is really necessary. This depends on factors: the law of Vietnam, the requirements of the international, road map developed. Should study the feasible factors to be included in REDD + from PFES implementation experiences.

Government’s Decree No.99/2010 stipulated REDD is one of the environmental services of forests. The Government assigned the Ministry of Agriculture and Rural Development to be the focal point in coordination with other Ministries to develop specific detail guidelines. This is the legal basis of the establishment of Vietnam REDD+ Fund.

Management of the revenues from REDD service and payment should be studied, discussed further. REDD + Fund may be a subsidiary of Forest protection and development Fund, this ensures both compliance with national law and international requirements.

Vietnam has Decree No.05 and Decree No.99 on theForest protection and development Fund, and PFES Policy. Related to emission reduction activities and revenues from such activities, the Government Office has issued document to convey the opinion of the Deputy Prime Minister to
assign Ministry of Natural Resources and Environment coordinating with Ministry of Agriculture Rural Development and other Ministries to develop project of managing reducing emissions causing greenhouse effect in Vietnam activities; managing trading, transferring carbon credits related to reducing emission. Vietnam currently has documents related to CDEM development (Gov’s Regulation No.120 on CDEM mechanism development guidance, MARD’s Circular on management of CDEM development), no any document on regulations and/or guidance of REDD activities implementation outside the CDEM (according to paragraph 2 of Article 64 of Law on Forest Protection and Development 2005: the regulations on business activity and the transfer of carbon credits decided by the Prime Minister). REDD activities, programs and projects on REDD in Vietnam relies heavily on international negotiations. MARD and MONRE met and agreed to request the Prime Minister to extent the deadline of development of project reducing greenhouse gas emissions until the COP 17, to build temporary Regulation managing the carbon credit trading. From the direction of Gov and Decree No.99, it can be proposed the location of REDD + Fund. (Dr. Pham Manh Cuong - National REDD Office)

REDD + Fund should be in the Forest Protection and Development Fund: REDD and PFES have the same purpose: forests and development of forest. Although revenues comes from two different sources but have same purpose: paid for protection and development of forests. At provincial level, when making payment, they will have two (2) separate dossiers for PFES and REDD. Therefore, the province can fully manage when REDD Fund is in Forest Protection and Development Fund.

The local payment mechanism has the participation of head of village from planning to payment; thus ensuring the participation factors of the people.

REDD + fund should be independent, separate from Forest Protection and Development Fund: FPD Fund is a state financial institution, so that there only the involvment of state agencies, while the requirements of REDD + is to have the participation of stakeholders, civil society organizations ... so if REDD + Fund is under FPD Fund there will be some difficulties. In addition, to ensure the revenue and expenditure of REDD is for REDD only, REDD Fund should be independent of FPD Fund.

Should research how money comes to people as much as could be. Under current management mechanism from central to local level, 10% of Fund is retained for administrative costs. Should study how to reduce these costs to bring the most money for the subjects covered.

8. Conclusion:
Provincial REDD + fund should be in the FPD Fund, province can completely operate the independent management structure, no need to work concurrently.
Next BDS Sub-technical working group meeting will be on 24 June, continue to discuss issues of the Fund.
There should be more specific questions in the next meeting.
Requires the registration to BDS sub-technical working group formally and fully participation. Each organization should have at least two participants to ensure the regularly updated information. UN-REDD will send a form via email for registration.
VNFOREST / Ministries should be more involved (Invite Dept. of Planning and Finance under VNFOREST, MOF). UN-REDD is responsible for this work.
The meeting ends at 5:00 p.m May 27th 2011.