

Department of Forestry (DOF), Vietnam Forestry University (VFU) and
Forest Science Institute of Vietnam (FSIV),
Ministry of Agriculture and Rural Development (MARD),
Socialist Republic of Vietnam

**THE STUDY
ON
CAPACITY DEVELOPMENT FOR AR-CDM PROMOTION
IN
THE SOCIALIST REPUBLIC OF VIETNAM**

FINAL REPORT

- Validation of the Small-scale AR-CDM Pilot Project -

FEBRUARY 2009

JAPAN INTERNATIONAL COOPERATION AGENCY

**Nippon Koei Co., Ltd.
Sojitz Research Institute, Ltd.**

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US\$ = United State Dollar
¥ = Japanese Yen
VND = Vietnamese Dong

PREFACE

In response to a request from the Government of the Socialist Republic of Vietnam, the Government of Japan decided to conduct the Study on Capacity Development of AR-CDM Promotion and entrusted the Study to the Japan International Cooperation Agency (JICA).

JICA dispatched a team to Vietnam between October 2006 and December 2008, which was headed by Mr. SASAKI Akihiko of Nippon Koei Co., Ltd. and consists of Nippon Koei Co., Ltd. and Sojitz Research Institute, Ltd.

The JICA Study Team held a series of discussions with the relevant officials of the Government of Vietnam and conducted the study in Vietnam. Upon returning to Japan, the Team duly finalized the study and delivered this report.

I hope that this report will contribute to promotion of AR-CDM in Vietnam and to the enhancement of friendly relations between the two countries.

Finally, I wish to express my sincere appreciation to the officials of the Government of Vietnam for their close cooperation.

February 2009

MATSUMOTO Ariyuki
Vice President
Japan International Cooperation
Agency

February 2009

Mr. MATSUMOTO Ariyuki
Vice President
Japan International Cooperation Agency
Tokyo

Dear Sir,

LETTER OF TRANSMITTAL

We are pleased to submit herewith the Final Report on the Study on Capacity Development for AR-CDM Promotion in Vietnam. The Study aimed at supporting the government agencies concerned to develop their capacity to promote AR-CDM. The Study was implemented over 28 months from October 2006 to February 2009.

When the Study was commenced in October 2006, the situation around AR-CDM was not matured yet: CDM Executive Board of UNFCCC approved only few methodologies for AR-CDM; and the first AR-CDM project in the world was just registered. Despite of lack of experiences on AR-CDM then, the Study team could conduct capacity development of the counterpart personnel by "learning by doing," formulated a small-scale AR-CDM pilot project and prepared PDD. Fortunately, a Vietnam-based Japanese company committed to provide financial assistance for the implementation of the pilot project. JICA also extended the study duration for about one year and provided additional assistance for validation of the pilot project. The project is now under registration process at UNFCCC CDM-EB.

We do hope the small-scale AR-CDM pilot project will be registered at UNFCCC CDM-EB shortly and the results of the Study would contribute to AR-CDM promotion in Vietnam and neighboring countries as well.

Finally, we would like to express our deep appreciation and sincere gratitude to all the officials who extended their assistance and cooperation to the JICA Study Team, in particular Department of Forestry - Ministry of Agriculture and Rural Development, Vietnam Forestry University, Research Center for Forest Ecology and Environment, Provincial Peoples Committee of Hoa Binh, and District Peoples Committee of Cao Phong. We also acknowledge the official of your agency and Embassy of Japan in Vietnam for their support and valuable advices in the course of the Study.

Very truly yours,

SASAKI Akihiko
Team Leader
Study on Capacity Development for AR-CDM
Promotion in Vietnam



ホアビン省位置図

**The Study on Capacity Development for AR-CDM Promotion
in the Socialist Republic of Vietnam**

FINAL REPORT

- Validation of the Small-Scale AR-CDM Pilot Project -

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Abbreviations:

AR-CDM	Afforestation/Reforestation Clean Development Mechanism
CDM	Clean Development Mechanism
CDM-EB	Clean Development Mechanism Executive Board
CER	Certified Emission Reductions
DARD	Department of Agriculture and Rural Development
DOE	Designated Operational Entities
DOF	Department of Forestry
EB	Executive Board
EIA	Environmental Impact Assessment
FDF	Forest Development Fund, Hoa Binh
FSIV	Forest Science Institute of Vietnam
GHG	Greenhouse Gas
IPCC	Intergovernmental Panel on Climate Change
JICA	Japan International Cooperation Agency
LULUCF	Land-use, Land-use Change and Forestry
MARD	Ministry of Agriculture and Rural Development
MONRE	Ministry of Natural Resources and Environment
NPO	Nonprofit Organization
NTPP	Non Timber Forest Products
PC	People's Committee
PDD	Project Design Document
PRA	Participatory Rural Appraisal
QA	Quality Assurance
QC	Quality Control
RCFEE	Research Center for Forest Ecology and Environment
SD	Standard Deviation
SOP	Standard Operating Procedures
tCER	Temporary Certified Emission Reductions
UNFCCC	United Nations Framework Convention on Climate Change
VFU	Vietnam Forestry University
VND	Vietnam Don (Currency)
5MHRP	Five Million Hectare Reforestation Program

CHAPTER 1 INTRODUCTION

1.1 Backgrounds

The United Nations Framework Convention on Climate Change (UNFCCC) was signed by many countries in June 1992 in Rio de Janeiro, Brazil. This committed the countries to set up a framework for reduction of greenhouse gases (GHG) to stabilize GHG in the atmosphere and prevent dangerous impacts on the climate system. The Kyoto Protocol is a UNFCCC protocol that was approved in Kyoto, Japan in December 1997. The Clean Development Mechanism (CDM) is one of the three (3) mechanisms mentioned in Kyoto Protocol that is of practical significance to the developing countries including Vietnam. There are two (2) CDM schemes: one is CDM for GHG reduction, another is CDM for GHG absorption by sink (Afforestation/Reforestation CDM or AR-CDM).

Vietnamese government ratified the Kyoto Protocol in September 2002 and then set up the CDM National Authority (CNA) under the MONRE (Ministry of Natural Resources and Environment) as a DNA (Designated National Authority). In April 2003, The CDM National Executive and Consultative Board (CNECB) were established with twelve (12) representatives from line ministries and this was chaired by the Director General of the International Cooperation Department (ICD) of MONRE. The Vietnamese Government has worked actively to prevent global warming by establishing the required institutional system for CDM.

In the forestry sector, Vietnamese Government adopted a Five (5) Million Hectare Reforestation Program (5MHRP) in 1997 in order to facilitate a recovery in national forested area up to 43% by 2010. The Government intends to promote AR-CDM not only to absorb GHG but also to facilitate reforestation in more than six (6) million hectares of bare land in the whole country¹. To materialize the intention, Ministry of Agriculture and Rural Development (MARD), as the AR-CDM focal point, has determined definition of forestry and worked for promotion and implementation of AR-CDM projects. However, AR-CDM is quite a new area of development scheme internationally. Therefore, MARD as well as other relevant agencies had limited knowledge, experience, and ability in promoting AR-CDM.

In connection with this, the Government of Vietnam requested to the Government of Japan in July 2004 for implementation of a development study on AR-CDM promotion. In response to the request, the Japan International Cooperation Agency (JICA) dispatched two preparatory study missions and a preliminary study mission from May 2005 to March 2006. Finally, JICA and MARD agreed in July 2006 and signed a Scope of Work (S/W) for a Study on Capacity Development for AR-CDM Promotion in the Socialist Republic of Vietnam. (refer to **Appendix 1**).

1.2 The Study

1.2.1 Objectives of the Study

The objectives of the Study are summarized as follows:

¹ According to the MARD Decision No.1970/QD/BNN-QL dated 6th July 2006, the area of bare land and denuded hill was 6.4 million ha as of the end of 2005.

- 1) To support government agencies (MARD/DOF, Vietnam Forestry University [VFU], and the Forest Science Institute of Vietnam [FSIV]) to develop their abilities to promote AR-CDM.
- 2) To recommend a vision and action plans for promotion of AR-CDM in Vietnam

1.2.2 Components of the Study

The Study consists of the following three (3) major modules of capacity development for AR-CDM promotion. Through the implementation of the modules, the Study Team has studied and recommended a vision for AR-CDM promotion in Vietnam and action plans including institutional, policy, and regulatory measures and capacity development.

(1) Support for Increasing Awareness for AR-CDM Promotion :	<ul style="list-style-type: none"> ➤ To implement seminars and/or workshops for increasing awareness on AR-CDM for the counterparts, government agencies, and potential project developers/ investors. ➤ To aim for capacity development of the counterpart to organize AR-CDM seminars and/or workshops by themselves for relevant agencies and potential project developers/ investors. ➤ To support increasing awareness of AR-CDM promotion by establishing a website.
(2) Support for Establishment of AR-CDM Promotion System :	<ul style="list-style-type: none"> ➤ To establish an interactive AR-CDM promotion system such as a helpdesk, website etc. via the cooperation of MARD/DOF as the AR-CDM focal point in Vietnam and relevant agencies in order to provide necessary information and/or services to AR-CDM developers/ investors inside/outside Vietnam. ➤ To clarify and define tasks and responsibilities of each agency for provision of information and services necessary for AR-CDM
(3) Support for Development of Capacity on AR-CDM Project Formulation :	<ul style="list-style-type: none"> ➤ To prepare a draft PDD for a small-scale AR-CDM project via the collaboration of the Study Team and the counterpart. The activities could include development of a new baseline and monitoring methodology <u>if necessary</u>.² Through the activities, the counterpart can understand information and support that is requested by project developers/ investors. It also aims at capacity development of counterpart to enable development of AR-CDM projects without external assistance

² *The Steering Committee agreed in the meeting held on 22nd February 2008 that it is not necessary to develop a new methodology by the Study team because it is time consuming, costly and has a risk of rejection by CDM-EB.*

1.2.3 Outputs of the Study

Major outputs of the Study are presented below:

- (1) A Visions for AR-CDM promotion and Action Plans in Vietnam.
- (2) A Guidebook for AR-CDM developers and/or investors.
- (3) A website containing information and services necessary for the development of AR-CDM projects in Vietnam.
- (4) A PDD for a small scale AR-CDM pilot project.

1.2.4 Reports of the Study

The Study team prepared the following reports and documents:

Table 1.1 Reports and Documents Submitted by the JICA Study Team

Reports/Documents	Submission	Contents
1. Inception Report	November 2006	Plan of Operation of the Study
2. Interim Report	February 2007	Results of 1 st Year Study
3. Draft Interim Report(2) Interim Report(2)	January 2008 March 2008	Overall results of 1 st and 2 nd Year Study (It should have been the draft final report but it became Interim Report (2) due to extension of the Study period)
4. Draft PDD Final PDD	March 2008 February 2009	Draft PDD of small-scale AR-CDM pilot project formulated by the Study Final PDD submitted to UNFCCC for registration and documents prepared for DNA' s approval and validation
5. AR-CDM Guidebook	March 2008	Concept, methodology and procedures of small-scale AR-CDM
6. AR-CDM Booklet	March 2008	Summarized concept and procedures of small-scale AR-CDM
7. Draft Final Report Final Report	December 2008 February 2009	Validation of small-scale AR-CDM pilot project by DOE

The study duration was extended for one year to assist the validation of small-scale AR-CDM pilot project. Though the Scope of Work of the Study indicates that the Final report will include all the results of the Study, all the results of 1st and 2nd year study were included in the Interim Report (2) and the Final Report only covers the process of validation in the extended one year.

1.3 Organizational Structure of the Study

1.3.1 The JICA Study Team

The JICA Study Team was composed of the following team members. The assignment schedule is shown in **Figure 1.1**.

Table 1.2 Members of the JICA Study Team

Specialty	Name
Team Leader / CDM Institutional Development (1)	Akihiko Sasaki
CDM Institutional Development (2)	Hiroataka Negishi
CDM Forestry (1)	Makino Yamanoshita (Yamada)
CDM Forestry (2)	Tomoki Nakamura
CDM Project Planning (1)	Masaru Ishikawa
CDM Project Planning (2)	Tsuyoshi Toriu
CDM Seminar / PDD Validation	Takuya Ogushi
Satellite Image Analysis	Itaru Morita
Coordinator	Tomoki Nakamura

JICA has organized a Technical Support Committee composed of Japanese AR-CDM experts and researchers to support the Study.

Figure 1.1 Assignment Schedule

	Specialty	Name	FY 2006			FY 2007												FY 2008																				
			10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3						
Field Work	Team Leader / CDM Institutional Development (1)	Akihoko Sasaki	■							■	■				■					■																		
	CDM Institutional Development (2)	Hiroataka Negishi	■							■							■																					
	CDM Forestry (1)	Makino Yamanoshita		■	■						■			■	■									■		■								■				
	CDM Forestry (2)	Tomoki Nakamura	■								■				■												■											
	CDM Project Planning (1)	Masaru Ishikawa	■								■	■																										
	CDM Project Planning (2)	Tsuyoshi Toriu		■								■				■																						
	CDM Seminar / PDD Validation	Takuya Ogushi		■																																		
	Satellite Image Analysis	Itaru Morita																																				
	Coordinator	Tomoki Nakamura		■								■																										
Home Work	Team Leader / CDM Institutional Development (1)	Akihoko Sasaki	□																																			
	CDM Institutional Development (2)	*****																																				
	CDM Forestry (1)	*****	□																							□		□		□								
	CDM Forestry (2)	*****																										□										
	CDM Project Planning (1)	*****																																				
	CDM Project Planning (2)	*****																																				
	CDM Seminar / PDD Validation	*****																																				
	Satellite Image Analysis	*****																																				
Report																																						
Stage of the Study			■								■																											
			□																																			

Field Work: ■ Home Work: □ Field Work (Cost of Nippon Koei): ■△ Submission of Report

1.3.2 Counterpart Agencies and Organizational Structure of the Study

The counterpart agencies for the Study are the Department of Forestry (DOF), Vietnam Forest University (VFU) and the Forest Science Institute of Vietnam (FSIV). All of them fall under the umbrella of MARD.

The following three organizations have been established for smooth implementation of the Study.

Organizations	Responsibilities and Formation		
Steering Committee	<ul style="list-style-type: none"> ➤ To coordinate implementation and supervise the Study at central government level. ➤ Vice Director of DOF, MARD as a chairman (or equivalent person). ➤ Relevant Vietnam government agencies, VFU, FSIV, JICA Vietnam Office as member of the Committee. ➤ The Committee shall be organized to review and approve the Inception Report, and confirm the outputs of the Study. 		
Standing Unit	<ul style="list-style-type: none"> ➤ To be established at DOF, MARD and to support the role of the Steering Committee. ➤ To have regular meetings with the Study Team and counterpart Team every 2 weeks and to provide advice/direction for implementation of the Study. ➤ To coordinate with relevant agencies and collect opinions and suggestions from them. 		
	<u>Name</u>	<u>Position</u>	
	Mr. Pham Duc Tuan	Vice Director of DOF	
	Mr. Bui Chinh Nghia	Head of Forest Basic Inventory Division, DOF	
Counterpart Team	<ul style="list-style-type: none"> ➤ To implement the Study with the JICA Study Team. Team member are listed as follows. 		
	<u>Name</u>	<u>Position in counterpart team</u>	<u>Organization</u>
	1. Mr. Pham Xuan Hoan	Project Director	VFU
	2. Ms. Do Thi Ngoc Bich	Project Coordinator	VFU
	3. Mr. Nguyen Quang Ha		VFU
	4. Mr. Pham Van Dien		VFU
	5. Mr. Pham Minh Toai		VFU
	6. Mr. Nguyen The Dung		VFU
	7. Ms. Nguyen Thi Bich Hao		VFU
	8. Ms. Phi Thi Hai Ninh		VFU
	9. Ms. Le Hong Lien		VFU
	10. Mr. Vu Tan Phuong		RCFEE/FSIV
	11. Mr. Tran Lam Dong		FSIV
	12. Mr. Nguyen Tien Hung		RCFEE/FSIV
	13. Mr. Nguyen Thanh Tung		RCFEE/FSIV
	14. Ms. Tran Thi Thu Ha		RCFEE/FSIV
	15. Mr. Nguyen Viet Xuan		RCFEE/FSIV
	16. Mr. Nguyen Hung Cuong		VFU
	17. Mr. Tran Trung Thanh		RCFEE/FSIV
	18. Mr. Pham Ngoc Thanh		RCFEE/FSIV
	19. Mr. Tran Ngoc The		VFU
	20. Mr. Nguyen Dinh Hai		VFU
	21. Ms. Mai Thi Thanh Nhan		VFU
	22. Ms. Tran Mai Sen		VFU

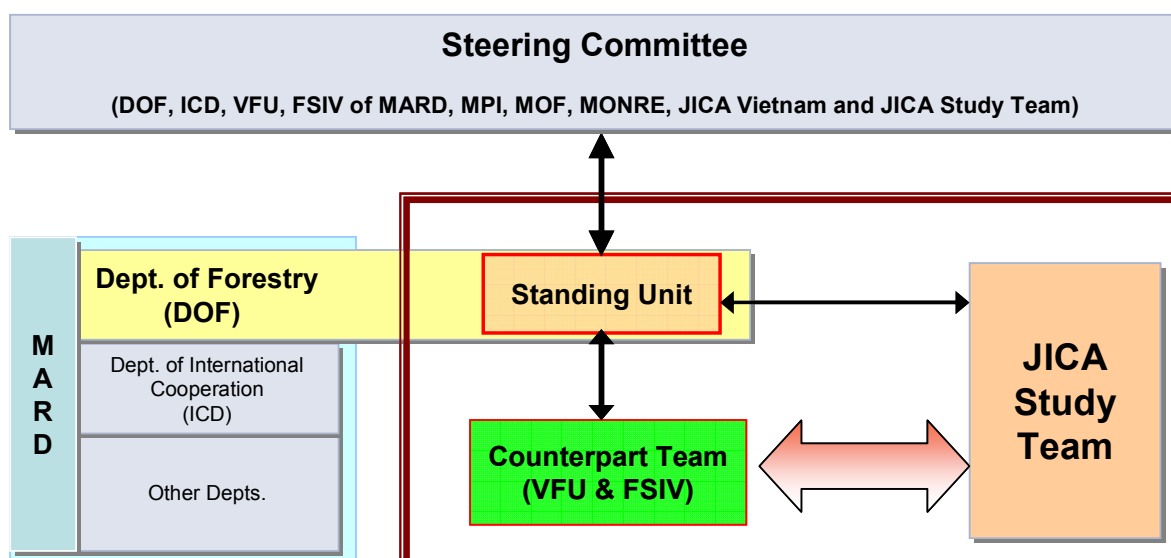


Figure 1.2 Organizational Structure for the Study

1.4 Schedule of the Study

Originally, the Study consisted of Preparatory Work in Japan, three Field Works in Vietnam and three Home Works in Japan. The Study was commenced at the end of October 2006 and the following study activities were to be undertaken:

However, the Study was extended for one year by the request of Vietnamese government in order to support the validation of the small-scale AR-CDM pilot project formulated by the Study. The Study in the 3rd year was implemented focusing on the support for validation of the pilot project by DOE (Designated Operational Entity) to materialize the first AR-CDM project in Vietnam.

1st year

- Preparatory Work in Japan : At the end of October 2006
- 1st Field Work in Vietnam : From the end of Oct. 2006 to the beginning of February 2007
- 1st Home Work in Japan : In the middle of February 2007

2nd year

- 2nd Field Work in Vietnam : The middle of May 2007- The end of November 2007
- 2nd Home Work in Japan : In December 2007
- 3rd Field Work in Vietnam : During the middle - end of February 2008
- 3rd Home Work in Japan : In February 2008

(to be continued)

3rd year

- 4th Home Work in Japan : During the middle - end of May 2008
- 4th Field Work in Vietnam : The middle of June 2008 and
The end of July - beginning of August 2008
- 5th Home Work in Japan : The middle of August 2008 - The end of September 2008
- 5th Field Work in Vietnam : The middle of December 2008
- 6th Home Work in Japan : In February 2009

A work flow of the Study reflecting the extension of the Study is shown in **Figure 1.3**.

Figure 1.3 Work Flow of the Study (1)

FY	Month/Year	Preparatory Work in Japan and Vietnam	Capacity Development				Recommend a Vision for AR-CDM promotion in Vietnam and relevant measures for realization	Seminar and Workshop etc.	Report	Explanation and Discussion
			Awareness increasing for AR-CDM promotion	Establishment of AR-CDM promotion system in Vietnam including provision of necessary information and services	Capacity development on a small-scale AR-CDM project formulation					
FY 2006 (1st Year)	Oct. 2006	[0-1] Collection, arrangement and review of existing secondary data [0-2] Study on current situation of AR-CDM and review of methodologies and							[0-3] Preparation of draft Ic/R	
	Nov. 2006	[1-2] Additional collection and review of secondary data and information [1-3] Clarification on responsibilities of relevant agencies for the Study [1-4] Preparation of Joint Work Plan of the Study with C/P	[1-6] Discussion on contents and method of awareness activities for AR-CDM promotion to C/P	[1-7] Discussion and preparation of awareness increasing for AR-CDM promotion to relevant agencies	[1-10] Planning of AR-CDM promotion system to be established	Selection of a recommended site for PDD and consideration of basic framework of PDD [1-13] Review of PDD preparation procedure [1-14] Clarification of tasks and responsibilities among counterpart on PDD preparation [1-15] Confirmation of candidate sites for draft PDD preparation [1-16] Collection of information regarding candidate sites for draft PDD preparation [1-17] Field reconnaissance of candidate sites	[1-20] Review of National CDM Strategy and existing plans relevant to AR-CDM [1-21] Study on constraints of AR-CDM promotion in Vietnam	[1-4] Preparation of a Joint Work Program with C/P [1-5] Preparation of Ic/R	[1-1] Explanation of Draft Ic/R [1-5] Support the organization of a Steering Committee Meeting for approval of Ic/R	
	Dec. 2006		[1-8] Implementation of awareness increasing for AR-CDM to C/P	[1-9] Implementation of awareness for AR-CDM to agencies concerned	[1-11] Planning for preparation of a guidebook for AR-CDM developers and investors [1-12] Planning of website establishment for provision of information and data	[1-18] Selection of a site for PDD preparation [1-19] Study on methodologies, additionality and project participants	[1-22] Preparation of a draft Vision for AR-CDM promotion in Vietnam	AR-CDM Knowledge Acquisition Seminar AR-CDM Awareness Increasing Seminar (1)		
	Jan. 2007				[1-23] Confirmation of the Work Plan in 2nd Year					
	Feb. 2007								[2-1] Preparation of Interim Report	
	Mar. 2007									
FY 2007 (2nd Year)	Apr. 2007									
	May 2007					Preparation of draft PDD [3-9] Explanation to local stakeholders about the virtual AR-CDM project [3-10] Study for demonstration of additionalities of the virtual AR-CDM project [3-11] Development and demonstration of baseline and monitoring methodologies [3-12] Study on leakage and leakage estimation related to the virtual AR-CDM project [3-13] Demonstration of land eligibility (Satellite image analysis) [3-14] Consideration of implementation body for the virtual AR-CDM project [3-15] Consideration of potential developers, investors and buyers of CER [3-16] Study on socio-economic impacts [3-17] Environmental impact assessment of the virtual AR-CDM project [3-18] Collection of stakeholders' comments [3-19] Preparation of draft PDD of the virtual AR-CDM project and consolidation of data	[3-20] Preparation of policy and regulatory measures for AR-CDM promotion [3-21] Analysis of AR-CDM potential in Vietnam		[3-1] Explanation of Interim Report	
	June 2007				[3-4] Data collection and coordination with relevant agencies for establishment of AR-CDM promotion system	[3-8] Establishment and operation of a web site to provide information related to AR-CDM			[3-7] Preparation and reproduction of a guidebook on AR-CDM for developers and investors	
	July 2007				[3-5] Agreement with relevant agencies on proposed AR-CDM promotion system	(Operation of website)				
	Aug. 2007		[3-2] Planning of awareness increasing for AR-CDM promotion to potential developers/ investors		[3-6] Trial operation and verification of AR-CDM promotion system (Helpdesk)					
	Sep. 2007									
	Oct. 2007		[3-3] Implementation of awareness increasing for AR-CDM promotion to potential developers/ investors					[5-3] Conduct of a seminar to present study outputs AR-CDM Validation W/S Seminar for AR-CDM Developer	[3-18] Preparation of draft PDD of the virtual AR-CDM project	
	Nov. 2007									
	Dec. 2007								[4-1] Preparation of Draft It/R2	
	Jan. 2008									
Feb. 2008					[5-2] Collection of comments on Draft Interim Report (2)		AR-CDM Awareness Increasing Seminar (2)	[6-1] Submission of It/R2	[5-1] Explanation of and discussion on Draft It/R2	
Mar. 2008										
Work in Japan										
Work in Vietnam										

Figure 1.3 Work Flow of the Study (2)

FY	Month/Year	Preparatory Work in Japan and Vietnam	Capacity Development			Recommend a Vision for AR-CDM promotion in Vietnam and relevant measures for realization	Seminar and Workshop etc.	Report	Explanation and Discussion
			Awareness increasing for AR-CDM promotion	Establishment of AR-CDM promotion system in Vietnam including provision of necessary information and services	Capacity development on a small-scale AR-CDM project formulation				
FY 2008 (3rd Year)	Apr. 2008								
	May 2008								
	June 2007								
	July 2007								
	Aug. 2008								
	Sep. 2008								
	Oct. 2008								
	Nov. 2008							[9-2] Preparation and submission of Df/R	
	Dec. 2008								[10-1] Explanation of and discussion on Df/R
	Jan. 2009		[10-2] Collection of comments on Draft Final Report						
	Feb. 2009								[11-1] Submission of F/R
	Mar. 2009								
Project Output			MARD and relevant agencies have enough knowledge and skills on AR-CDM	CPs have capability to consolidate, manage and provide technical information on AR-CDM	CPs have acquired skills for project planning and implementation comprehensively and have capability for promotion of AR-CDM				
Work in Japan									
Work in Vietnam									

1.5 Steering Committee Meetings of the Study

The steering committee (SC) meetings of the Study have been held three times since the commencement of the Study: the first on 17th November 2006, the second 18th May 2007 and the third on 22nd February 2008. In the first SC meeting, the Study team explained the participants the contents of the Inception Report including the objectives, scope, outputs, and the plan of operation of the Study. It was agreed by all the participants that the Inception Report should be finalized taking into account of the comments such as inserting the summary of the report and a short explanation of AR-CDM.

In the second SC meeting, the Study team presented the contents of the Interim Report, mainly about the progress of the Study from October 2006 to February 2007. The chairman expressed his appreciation of the good progress of the Study and excellent coordination between the Study team and the counterpart. There were discussions on the development of a new methodology for small-scale AR-CDM. The counterpart explained that developing a new methodology is quite difficult and costly and therefore the Study team should utilize the existing methodology approved by UNFCCC. The chairman concluded on the issue that the Study team should submit the justification of not developing to DOF through the Standing Unit for their consideration and guidance to the Study team. The Study team submitted the justification to the Standing Unit on 15th June 2007.

In the third SC meeting, the Study team explained the final results of the Study compiled in Interim Report (2) including the small-scale AR-CDM pilot project, which will be implemented by the funding support of Honda Vietnam. The chairman expressed the Study is one of the projects which have been implemented very well. Cancellation of developing a new baseline and monitoring methodology discussed in the second SC meeting and extension of the study period for one year were discussed and agreed by the meeting.

The fourth and final SC meeting was held on 15th December 2008. The Study team explained to the participants of the meeting the validation of the pilot project undertaken by DOE during July-November 2008 and lessons learned from the process. The participants including the chairman expressed that the output of the Study and the feasibility of AR-CDM pilot project in Cao Phong are good lessons learned for other projects in Vietnam; and the implementation of the Study was efficient due to participation of multi-sectors including DOF, VFU, FSIV and local government support for capacity development as well as for the implementation of actual AR-CDM project, and good open-minded relationship between the Study team and the counterparts.

The minutes of the SC meetings are presented in **Appendix-2**.

CHAPTER 2 VALIDATION OF THE PROPOSED SMALL-SCALE AR-CDM PILOT PROJECT

2.1 Validation Process

The JICA Study team assisted validation and registration of the proposed small-scale AR-CDM project. The process of validation and registration of the project is illustrated below.

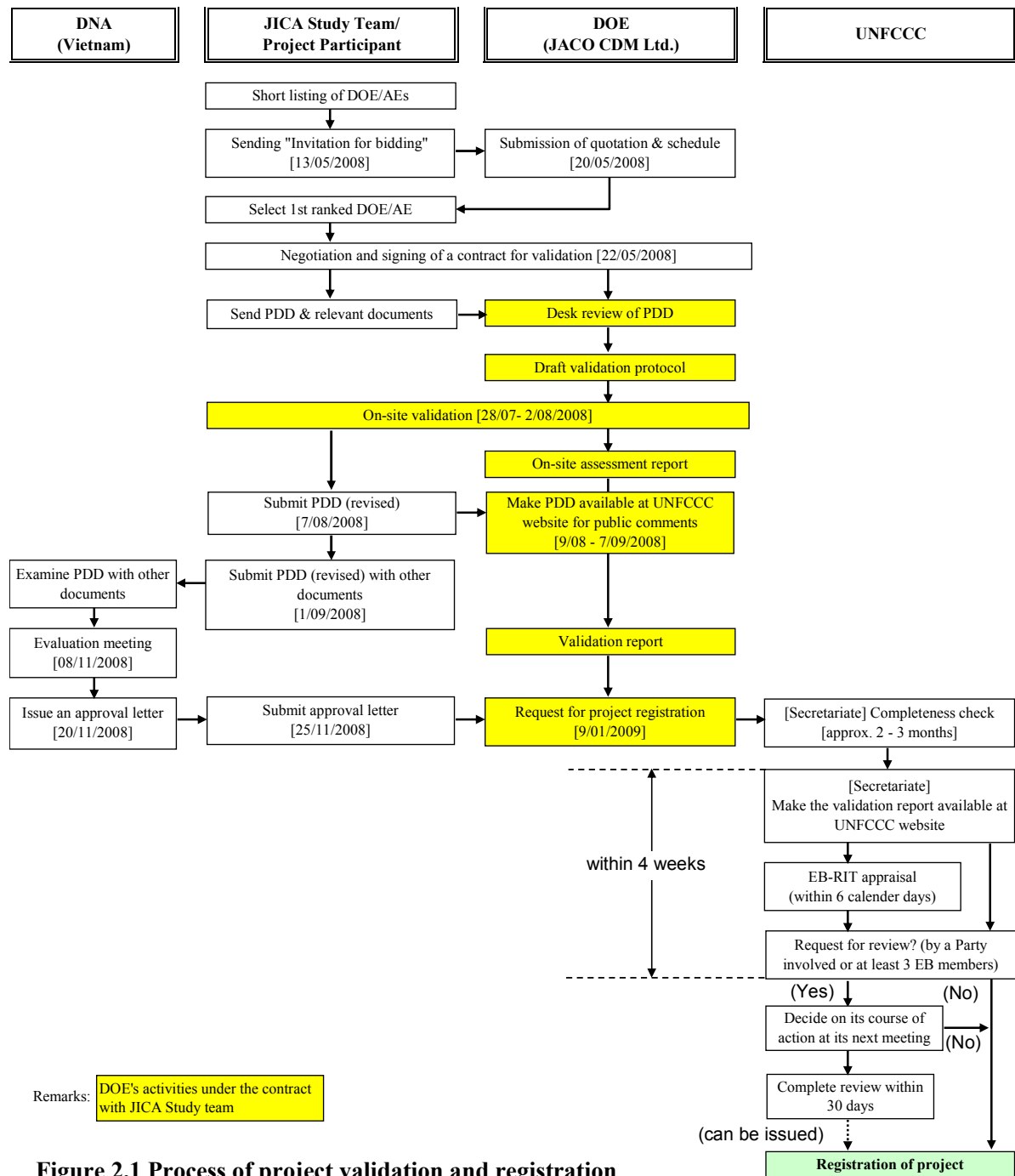


Figure 2.1 Process of project validation and registration

2.2 Selection of and Contracting with DOE/AE

The JICA Study team selected a DOE/AE through competitive bidding as follows:

- (1) Short listing of DOE and AE for sectoral scope (14): afforestation and reforestation

There are only one DOE accredited by UNFCCC for validating AR-CDM project as of May 2008; namely “TÜV SÜD Industrie Service GmbH (TÜV-SÜD).” The JICA Study team learned that TÜV-SÜD might not carry out validation at the time convenient for project participants because they are the only DOE accredited for sectoral scope (14) and thus always busy. In order to ensure the implementation of project validation at the time convenient for the Study team as well as the project participant and at reasonable cost, the JICA Study team decided to short list not only DOE but also AE (Applicant Entity)¹.

In the middle of May 2008, the JICA Study team short listed three DOE/AEs based on the information obtained from UNFCCC website:

- (a) TÜV-SÜD Japan - DOE
- (b) Japan Quality Assurance Organization (JQA) - AE
- (c) JACO CDM Ltd. - AE ²

- (2) Sending Request for submission of quotation to short listed DOE/AEs

On 13th May 2008, the JICA Study team sent a letter to the short listed DOE/AEs by e-mail to request for submission of their quotation for the project validation. PDD and draft contract were also sent to them for reference. The request letter described following conditions:

- (a) Field validation must be carried out between 22 July and 15 August 2008.
- (b) The firm offered the lowest price will be invited for contract negotiation.
- (c) The Study team will provide transportation and an interpreter during the on-site validation.

- (3) Contracting with a first ranked firm

Out of three short listed firms, TÜV-SÜD Japan declined to participate in the bidding for the reasons that (a) their validator will not be available during the period suggested by the JICA Study team and (b) they can not compete with AE in terms of price. Other two firms submitted their quotation by the deadline set by the Study team, 20th May 2008. JACO CDM Ltd. offered the lowest price and was invited for contract negotiation with JICA Study team. After the negotiation, the JICA Study team and JACO CDM Ltd. signed the contract on 22nd May 2008. The contract required JACO CDM Ltd. to complete request of project registration to UNFCCC by the end of February 2009.

¹ AE can carry out validation of CDM projects but with the witness of CDM-AT (accreditation team).

² JACO CDM Ltd. was accredited as DOE for sectoral scope (14) at EB41 (31 July - 2 Aug. 2008)

2.3 Desk Review of PDD by DOE

JACO CDM Ltd. conducted desk review of PDD and informed the JICA Study team initial clarifications in the middle of June 2008. They are:

- (a) PDD does not clearly mention how local people will be involved in the project implementation.
- (b) Whether or not the government policy promoting deforestation in the project area to reclaim farm land in 1970s or a document describing the policy and deforestation exists.
- (c) Whether or not Forest Development Fund is Vietnamese fund or foreign fund.
- (d) Whether or not there is data on land degradation in the project area.
- (e) Detail calculation of baseline net GHG removal and net anthropogenic GHG removal by sink

The JICA Study team answered briefly to these clarifications and provided JACO CDM Ltd. an electric file of Interim Report (2) since the report answered most of the clarifications requested by JACO CDM Ltd.

2.4 Preparation for On-site Validation

The JICA Study team visited Vietnam between 16 and 20 June 2008 to discuss with the counterpart about on-site validation by DOE (JACO CDM Ltd.) scheduled late July 2008. The JICA Study team had a meeting with the counterpart, explained the procedures of on-site validation by showing draft validation protocol submitted by JACO CDM Ltd., and discussed and agreed on the schedule of and arrangement for the on-site validation. The JICA Study team also agreed with the counterpart that the draft contract between FDF (Forest Development Fund: implementer of the proposed small-scale AR-CDM project) and local people should be prepared to clarify the relationship between them.

Regarding DNA's approval process of the proposed project, the Study team confirmed that as of the end of July 2008 FDF already got an approval letter of MARD and will submit PDD and other required documents to DNA after getting an approval letter from the provincial People's Committee of Hoa Binh.

2.5 On-site Validation



On-site validation of the proposed project was conducted between 28 July and 2nd August 2008. JACO CDM Ltd. dispatched a validation team composed of two validators. The daily activities of the on-site validation are summarized below:


Table 2.1 Schedule of on-site validation

Date	Activities
28 July 2008 (Monday)	An opening meeting was held among the validation team (of JACO CDM Ltd.), the project participant (counterparts), and JICA Study team at Vietnam Forestry University (whole day). Based on draft validation protocol the validation team explained clarifications on PDD. The project participant and JICA Study team answered to each

Date	Activities
	<p>clarification and provided evidences and reference to the validation team.</p> 
<p>29 July (Tuesday)</p>	<p>The validation team met with the secretariat of DNA Vietnam. Approval process of PDD by DNA was clarified.</p> 
<p>30 July (Wednesday)</p>	<p>The validation team visited the project sites in Bac Phong commune, Cao Phong district with the counterpart and JICA Study team.</p> <p>The validation team met with officials of Cao Phong district People's Committee and confirmed the project boundary, present land use and locations of baseline biomass sampling sites.</p> 

Date	Activities
	<p>They also interviewed with commune officials and local people who will participate in the project implementation and visited the project site to confirm the project boundary.</p> 
<p>31 July (Thursday)</p>	<p>The validation team visited the project sites in Xuan Phong commune, Cao Phong district with the counterpart and JICA Study team.</p> <p>The validation team confirmed the project boundary, present land use and location of baseline biomass sampling sites. They also interviewed with commune officials and local people who will participate in the project implementation.</p> 

Date	Activities
	
<p>1 August (Friday)</p>	<p>A closing meeting was held among the validation team (of JACO CDM Ltd.), the project participant (counterparts), and JICA Study team at Vietnam Forestry University (whole day).</p> <p>The validation team reported preliminary results of on-site validation and requested the counterpart/ JICA Study team for corrections and further clarifications on PDD and for submission of additional evidences.</p>  <p>At the end of the meeting, the validation team and the representative of the counterpart (project participant) affixed their signature on the “on-site assessment report” prepared by the validation team.</p>

Date	Activities
	
2 August (Saturday)	The validation team and JICA Study team discussed and confirmed the schedule after on-site validation. The validation team left for Japan at night.

2.6 Corrective Actions and Clarifications Requested by DOE

2.6.1 Corrective actions requested

There were five corrective actions requested by JACO CDM Ltd. All of them were minor ones and JACO CDM Ltd. accepted the responses of the project participant/ JICA Study team.

CAR (Corrective Actions Requested)	Responses of project owner
<p>CAR1 Approval/authorization letter of Forest Development Fund by the DNA of Vietnam government is required.</p> <p>In the same or separate letter, project's contribution to sustainable development and voluntary participation of Vietnam shall be stated.</p>	<p>PP (Project participant: Forest Development Fund) provided the validation team the letter of approval by DNA dated 20/11/2008.</p>
<p>CAR2 In table 3 of PDD A.3, Socialist Republic of Vietnam is indicated "Yes" as PP. As the government has no intension to be a PP, PDD shall be revised. Also VFU and RCFEE are not the PP, hence they shall be excluded from the table.</p>	<p>Revised table 3 in PDD version 2.1.</p>
<p>CAR3 Modality of Communication shall be prepared at the time of registration.</p>	<p>PP provided the validation team the modality of communication dated 7/10/2008. It states FDF is the sole focal point for the communication with CDM-EB.</p>
<p>CAR4 The declaration by the FDF that the project is developed or implemented by low income community is required.</p>	<p>PP provided declaration letter dated 4/11/2008 to the validation team.</p>

CAR (Corrective Actions Requested)	Responses of project owner
<p>CAR5 Attachment 1 which shows the detailed project boundaries (longitude, latitude of corner points?) not provided. It shall be provided and attached to PDD.</p>	<p>All the coordinates measured by GPS on the project boundary were provided to the validation team. The summary of project boundary coordinates was added as Annex 4 of the PDD version 2.1.</p>

Note: For detail, please refer to the validation report attached as Appendix 3 of this report.

2.6.2 Clarifications requested

There are many clarifications requested by JACO CDM Ltd. According to them, it is usual that DOE clarifies many items as DOE is obliged to validate all of what PDD describes. Clarifications are broadly classified into two: (a) request for explanations and (b) request for evidences and data for confirmation by validators. Many of the clarifications were answered by providing the validation team the Interim Report (2) of the JICA Study, which describes the details of the project.

Appendix 3 (validation report) shows the details of clarifications requested, responses of project owner (project participant), and validation team's conclusion. Subsequent sub-sections summarize the clarifications requested and the response from JICA Study team and the counterpart. JACO CDM Ltd. accepted all the responses.

- (1) On PDD Chapter A: General description of the proposed small-scale AR-CDM project activity

Clarifications requested	Responses of project owner
<p>CL1 A.11 states the project will be operated by funds of the private companies and the income from project activities. Please explain on the budgetary aspect of the project</p>	<p>Provided the validation team the Interim Report (2) which describes annual cash flow table of the project during the project duration.</p>
<p>CL2 Followings shall be provided: the detailed information on the 2007 field survey, analysis of LANDSAT imaginary, and report of the interviews applying PRA procedure.</p>	<p>Provided the validation team the Interim Report (2) which describes details of eligibility analysis including LANDSAT data analysis and PRA results.</p>
<p>CL3 On the Letter of Confirmation (Annex 3 of PDD), (1) Who issued the Letter of Confirmation (Annex 3 of PDD this letter and to whom it was issued. (2) What are prescribed in the Decisions and Decree quoted in this letter. (3) The roles of the communes in the project. (it might be better to add the name of the communes in the table of PDD.A.3 regardless of whether they wish to be participants, and briefly describe their role in A.3 of the PDD.)</p>	<p>The People's Committee of Cao Phong district issued the letter in Annex 3 of PDD to "Whom it may concern." Provided the validation team the Decisions and Decree quoted in the letter. The roles of the two communes in the project are supportive ones. Explanation was added in PDD version 2.1.</p>

Clarifications requested	Responses of project owner
<p>CL4 Decision No.38/2005/QD-BNN referred to in A.5.4 shall be provided.</p>	<p>Provided the document to the validation team.</p>
<p>CL5 Followings shall be clarified.</p> <p>(1) Number of household, cooperatives and communities are inconsistent between TableA.6.1 and A.6.2, reconfirm.</p> <p>(2) Typical land use certificate shall be provided to the audit team.</p> <p>(3) The definition of words communities, communes, cooperative, village, villagers and households and shall be clarified, relation between them shall be explained.</p> <p>(4) How the benefit from product and CERs and other project related activities will be shared between PP and the villagers in the contracts. Will it be sufficient from the viewpoint of project sustainability?</p> <p>(5) Signed (if not draft) contracts between the FDF and communes shall be provided.</p>	<p>The first sentence of Table A.6-1 was corrected to make it clear.</p> <p>A sample copy of the red book (land use certificate) was provided to the validation.</p> <p>Clarified by verbal explanation to the validation team. Use of these terms was corrected in revised PDD.</p> <p>Provided Interim Report (2) to the validation team to answer the clarification.</p> <p>Provided the draft contract between participants and Forest Development Fund to the validation team.</p>

Note: For detail, please refer to the validation report attached as Appendix 3 of this report.

(2) On PDD Chapter B: Application of a baseline and monitoring methodology

There was slight disagreement on demonstration of investment barrier (CL9) between DOE and the project participant/JICA Study team. The project participant and JICA Study team claimed that demonstration of financial barrier is not necessary. The validation team understood that the claim of the project participant and JICA Study team was valid and revised the clarification. The JICA Study team agreed to the revised clarification and responded to it. The validation team also accepted the response.

Clarifications requested	Responses of project owner
<p>CL6 For confirmation, the report of the baseline survey conducted by JICA in 2007 shall be provided.</p>	<p>Provided Interim Report (2) which describes the results of the baseline survey.</p>
<p>CL7 For confirmation, the reports on the number of cattle, and buffalo, frequency of grazing and location of grazing shall be provided.</p>	<p>Provided Interim Report (2) which provides grazing data.</p>
<p>CL8 The field survey data (identical to the baseline survey conducted by JICA in 2007) shall be provided. PDD B.6 also states the carbon stock is expected to decrease in the absence of the project. As its</p>	<p>Provided Interim Report (2) which contains field survey data of the baseline survey.</p>

Clarifications requested	Responses of project owner
<p>reasons are stated:</p> <ul style="list-style-type: none"> (i) The project area is deforested before 1980 under national policy(HopTac Xa), (ii) The nutrient in the soil is decreasing, (iii) The area is continually under pressure of human activities such as grazing, fuel wood collection etc, which lead to a decrease in the carbon stock and land degradation. <p>The evidences supporting the assertions (i)-(iii) shall be provided.</p>	<ul style="list-style-type: none"> (i) Explained and provided background document. (ii) Soil analysis data and criteria used to assess the soil fertility level were provided. (iii) Provided Interim Report (2) which explains the situation.
<p>CL9</p> <p>[Original clarification]</p> <p>Quantitative explanation such as financial analysis results shall be provided which demonstrates, without tCER revenue, following can not be realized.</p> <ul style="list-style-type: none"> (i) Incentives to the local community, (ii) Return to PP equivalent to those realized by usual plantation forestry (eg, wood chip plantation ?), <p>In the analysis, appropriate financial parameters (eg. IRR, NPV etc.) calculated and relevant benchmark (eg. yield rate of Government Bond, interest rate of bank deposit etc.) when the project was decided to be implemented as CDM shall be indicated. The time of decision needs evidence.</p> <p>[Revised clarification]</p> <p>Although additionality demonstration by Investment analysis is beyond the scope of the applied methodology, provision of Investment analysis result is preferable for quantitative explanation of additionality.</p>	<p>[Original response]</p> <p>We consider that investment barrier mentioned in Appendix B “Assessment of additionality” of the approved methodology does not include economic and financial barriers such as IRR, NPV, etc. since it is clearly written in Appendix B “Investment barrier, other than economic/financial barriers.” Hence, we believe the investment barrier explained in PDD B7 is sufficient.</p> <p>[Revised response]</p> <p>Added summary of financial analysis to PDD version 2.1 as Annex 5.</p>
<p>CL10</p> <p>Evidence (such as MOU between the concerned people, or the minute of the meeting) shall be provided which clarify the date when the project will be implemented as the CDM. Also the relation between the decision and the JICA Interim Report (2) shall be clarified.</p>	<p>Explained to the validation team during the field validation. The Scope of Work of the Study attached to the Interim Report (2) also clearly indicates that the project was planned to be a CDM project from the very beginning.</p>
<p>CL11</p> <p>Roles and responsibility of each organization related to the project shall be explained.</p>	<p>Interim Report (2) describes the roles of each organization. Included the description of the roles in revised PDD.</p>

Clarifications requested	Responses of project owner
<p>CL12 (PDD B.8.3) Who constitutes the Monitoring Unit and who is the Supervisor of the Unit is not clear. Please explain affiliations of each persons and how they will be trained.</p>	<p>The monitoring unit is constituted of staff of sub-forest department of district, representatives of local people, and others who attended training on forestry inventory organized by FDF. VFU will provide supervisor and vice supervisor.</p>
<p>CL13 Emergency preparedness of the project shall be explained.</p>	<p>Refer to draft SOP (Standard Operational Procedure) provided to the validation team. It describes forest fire control.</p>
<p>CL14 Please explain about the procedures for internal audit, project performance review and corrective action to improve the accuracy of monitoring and reporting.</p>	<p>Refer to draft SOP provided to the validation team. Basically SOP follows QA/QC procedures of GPG LULUCF as mentioned in the PDD B.8.2.</p>
<p>CL15 PDD B.8.2 states the SOPs describe the QA/QC procedure. Please explain the contents of the SOP.</p>	<p>Refer to draft SOP provided.</p>
<p>CL16 Please explain about verification procedure of field data collection and data entry.</p>	<p>Section 5.10 of Interim Report (2) and draft SOP explained the procedure.</p>

Note: For detail, please refer to the validation report attached as Appendix 3 of this report.

(3) On PDD Chapter C: Estimation of the net anthropogenic GHG removals by sinks

Clarifications requested	Responses of project owner
<p>CL17 Following data should be provided for confirmation.</p> <p>(1) Back ground documents for SV and WD.</p> <p>(2) The value 1.4 is used for BEF. The value is for broad leaf trees in Temperate area, explanation on the appropriateness of its use.</p> <p>(3) Net planting area is 88% of the gross area for sites 1-3, 80% for sites 4-5, explain how these values were determined.</p> <p>(4) In spread sheet used to determine the annual GHG removal by sinks, how the harvesting, thinning and pruning were considered.</p>	<p>Provided the background documents.</p> <p>The project site is in sub-tropical and it would cause over-estimation when the value for tropical forest is applied (no values for sub tropical in GPG).</p> <p>We estimated the ratio of gross and net area by professional judgment.</p> <p>Explained verbally using the growth tables of Acacia sp. and the table of annual GHG removal.</p>
<p>CL18 Explain where the conservativeness was considered in GHG removal calculation.</p>	<p>Explained verbally and in writing. (refer to Attachment 5.4 of “PDD with reference documents”)</p>

Clarifications requested	Responses of project owner
<p>CL19 Please explain, if and where the conservativeness incorporated in calculating baseline.</p> <p>For Grassland2, the use of IPCC root-shoot ratio in TableC.1.3 yields lower below ground biomass than that obtained from field measurement, explain why the IPCC value was applied.</p>	<p>For calculation of baseline carbon stock, we used root shoot ratio (R) of 1.58 for grass land and 2.83 for shrub mentioned in Table 3A.1.8 of IPCC GPG for LULUCF as suggested in the approved methodology. However, R computed using our field survey data (between 0.50 and 1.35) is smaller than the ratio mentioned in IPCC GPG for LULUCF. This indicates the baseline carbon stock calculated following the approved methodology produced higher B(t) than the one using the survey data. Therefore, B(t) estimated following the methodology is a conservative estimation.</p> <p>In addition, the baseline carbon stock is conservatively assumed to be constant although it would be decreasing as the land is degrading and under the constant pressure of human activities.</p>

Note: For detail, please refer to the validation report attached as Appendix 3 of this report.

- (4) On PDD Chapter D: Environmental impacts of the proposed small-scale AR-CDM project activity

Clarifications requested	Responses of project owner
<p>CL20 PDD D.2 states, EIA is not required for reforestation project less than 1000ha area according to Appendix I of Government Decree No.80/2006/ND-CP. Appendix I shall be provided for confirmation.</p>	<p>Provided the Decree to the validation team.</p>

Note: For detail, please refer to the validation report attached as Appendix 3 of this report.

- (5) On PDD Chapter F: Stakeholders' comments

Clarifications requested	Responses of project owner
<p>CL21 Clarify whether stakeholder consultation is required or not by laws/regulations of Vietnam. Corresponding laws /regulations shall be provided.</p>	<p>Stakeholder consultation is a part of EIA by Vietnamese law and also required in Decree No.79/2003/ND-CP promulgated "regulation of democratic implementation at the commune level."</p>

Note: For detail, please refer to the validation report attached as Appendix 3 of this report.

2.7 Approval of the Project by DNA

To get approval of CDM project by DNA, project participants shall submit 17 copies of PDD (both English and Vietnamese) together with following documents to DNA:

- (a) Official letter of the project implementer to request for consideration of the project

- (b) Official letter from the concerned ministry, sector, people’s committee under central government which manages the project, to request for examination of the project and acceptance.
- (c) Comments made by the concerned parties of the project (such as district government where project will be implemented, organization/community which will use the project’s results or be affected directly by the project activities).
- (d) Environmental protection commitment issued by provincial PC

Forest Development Fund (FDF) Hoa Binh, - a social fund established in April 2008 under Decree No.148/2007/ND-CP - is a project participant/ project implementer and responsible for application for approval of the project by DNA. FDF obtained necessary documents mentioned above and submitted them together with revised PDD to DNA on 1st September 2008. FDF also made a presentation of the project to the members of NSC (national Steering Committee) on 8th November 2008. The comments of DNA and the responses of FDF were as mentioned below. FDF made minor revision of PDD according to the comments and submitted it to DNA secretariat on 11th November 2008 with explanations to some of DNA’s comments. In response to it, DNA issued an Approval Letter on 20 November 2008.



Dr. Hoan, Vice Rector of VFU/ Head of Management Board of FDF, made a presentation of the project in the NSC meeting held on 8th November 2008.

Comments of DNA on PDD	Responses of FDF
Section B.6 page 24: Please show clearer about calculating and the method used to calculating baseline.	Submitted the baseline methodology to DNA.
Section B.7 page 25: Please add data of project financial analysis (in case with and without CDM).	Attached the results of financial analysis of the project in Annex 5 of revised PDD.
Section A.11: PDD affirmed that the project use ODA fund, so Project owner should manage revenue from CERs according to Item 3, Section I of MOF/MONRE joint Circular No. 58/2008/TTLT-BTC-BTN.	Explained in a letter responding to DNA’s comments that the project will not use ODA fund.
The commitment on environmental protection is not clear on where to prepare seedlings and its transportation method and from that point formulate more specific environmental issues to be occurred. Besides, it mentioned environmental	Explained in a letter responding to DNA’s comments that PDD requires the project participant to describe only significant negative impact of the project so that such minor impacts are not mentioned. For forest

Comments of DNA on PDD	Responses of FDF
impacts of pesticide ingredients but it does not mention about keeping, using and collecting used packages of pesticide. Additional risk of forest fire and prevention plans and methods should be formulated more clearly	fire prevention, submitted draft SOP (Standard Operational Procedures) which describes the fire prevention plan.
Trees will be harvested after 15 years and will be replanted, but first selected credit period is 16 years. Credit period should be considered if it is suitable or not	Explained in a letter responding to DNA's comments that the credit period of 16 years is proper.
Section A.3: Should clarify why Honda Vietnam is a project investor but not project participant.	Explained in a letter responding to DNA's comments that Honda Vietnam merely provides donation for the project implementation.
Additional commitment of forest planting households as project participant	Explained in a letter responding to DNA's comments that it is not necessary because local people are not project participants.
There are some mistake in translation (atmosphere, page 2) or remaining English (Table A.6.1 page 11; table C.2.1 page 33) and some misspelling and decimal in figures	Corrected the mistakes.

2.8 Request for Project Registration

JICA Study team received from JACO CDM Ltd. the validation report for the project in the middle of November 2008. The validation report states that the project meets all relevant UNFCCC requirements for the CDM and all relevant host country criteria. JACO CDM Ltd. recommends for registration of the project with UNFCCC.

Meanwhile, FDF sent MOC (Modalities of Communication), declaration of FDF on participation of low income communities, and DNA's approval letter to JACO CDM Ltd. in November 2008. Then JACO CDM Ltd. requested UNFCCC secretariat on 9th January 2009 for registration of the project by submitting the validation report (including final PDD), MOC and DNA's approval letter.

2.9 Lessons Learned

JICA Study team has drawn some lessons learned on formulation of small-scale AR-CDM project and preparation of PDD based on the experience of validation, as follows:

- (1) To make PDD simple:

DOE assesses all descriptions in PDD and requests project participants/developers for explanations of each item with evidences. The descriptions of PDD shall be as simple as possible but just fulfill the requirements to reduce clarifications by DOE.

- (2) To prepare a feasibility study report of the project:

Aside from PDD, project participants/developers shall prepare a feasibility study report of the project which describes methodologies of all surveys conducted and detailed analysis on technical and financial aspects of the project. It will help project participants/developers explaining DOE about many aspects of the project.

- (3) To use the default values given in the approved methodologies as much as possible:

Project participants/developers shall use the default values given in the approved methodologies as much as possible to reduce clarifications by DOE and the cost of project development. DOE is tasked to validate if the values used in PDD are scientifically accurate or not except for the default values (mostly derived from IPCC good practice guidance). In general, it is tough to prove scientific and statistical accuracy of data taken from field survey due to variations of field conditions.

- (4) To calculate values conservatively:

Conservative calculation of values is one of the important requirements of CDM project. DOE checks this aspect very carefully. Project participants/ developers shall keep this in mind when selecting or calculating values.

- (5) To collect and file relevant documents, regulations and literatures:

Project participants/ developers shall collect and file all documents, government regulations and scientific literatures referred when formulating the project because DOE would request participants/ developers for submission of the documents for validation. Project participants/ developer shall translate them into English in advance particularly for the ones considered important.

- (6) To pay an extra attention to prove land eligibility, additionality and participation of poor communities:

Land eligibility, additionality and participation of poor communities are the most important requirements of AR-CDM project. Naturally DOE validates them very carefully and requests project participants/ developers for detailed explanations, justification and submission of evidences.

For example, the evidence showing that the local people who will implement the project are poor was an issue. There is a threshold of poverty line in terms of per capita monthly income issued by the government agency. But the threshold is rather low. It is likely many rural farmers are judged “not poor” if the threshold is used. In addition, it is not clarified in the methodology and modality if all people to participate in the project implementation must be poor or the people must be poor on average. Furthermore, farm income survey shall be conducted to correctly grasp the income level of the local people if such threshold would be used for justification of poor. But the survey is cumbersome and the results are often unreliable partly because farmers or rural people usually do not correctly record their income. Therefore, the Study team and FDF used the “area with difficult socio-economic condition” defined by Decree No.108/2006ND-CP detailing and guiding the implementation of a number of articles of the Investment Law as an evidence to justify the participation of poor people.

(7) The cost of validation by AE is cheap (in general)

The Study team signed a contract of validation with JACO CDM Ltd. in May 2008 because they offered the lowest price. JACO CDM Ltd. was AE, not DOE when signing the contract in May 2008, but accredited by CDM-EB in EB41 (August 2008). AE (Applicant entity) is an operational entity (OE) which has duly submitted an application letter to CDM-EB on specific sectoral scope(s). AE can carry out validation witnessed by the CDM-AT (Accreditation Assessment Team). But AE has to become DOE after accreditation by CDM-EB to request registration of CDM projects to UNFCCC. Since AE is temporal in status and limited in activities (AE can make a request for project registration only after becoming DOE), they have tendency to offer cheaper price for validation than DOE does. Therefore, it may be better for project participants to choose AE for validation activities if they are not in a hurry to register the projects.

CHAPTER 3 Considerations of Environmental and Socio-economic Impacts

3.1 Legislations and Frameworks regarding Environmental and Social Considerations in Vietnam

(1) Legislation systems on environmental and social consideration in Vietnam

- 1) Decree on Detailing and Guiding the Implementation of a Number of Articles of the Law on Environmental Protection (Decree No. 80/2006/ND-CP, August 9, 2006)

This law and decree stipulate the projects, strategies and plans subject to preparation of EIA reports and SEA reports, and relevant organizations and authorities responsible for reviews and approvals, and so on. Projects required preparation of environmental impact assessment report in natural resources and agriculture sector are listed below:

Table 3.1 List of projects required to prepare environmental impact assessment report in the field of natural resources and agriculture

No.	Projects	Size
77	Project on building irrigation and anti-salinization (seawall) systems	Covering an area of 500 ha or more
85*	Projects on forestation and forest management	Area of 1,000 ha or more
86	Project on building concentrated cassava and sugarcane growing zones	Area of 100 ha or more
87	Project on building coffee growing zone	Area of 100 ha or more
88	Project on building tea growing zone	Area of 100 ha or more
89	Project on building rubber growing zone	Area of 200 ha or more
101	Project involving the use of part of headwater protective forest, breakwater forest, sea progradation forest or special purpose forest areas	Area of 5 ha
102	Project involving the use of part of natural forest areas	Area of 50 ha or more

Source: Appendix I of the Government Decree No. 80/2006/ND-CP dated August 9, 2006

85* Project category of the small-scale AR-CDM pilot project in Cao Phong district

For projects not required to prepare and submit EIA report, the project developers must prepare an Environmental Protection Commitment, register it at district-level people's committee, and receive a certificate from the people's committee prior to the project implementation, according to the Article 17 of Decree No.80/2006/ND-CP.

- 2) Vietnam Environmental Standards (TCVN: Tiu Chuen Vietnam)

Vietnam Environmental Standards are those standards for environment related issues and emission in the industries. The Vietnam Environmental Standards have been established one by one, according to setting up of the former Law on Environmental Protection 1993 and Decree No. 175/1994/CP¹, and publicized by the Decision No.

¹ The Government's Decree No. 175/CP guiding the implementation of the Law on Protection of the Environment

35/2002/QD-BKHCMNT². However, as it has passed long time after establishing the standards, many of them are now not well-adapted to the current environmental conditions. Therefore, many of them are under revision.

3) **Guideline for Preparation and Appraisal of Environmental Impact Assessment Reports**

The specific guidelines for preparation and appraisal of Environmental Impact Assessment Reports were prepared in 1999 for nearly 15 kinds of sector projects, i.e. the hydropower, thermal power plants, urban development, industrial zones, and so on. All the guidelines are now under revision after enforcement of the new Law on Environmental Protection in July 2006.

4) **Decree No. 197/2004/ND-CP of December 3, 2004 on Compensation, Support and Resettlement when Land is Recovered by the State (Decree No.197/2004/ND-CP, December, 2004)**

This Decree provides for compensation, support and resettlement when land is recovered by the State for defense and security purposes, for national interests, public interests and economic development purposes.

5) **Ordinance on Protection and Usage of Historical, Cultural Heritage and Scenery for Sustainable Development (1984)**

This ordinance stipulates the authorization, conservation and usage of the historical, cultural heritage and scenery areas in Vietnam.

(2) **Concerned organizations on environmental and social consideration**

MONRE (Ministry of Natural Resources and Environment) has responsibility to approve the EIA reports of the projects listed in Table 3.1b. On the other hand, DONRE (Department of Natural Resources and Environment) in each province has responsibility for approval of the EIA reports of other projects.

Table 3.1b List of Projects with EIA reports to be Appraised and Approved by MONRE

1.	Projects involving the use of part or the whole of land areas of national parks, nature conservation zones, biosphere reservation zones, world heritages and historical-cultural relics which are of national grade.
2.	Project on nuclear power plants, thermonuclear plants and nuclear reactors.
3.	Projects on thermal power plants with a design capacity of between 300MW and under 500MW, located less than 2km away from urban centers and residential areas; projects on other thermal power plants with a capacity of 500MW or more.
4.	Projects on hydropower plants and irrigation works with reservoir capacity of 100,000,000 m ³ or more of water or affecting the sources of supply of surface and groundwater of two or more provinces and centrally-run cities.
5.	Project involving the destruction of headwater protective forest, breakwater forests, sea progradation forests or special-purpose forests of 20 ha or more or involving the destruction of other natural forests of 200ha or more according to the Government-approved planning on conversion of land use purposes.
6.	Projects on aquaculture on sand covering an area of 100 ha or more.
7.	Projects on petrochemical refineries; projects on plantas to manufacture base chemicals, plant protection drugs, detergents, additives or chemical fertilizers with a capacity of 20,000 tons or more of products per year;

² Decision No. 35/2002/QD-BKHCMNT of June 25, 2002 Publicizing the List of Vietnamese Environmental Standards for Compulsory Application

	projects on accumulator plants with a design capacity of 360,000Wh per year; projects on cement plants with a capacity of 1,200,000 tons or more of cement per year; projects on plants or workshops containing radioactive substances or discharging radioactive wastes.
8.	Projects on oil and gas exploitation; projects on exploitation of solid minerals with a capacity of 500,000m ³ per year (including earth, discarded rock, lean ore); projects on exploitation of radioactive metal minerals, rare earth; projects on exploitation of groundwater with a capacity of 50,000m ³ of water per day and night, exploitation of surface water with a capacity of 500,000m ³ of water per day and night.
9.	Projects on building infrastructure in industrial parks, export-processing zones, hi-tech parks, industrial clusters, tourist and entertainment resorts of 200ha or more in area; projects on building ports to accommodate ships of a tonnage of 50,000 DWT or more; projects on iron and steel refining with a design capacity of 300,000tons or more of products per year.
10.	Projects on re-processing hazardous waste, treating and dumping hazardous waste.
11.	Projects with one or more component among projects from 1 to 11 above.
12.	Other projects subject to making EIA report and located in two or more provinces and centrally-run cities.

Source: Decree No.80/2006/ND-CP Appendix II

(3) Responsibility of project owners

Project owners have responsibility to prepare and submit environmental impact assessment reports together with the feasibility study report to competent State authorities for review and approval. The project owners are fully responsible for compensation for involuntary resettlement, loss of property, degradation of land, and so on.

3.2 Environmental and Social Considerations

3.2.1 Summary of the small scale AR-CDM pilot project activity

The basic features of the small scale AR-CDM pilot project formulated by the Study including current land use conditions of the project area are summarized in Tables 3.2, 3.3, and 3.4.

Table 3.2 Present land use of the project areas (gross area)

Land-use identified	Stratum No	Area (ha)					Total
		Xuan Phong			Bac Phong		
		Site 1	Site 2	Site 3	Site 4	Site 5	
Grassland 1	1	10.37	64.07	23.14	15.19	10.81	123.58
Grassland 2	2	0.00	0.00	0.00	26.52	73.47	99.99
Grassland 3	3	0.00	0.00	9.81	2.36	0.00	12.17
Shrub	4	7.90	8.57	67.78	19.88	0.73	104.86
Cropland	5	0.00	0.86	0.00	1.25	4.96	7.07
Bare land	6	5.23	0.00	5.90	6.46	0.00	17.59
Total		23.5	73.5	106.63	71.66	89.97	365.26

Grassland 1: Dominated by Co lao (Eupatorium odoratum) and Co trang (Imperata cylindrica)

Grassland 2: Dominated by Te gout (Dicranopteris linearis)

Grassland 3: Dominated by Lao lach (Erianthus arundinaceus)

Shrub: Dominated by Melastoma candidum with Rhodomyrtus tomentosa, Randia dasycarp etc.

Cropland: Cassava, maize and sugarcane are planted occasionally by slash and burn

Source: JICA Study Team

Table 3.3 Summary of the small scale AR-CDM pilot project activities

Refo. design	Acacia mangium:	1,600 trees/ha: 15 years rotation with one thinning (50%) at age 8		
	Acacia auriculiformis:	2,000 trees/ha: 15 years rotation with two thinning at ages 8 and 12		
Net planting area (ha)		Year 1	Year 2	Total
	Acacia mangium:	140.2 ha	140.2 ha	280.4 ha
	Acacia auriculiformis:	-	28.1 ha	28.1 ha
	Total	140.2 ha	168.3 ha	308.5 ha
Other plans	Green fodder production	30 ha outside of the project boundary To prevent damage of trees by grazing To stabilize income from livestock raising		
	Extension & demonstration	Reforestation technique Use of crop residues for livestock feed		
	Promotion of biogas tank installation	To reduce firewood collection To promote application to on-going biogas project in the district using economic incentives from the project		

Note: The project does not involve construction of infrastructure such as forest road.

Table 3.4 Summary of anticipated benefit of the project per household

	Material support (mil. VND)		Cash incentive and benefit (mil. VND)		
	Reforestation	Green fodder production	Planting and tending	Shared benefit of forest products	Shared benefit of t-CER
Years 1-5	1.71	1.40	3.11	-	-
Years 6-10	-	-	-	5.90	0.28
Years 11-17	-	-	-	48.89	2.91
Total	1.71	1.40	3.11	54.79	3.19
	3.14		61.09		

Note: The figures indicate the anticipated benefit for 1.0 ha of reforestation and 0.1 ha of green fodder production

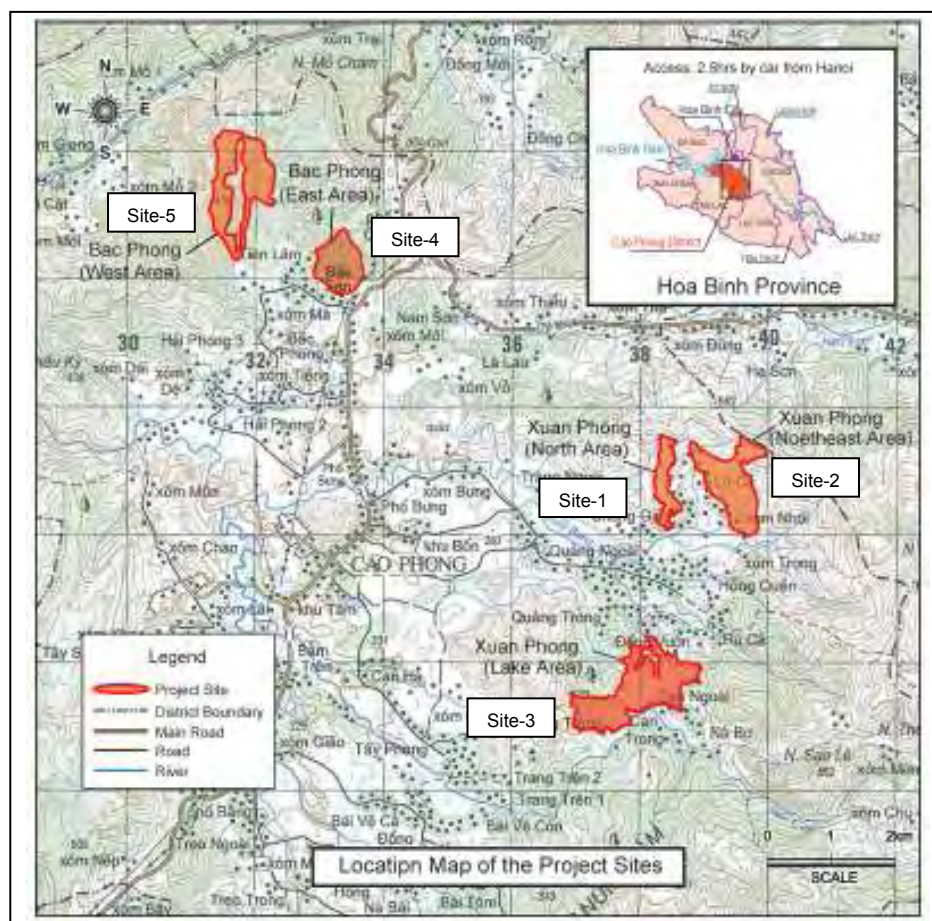


Figure 3.1 Location of the Project Sites

3.2.2 Environmental and social considerations for the small scale AR-CDM pilot project

According to the guideline⁴ on AR-CDM provided by UNFCCC, the project participant shall undertake an environmental impact assessment (EIA) if any negative impact is considered significant and the regulation of the host Party requires it. In Vietnam, an EIA is not required for reforestation projects with an area of less than 1,000 ha, according to Appendix I of the Government Decree No.80/2006/ND-CP dated 9/8/2006 (ref: Table 3.1). But an Environmental Protection Commitment must be registered by people's committee according to the Article 17 of Decree No.80/2006/ND-CP. Project participant must submit an application form to a district-level people's committee prior to the project implementation. After receiving and examination of application documents, the people's committee shall issue certificates on registration of written environmental commitment.

JICA did not conduct screening and scoping of environmental and socio-economic impacts of the Study during the preparatory study mission because the main objective of the Study was capacity development of the counterpart on AR-CDM and formulation of a pilot project was not envisaged. However, the Study team and the counterpart agreed to formulate a small-scale AR-CDM pilot project as a part of capacity development activities. Further, at the final stage of the project

⁴ Guideline for Completing the Simplified Project Design Document for Small Scale AR (CDM-SSC-AR-PDD) and the form for Submissions on Methodologies for Small-Scale AR-CDM Project Activities (F-CDM-SSC-AR-Subm)

formulation, it became reality to implement the pilot project by NPO established by the counterpart with financial support from Honda Vietnam. Therefore, the JICA Study team conducted preliminary screening of environmental and socio-economic impacts of the pilot project following the guidelines for environmental and social considerations of JICA (2004).

3.2.3 Environmental and socio-economic impacts of the small-scale AR-CDM pilot project activities

The results of preliminary scoping of environmental and socio-economic impacts of the pilot project and assessment of each impact are shown in Tables 3.5 and 3.6. The results show that the implementation of the pilot project would not cause any significant negative impacts on environment and socio-economy of the area. Most of the impacts predicted are positive ones such as improvement of environmental conditions and increase of farmers' income. There is risk of forest fire. But the project would minimize it by propaganda on forest fire prevention and implementation of forest fire control drills. As for opinions of the project stakeholders, the stakeholder meeting organized by the Study in October 2007 revealed that all the stakeholders agreed on the implementation of the project (ref. to Section 5.3.6 of Interim Report (2)).

Table 3.5 Scoping matrix of environmental impacts of each project activity

	Item	Overall Rating	Project activity							
			Vegetation clearing	Land preparation	Fertilizer application	Tree planting	Tending & protection	Thinning:	Harvesting	
Social Environment	Involuntary resettlement	-	-	-	-	-	-	-	-	-
	Local economy	+A	+A	+A	+A	+A	+A	+A	+A	+A
	Land use and utilization of local resources	-B	-B	-	-	+B	+B	+B	+B	+B
	Social institutions	-	-	-	-	-	-	-	-	-
	Existing social infrastructures and services	-	-	-	-	-	-	-	-	-
	The poor, indigenous and/ or ethnic people	+A	+A	+A	+A	+A	+A	+A	+A	+A
	Misdistribution of benefit	-	-	-	-	-	-	-	-	-
	Cultural heritage	-	-	-	-	-	-	-	-	-
	Local conflict of interests	-	-	-	-	-	-	-	-	-
	Water usage or water rights and rights of common	-	-	-	-	-	-	-	-	-
	Sanitation	-	-	-	-	-	-	-	-	-
Infectious diseases such as HIV/AIDS etc.	-	-	-	-	-	-	-	-	-	
Natural Environment	Topography and geographical features	-	-	-	-	-	-	-	-	-
	Soil erosion	-B	-	-B	-	+B	+B	+B	+B	+B
	Ground water	+B	-	-	-	-	+B	+B	+B	+B
	Hydrological situation	+B	-	-	-	-	+B	+B	+B	+B
	Coastal zone	-	-	-	-	-	-	-	-	-
	Flora, Fauna and biodiversity	+B	-	-	-	+B	+B	+B	+B	+B
	Meteorology	-	-	-	-	-	-	-	-	-
	Landscape	+B	-	-	-	+B	+B	+B	+B	+B
Global warming	+C	-	-	-	+B	+B	-B	-B	-B	

	Item	Overall Rating	Project activity						
			Vegetation clearing	Land preparation	Fertilizer application	Tree planting	Tending & protection	Thinning:	Harvesting
Pollution	Air pollution	-	-	-	-	-	-	-	-
	Water pollution	-	-	-	-	-	-	-	-
	Soil contamination	-	-	-	-	-	-	-	-
	Waste	-	-	-	-	-	-	-	-
	Noise and vibration	-B	-	-	-	-	-	-B	-B
	Ground subsidence	-	-	-	-	-	-	-	-
	Offensive odors	-	-	-	-	-	-	-	-
	Bottom sediment	-	-	-	-	-	-	-	-
	Accidents	-C	-C	-	-	-	-C	-C	-C

Note: Rating "A": Significant environmental impact is predicted

Rating "B": Some impacts is predicted

Rating "C": Extent of impact is unknown so far

"-": No impact is predicted

(+: positive impact, -: negative impact)

Table 3.6 Brief Descriptions and Mitigation Method of Environmental and Socio-economic Impacts

Item	Overall Rating	Description	Mitigation and Monitoring Method for Negative Impacts
Local economy	+A	The implementation of the pilot project will improve economic condition of the project participants due to economic incentives for planting activities, sales of thinned and harvested forestry products and sales of CER. The impact is significant and positive one.	-
Land use and utilization of local resources	-B	The pilot project implementation will improve the land use and utilization of the land resources in the project area. As a negative impact, some farmer will have to stop crop cultivation in the project area (7.0ha in total). However, the project area is classified as production forest land. The Government has issued land use certificate (LUC) of the production forest land to local people provided that they would develop forest on the land. The Government could forfeit LUC if the LUC holders would not develop forest on the land, according to forest protection and development law (2004). Meanwhile, the 7ha of cultivated land within the project area were developed through slash-and-burn by about 15 households and would be abandoned after harvesting of the crops under cultivation. All	

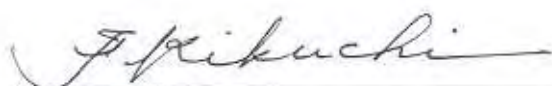
Item	Overall Rating	Description	Mitigation and Monitoring Method for Negative Impacts
		of the LUC holders of the land agreed to stop crop cultivation in the area, without requesting for compensation, to implement the project because the land productivity is very low and they have stronger interests in the expected economic benefits and positive effects on environment of the project	
Misdistribution of benefit	-	The use rights of the land in the project areas have been already officially allocated to households. In the project plan, each household could receive benefits from the project and forest according to the size of the land each household has in the project area.	The project management unit could monitor the payment of incentive to each household as well as benefits obtained from the forest. The project management unit also monitor the socio-economic conditions of the project area at project verification stage (every five years).
The poor, indigenous and/ or ethnic people	+A	Nearly 90% of the project participants are ethnic minority (Muong, Dao and Thai). The pilot project will improve their income. The impact is significant and positive one.	-
Soil erosion	-B	The pilot project will induce both negative and positive impacts on soil erosion. Land preparation, planting, thinning and harvesting activities will disturb soil surface to some extent and induce soil erosion. But the erosion will be temporal in nature and be reduced as the land surface will be covered by tree canopy. The project will not involve construction of infrastructure such as forest road and thus soil erosion by the construction works would not be predicted.	The project management unit will provide technical guidance to the project participants to minimize soil erosion by project activities. The project management unit will also monitor soil erosion at project verification stage (every five years).
Groundwater	+B	The pilot project will improve groundwater recharge by reforestation in bare and bush land. But the impact is not significant because the project area is small.	-
Hydrological situation	+B	The pilot project will stabilize hydrological situation in the downstream of the project area due to improved water retention capacity of the project area by reforestation. But the impact is not significant because the project area is small.	-

Item	Overall Rating	Description	Mitigation and Monitoring Method for Negative Impacts
Flora, Fauna and biodiversity	+B	The pilot project will convert the bare land and bush land into forests. The forests will be habitats of some small animals including birds and contribute to biodiversity of the area. But the impact is not significant because the project area is small.	-
Global warming	+C	The project will remove a total of 42,654ton of CO ₂ in 16 years.	The net amount of CO ₂ removal will be verified at verification stage (every 5 years).
Landscape	+B	The landscape of the project area will be improved from bare land/ bush land to forests by the project implementation.	-
Water Pollution	-	Water pollution by the use of fertilizers will be minimal because the project will use only 0.1kg/hole each of NPL-S Lam Thao (5.10.3-11) as bed-dressing and top-dressing, respectively.	-
Soil contamination	-	Same as above.	-
Noise and vibration	-B	Thinning and harvesting of trees in the project area will cause noise because of the use of chainsaw. But the impact will not be significant because most of the plantation sites are far from residents.	Regulate working hour of thinning and harvesting works when complains are filed.
Accidents	-C	The project might cause some minor accidents during vegetation clearing, planting, tending, thinning, harvesting and transportation of forest products due to misuse of equipment and carelessness of the workers.	The project management unit will provide technical guidance and demonstration to the project participants on prevention of accidents (including prevention of forest fire).

Appendix-1
Scope of Work (S/W) and
Minutes of Meetings for S/W

SCOPE OF WORK
FOR
THE STUDY
ON
CAPACITY DEVELOPMENT FOR AR-CDM PROMOTION
IN
THE SOCIALIST REPUBLIC OF VIETNAM
AGREED UPON BETWEEN
MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT
AND
JAPAN INTERNATIONAL COOPERATION AGENCY

Hanoi, 5 July 2006



Mr. Fumio Kikuchi
Resident Representative
JICA Vietnam Office
Japan International Cooperation Agency



Mr. Nguyen Ngoc Binh
Director General
Department of Forestry
Ministry of Agriculture and Rural Development



Ms. Hoang Thi Dzung
Deputy Director General
International Cooperation Department
Ministry of Agriculture and Rural Development



Mr. Ho Quang Minh
Director General
International Economic Relations Department
Ministry of Planning and Investment

I. INTRODUCTION

In response to the official request of the Government of the Socialist Republic of Vietnam (hereinafter referred to as "the Government of Vietnam"), the Government of Japan decided to conduct the Study on Capacity Development for AR-CDM Promotion (hereinafter referred to as "the Study") in accordance with the Agreement on Technical Cooperation between the Government of Japan and the Government of Vietnam signed on October 20, 1998 (hereinafter referred to as "the Agreement").

Accordingly, the Japan International Cooperation Agency (hereinafter referred to as "JICA"), the official agency responsible for the implementation of the technical cooperation programs of the Government of Japan, will undertake the Study in close cooperation with the authorities concerned of the Government of Vietnam.

The present document sets forth the Scope of Work with regard to the Study.

II. OBJECTIVE OF THE STUDY

The objective of the Study is to support government organizations concerned to develop their capacity for promotion of AR-CDM (Afforestation and Reforestation Project Activities under the Clean Development Mechanism) in Vietnam.

III. STUDY AREA

The Study will cover the entire area of Vietnam.

IV. SCOPE OF THE STUDY

In order to achieve the objective mentioned above, the scope of the Study will consist of the following items:

1. Awareness raising for AR-CDM promotion
 - (1) for the government organizations to enhance their knowledge on AR-CDM,
 - (2) for relevant organizations relating to AR-CDM promotion in Vietnam,
 - (3) for potential investors and project developers, and
 - (4) for the public through a website.
2. Support for establishment of AR-CDM promotion system in Vietnam including the provision of necessary information and services
 - (1) to clarify the roles and responsibilities of relevant agencies,
 - (2) to consider the feasible and appropriate system of provision of necessary information and services to develop an AR-CDM project for those who are interested in AR-CDM, and
 - (3) to support to realize the establishment of the system.

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3. Support for capacity development on a small-scale AR-CDM project formulation
 - (1) to study the procedure of developing a project design document (hereinafter referred to as "PDD"),
 - (2) to clarify the roles and responsibilities of relevant organizations,
 - (3) to select an appropriate area and to explain the purpose and contents of the AR-CDM project to be developed by the Study to potential project participants,
 - (4) to develop a draft of new baseline and monitoring methodologies for the project,
 - (5) to demonstrate additionality for the project,
 - (6) to analyze economic, social and environmental impacts of the project, and
 - (7) to formulate a draft of PDD for the project.

V. STUDY SCHEDULE

The Study will be carried out for a period of approximately eighteen (18) months, in accordance with the tentative schedule as attached in the Annex I.

VI. OUTPUTS

1. Reports

JICA shall prepare and submit the following reports in English to the Government of Vietnam.

(1) Inception Report:

Twenty (20) copies at the commencement of the Study

This report will describe items such as study schedule, methodology and manning schedule.

(2) Interim Report:

Twenty (20) copies at the appropriate time during the Study period

(3) Draft Final Report:

Twenty (20) copies toward the end of the Study

The Government of the Vietnam shall submit their comments within one (1) month after the receipt of the Draft Final Report.

(4) Final Report:

Thirty (30) copies (within one (1) month after the receipt of the comments on the Draft Final Report)

This report will include analysis of the results, lessons learned, action plan and recommendations to promote AR-CDM in Vietnam.



2. Other Outputs of the Study

Besides the reports mentioned above, the following outputs will be produced as the results of implementation of the Study.

- (1) A guidebook concerning necessary information for AR-CDM project developers and/or investors,
- (2) A website containing necessary information and services in relation to development of AR-CDM project in Vietnam,
- (3) A draft of PDD for a small-scale AR-CDM project, and
- (4) A draft of new baseline and monitoring methodologies for the project.

VII. UNDERTAKING OF THE GOVERNMENT OF VIETNAM

1. The Government of Vietnam shall accord privileges, exemptions and other benefits to the Japanese Study Team (hereinafter referred to as "the Team") in accordance with the Agreement.
2. The Government of Vietnam shall bear claims, if any arises, against the members of the Team resulting from, occurring in the course of, or otherwise connected with, the discharge of their duties in the implementation of the Study, except when such claims arise from gross negligence or willful misconduct on the part of the members of the Team.
3. The Ministry of Agriculture and Rural Development (hereinafter referred to as "MARD") of the Government of Vietnam shall act as a counterpart agency to the Team and also as a coordinating body in relation with other relevant organizations for the smooth implementation of the Study.
4. MARD of the Government of Vietnam shall, at its own expense, provide the Team with the followings, in cooperation with other organizations concerned:
 - (1) Security-related information on as well as measures to ensure the safety of the Team,
 - (2) Information on as well as support in obtaining medical service,
 - (3) Available data (including maps and photographs) and information related to the Study,
 - (4) Counterpart personnel,
 - (5) Suitable office space with necessary equipment, and
 - (6) Credentials or identification cards.

VIII. UNDERTAKING OF JICA

For the implementation of the Study, JICA shall take the following measures:

1. to dispatch, at its own expense, the JICA Study Team to Vietnam, and



2. to pursue technology transfer to promote AR-CDM activities in Vietnam in the course of the Study .

IX. CONSULTATION

JICA and MARD shall consult with each other in respect of any matter that may arise from or in connection with the Study.


TENTATIVE SCHEDULE

Month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	
Study in Japan	<input type="checkbox"/>	<input type="checkbox"/>					<input type="checkbox"/>								<input type="checkbox"/>				<input type="checkbox"/>
Study in Vietnam																			
Reports		Ic/R					I/R									DF/R			F/R

<Remarks>

Ic/R Inception Report

It/R Interim Report

DF/R Draft Final Report

F/R Comments on the Df/R by the Government of Vietnam

Final Report

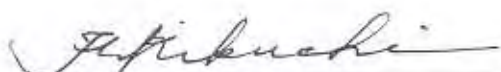
Annex 1

MINUTES OF MEETINGS
ON
THE STUDY ON CAPACITY DEVELOPMENT FOR AR-CDM PROMOTION
IN
THE SOCIALIST REPUBLIC OF VIETNAM
AGREED UPON BETWEEN
MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT
AND
JAPAN INTERNATIONAL COOPERATION AGENCY

The Japan International Cooperation Agency (hereinafter referred to as "JICA") had a series of discussion with the Ministry of Agriculture and Rural Development (hereinafter referred to as "MARD") of the Government of the Socialist Republic of Vietnam as well as other relevant agencies for the purpose of working out the details of Scope of Work (S/W) for the Study on Capacity Development for AR-CDM* Promotion in Vietnam (hereinafter referred to as "the Study").

As a result of the discussions, JICA and MARD agreed upon the S/W for the Study. The main issues discussed by both sides in relation to the S/W are shown in the document attached hereto.

Hanoi, 5 July 2006



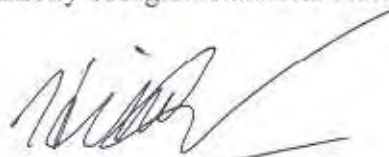
Mr. Fumio Kikuchi
Resident Representative
JICA Vietnam Office
Japan International Cooperation Agency



Mr. Nguyen Ngoc Binh
Director General
Department of Forestry
Ministry of Agriculture and Rural Development



Ms. Hoang Thi Dzung
Deputy Director General
International Cooperation Department
Ministry of Agriculture and Rural Development



Mr. Ho Quang Minh
Director General
International Economic Relations Department
Ministry of Planning and Investment

* Afforestation and Reforestation Project Activities under the Clean Development Mechanism

Attached Document

1. Capacity Development for Formulation of an AR-CDM Project

Both sides agreed that the most effective way to develop necessary capacity is provision of actual experience through the implementation of the Study in collaboration with the relevant agencies under the leadership of MARD. Both sides also confirmed that the formal approval of a draft of new baseline and monitoring methodologies and a draft of a project design document (hereinafter referred to as "PDD") developed by the Study would be subject to the decision by the Clean Development Mechanism (hereinafter referred to as "CDM") Executive Board, therefore the approval as a CDM project is not necessarily assured within the Scope of the Study.

2. Organizational Structure for the Study

Both sides confirmed that the cooperation among relevant agencies is necessary for implementation of the Study and therefore, MARD takes responsibility to coordinate those agencies and to establish the following organizational structure for implementation of the Study, as attached in the Annex 1.

2-1. Establishment of Steering Committee

A Steering Committee will be established to take responsibility for supervising the project implementation and administration as soon as the Study commences.

The Steering Committee will be chaired by the Leader of the Department of Forestry (hereinafter referred to as "DOF") of MARD and necessarily comprise representatives from DOF, International Cooperation Department (ICD), Viet Nam Forestry University (hereinafter referred to as "VFU"), Forest Science Institute of Vietnam (FSIV) and others concerned of MARD, the Ministry of Planning and Investment (MPI), the Ministry of Finance (MOF), the Ministry of Natural Resources and Environment (MONRE), JICA Vietnam Office and the JICA Study Team. The chairperson of the Steering Committee invites other relevant institutions and/or personnel to the Committee as observers when necessity arises.

The Steering Committee meets at the beginning of the Study to analyze and approve the inception report as well as before the termination of the Study to review progress and results of the Study. The Steering Committee can be called when necessity arises.

2-2. Establishment of Standing Unit

A Standing Unit will be established in DOF to assist the Steering Committee in providing advises and directions to implementation of the Study and to take responsibility for bringing a mutual consensus among different stakeholders.

Meetings among the Standing Unit, Counterpart Team and JICA Study Team, will be held in every two weeks periodically and can be held when necessity arises. The Standing Unit invites other relevant organizations and/or personnel to the meetings when necessity arises.



2-3. Counterpart Personnel and Counterpart Team

MARD assigns counterpart personnel, composed of a Director, a Coordinator and other members from relevant organizations to organize Counterpart Team as soon as possible.

Under the supervision of the Steering Committee, the Leader of VFU will serve as the Director of the Study and bear overall responsibility for the administration and implementation of the Study. The Director of the Study will appoint a Coordinator of the Study who is to supervise daily operation of the Study, assisting the Director and making necessary arrangement and coordination for the smooth implementation of the Study.

Counterpart Team will jointly work with the JICA Study Team, because the Study will be implemented in cooperation of both sides.

2-4. Expenses for the Counterpart Personnel

Vietnamese side bears the expenses related to the counterpart personnel, in accordance with the Agreement on Technical Cooperation between the Government of Japan and the Government of Vietnam signed on October 20, 1998.

2-5. Dispatch of the JICA Study Team

JICA will dispatch, at its own expense, the JICA Study Team to Vietnam, and the JICA Study Team will jointly work with the Counterpart Team and pursue technology transfer to promote AR-CDM activities in Vietnam in the course of the Study.

3. Preparation for the Study by Vietnamese side

Both sides agreed that Counterpart Team proposes more than one potential area by the first arrival of the JICA Study Team, among which the JICA Study Team and Counterpart Team will select one area as the target area for the small-scale AR-CDM project formulated by the Study.

4. Use of JICA's Guidelines for Environmental and Social Considerations

The Study develops a draft of PDD in accordance with the JICA's guidelines for environmental and social considerations.

5. Use of Existing Information

The Study uses existing information such as natural conditions, socio-economic data, maps and cadastre as much as possible. MARD will coordinate and/or facilitate the provision of existing information.

6. Equipment for the Study

The JICA Study Team would be provided with equipment and supplies necessary for



the Study. The equipment will remain the property of JICA for the duration of the Study, and its ultimate ownership shall be decided by JICA in consultation with DOF.

7. Office Space

Vietnamese side provides a small working space in DOF and an office space in VFU. Both spaces will be equipped with telephone and basic furniture for the use of the JICA Study Team.

8. Public Release of the Study

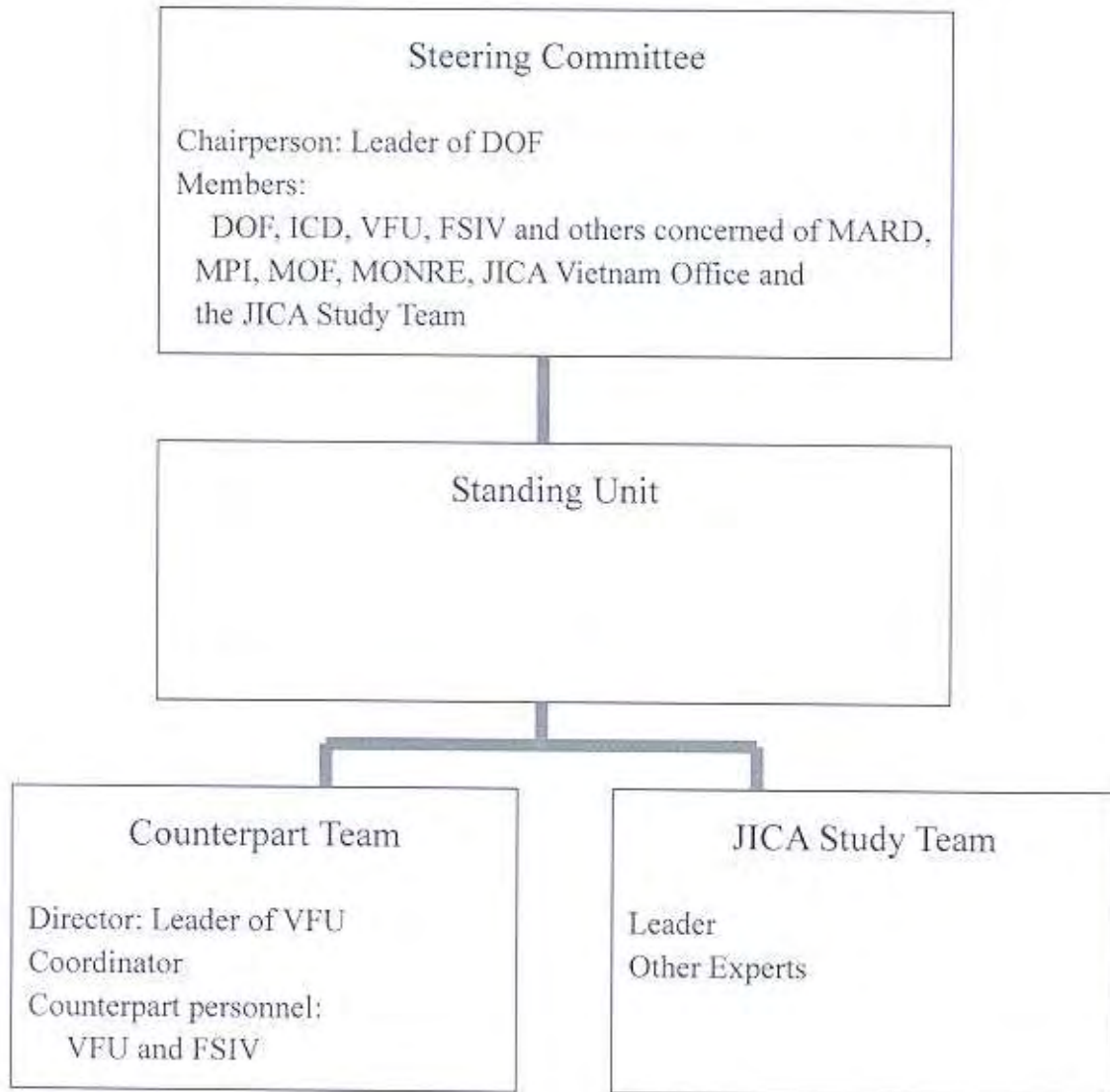
Both sides agreed that the results of the Study will be open to the public, in principle, in order to achieve maximum use of the Study results.

9. Technical Training Workshops

During and at the end of the Study, workshops aiming to provide technical skills and knowledge and to disseminate the results of the Study will be jointly organized by DOF, other Counterpart organizations and JICA.



Organizational Structure for the Study



[Handwritten signatures and initials in blue ink]

Appendix-2

Minutes of the steering committee meetings

**MINUTES OF THE STEERING COMMITTEE MEETING
ON
THE INCEPTION REPORT
OF
THE STUDY ON CAPACITY DEVELOPMENT FOR AR-CDM PROMOTION
IN
THE SOCIALIST REPUBLIC OF VIETNAM**

A meeting of the Steering Committee for the Study on Capacity Development for AR-CDM Promotion in the Socialist Republic of Vietnam (hereinafter referred to as "the Study") was held on 17th November 2006 at the meeting room of Department of Forestry (DOF), Ministry of Agriculture and Rural Development (MARD) to discuss the contents of the Inception Report.

As a result of the meeting, the Steering Committee approved the Inception Report of the Study. Participants, agenda, comments raised and an agreement reached at the meeting are presented in the paper attached.

Hanoi, 4 December 2006



Mr. Akihiko Sasaki
Team Leader
The Study on Capacity Development for
AR-CDM Promotion (JICA)



Mr. Nguyen Quang Duong
Vice Director
Department of Forestry
Ministry of Agriculture and Rural
Development

Steering Committee Meeting

Date: AM8:30-11:15, November 17, 2006

Place: Meeting Room No.103, Building B6, Department of Forestry

Participants: <Vietnamese Side>

- Mr. Nguyen Quang Duong (Vice Director, DOF, MARD) - **Chairman**
- Ms. Ha Thi Linh (Senior Officer, Department of Forestry Protection, DOF, MARD)
- Mr. Nguyen Nghia Bien (Deputy-head, Department of Planning, MARD)
- Mr. Phan Xuan Hoan (Vice Rector, VFU)
- Mr. Nguyen Ba Ngai (Head of Scientific Management and International Co-operation Division, VFU)
- Ms. Do Thi Ngoc Bich (Deputy-head of Scientific Management and International Co-operation Division, VFU)
- Mr. Vo Dai Hai (Deputy Director, FSIV)
- Mr. Vu Tan Phuong (Acting Director, RCFEE, FSIV)
- Mr. Hoang Manh Hoa (Climate Change Coordinator, Secretary of CDM National Executive and Consultative Board, FCD, MONRE)

<JICA Expert>

- Mr. Kensei Oda (JICA Expert, MARD)

<JICA>

- Mr. Masao Watanabe (Deputy Resident Representative, JICA Vietnam Office)
- Ms. Tomomi Uchikawa (Global Environmental Department, JICA Head Office)
- Ms. Hoang Thu Thuy (Assistant Program Officer, JICA Vietnam Office)

<JICA Study Team>

- Mr. Akihiko Sasaki (Team Leader, JICA Study Team)
- Mr. Masaru Ishikawa (JICA Study Team)
- Mr. Tomoki Nakamura (JICA Study Team)
- Mr. Ngo Sy Hoai (Interpreter, JICA Study Team)

Agenda:	8:30-8:50	Opening remarks by Mr. Duong (Chairman), MARD and introduction of participants
	8:50-9:30	Presentation of the Study by Mr. Sasaki (JICA Study Team)
	9:30-10:00	Comments and discussions
	10:00-10:15	Tea Break
	10:15-11:00	Comments and discussions
	11:00-11:15	Conclusions and closing remarks by Mr. Duong (Chairman), MARD

Comments:

<Mr. Hoa, MONRE>

- Prime Minister directive No: 35/2005/CT-TTg issued on 17 October 2005 instructs ministries concerned to develop plans regarding CDM. A week ago, MONRE issued an official letter to each ministry to request providing the information on activities related to CDM, which have been carrying out. Base on that, MONRE will synthesize and report to the Prime Minister. He appreciated the efforts of DOF, VFU and FSIV in term of what have been done for implementation of AR-CDM promotion in Vietnam. His presence in the meeting was really a good chance for MONRE to get

information on what have been done so far by MARD in term of AR-CDM promotion. It was confirmed that MONRE is ready to work in cooperation with pleasure with the Study Team and the Counterpart Team during the implementation of the Study.

- MARD is one of the members of CDM National Executive and Consultative Board (CNECB) and should actively work on CDM. Therefore, implementation of the Study by JICA and MARD is welcomed.
- Vietnam has much potential to implement AR-CDM. But there are difficulties in the formulation and implementation. For AR-CDM implementation, capacity building of governmental staff is required. Especially, demonstration of PDD preparation for a small-scale AR-CDM is important in consideration of the conditions in Vietnam.
- Regarding use of ODA fund, Vietnamese government prohibits diversion of ODA for implementation of CDM projects. Vietnamese Government follows Marrakesh Accord in terms of diversion of ODA.

<Mr. Hai, FSIV>

- FSIV has conducted researches such as baseline and carbon sequestration related to AR-CDM. FSIV can much cooperate with the Study.
- For organizational structure of the Study, lessons learned from RENFODA (Project for Rehabilitation of Natural Forest in Degraded Watershed Area in the North of Vietnam) may be referred to.
- Existence of the Standing Unit in the organizational structure may hamper smooth implementation of the Study because responsibilities of the project director may compete with those of the Standing Unit.

<Mr. Hoan, VFU>

- The Inception Report should highlight that draft PDD is a major output of the Study.
- Since land tenure in forest land is fragmented, the Study should consider association of forest holders as a project management unit of small-scale AR-CDM.
- Forest plantations with mixed species are prevailing in Vietnam. Therefore, the Study team should develop a new methodology for monitoring of carbon removals by mixed plantations.

<Mr. Linh, DOFP, MARD>

- There is no comment on the design of the Study.
- There is a need to add a part of explanation of the CDM terminologies in the Inception Report, if possible.
- The Study should compile lessons learned regarding AR-CDM formulation.
- Monitoring system of AR-CDM projects is important and should be elaborated well.
- The Study should consider possible conflicts between ordinary forestry projects and AR-CDM projects in terms of benefits and benefit allocation to local people.

<Mr. Bien, DOP, MARD>

- DOP expects that AR-CDM projects could be formulated through the Study.
- The Inception Report should present project fund and clarify responsibilities of counterpart agencies.

- Regarding use of ODA for CDM, a new decree on ODA management and use should be referred to.

<Mr. Watanabe, JICA Vietnam Office>

- JICA expects that the Study will be officially approved by the Government of Vietnam as soon as possible in order to implement the Study smoothly and effectively.
- JICA will provide logistic. But it was recommended that Vietnamese side has to commit to take responsibility for facilitating the procedures related to the Study as its obligation.

<Mr. Oda, JICA Expert, MARD>

- It was agreed between MARD and the preliminary study mission of JICA that Standing Unit under DOF is necessary for smooth implementation of the Study. Proposed bi-weekly meetings among the Standing Unit, Counterpart Team and Study Team are very important.
- He expects the Study would be implemented smoothly since counterpart agencies, VFU and RCFEE/FSIV, have enthusiasm and willingness to contribute to it, which is very important ingredient for success.

Responses to the comments by Mr. Sasaki (JICA Study Team):

- The Study Team is going to clarify the understanding on "diversion of ODA" by MONRE.
- The Study Team considers that the Standing Unit will not hamper smooth implementation of the Study. The Team is comfortable with the organizational set-up so far.
- The Study Team will carefully review approved methodologies if they are applicable for monitoring carbon removals in mixed plantations. New methodology will be developed only if the approved methodologies can not be applied.
- The Study Team will include definitions of terminology in the Interim Report and Final Report but not in the Inception Report due to lack of time.
- The Study Team will study, in the course of preparation of visions and action plans for AR-CDM promotion, possible conflicts between ordinary forestry projects and AR-CDM projects regarding benefits.
- The Study Team will insert a page to indicate summary of the Study including project fund.

Agreement:

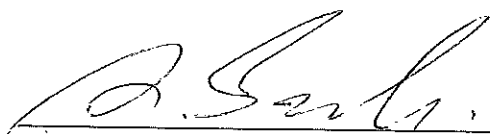
- The Inception Report shall be finalized taking the comments into account and be officially submitted to DOF/MARD by the middle of December 2006.

**MINUTES OF THE STEERING COMMITTEE MEETING
ON
THE INTERIM REPORT
OF
THE STUDY ON CAPACITY DEVELOPMENT FOR AR-CDM PROMOTION
IN
THE SOCIALIST REPUBLIC OF VIETNAM**

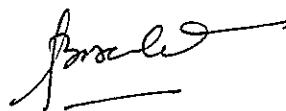
A meeting of the Steering Committee for the Study on Capacity Development for AR-CDM Promotion in the Socialist Republic of Vietnam (hereinafter referred to as “the Study”) was held on 18th May 2007 at the meeting room of Department of Forestry (DOF), Ministry of Agriculture and Rural Development (MARD) to discuss the contents of the Interim Report.

As a result of the meeting, the Steering Committee approved the Interim Report of the Study. Participants, agenda, comments raised and an agreement reached at the meeting are presented in the paper attached.

Hanoi, 31 May 2007



Mr. Akihiko Sasaki
Team Leader
The Study on Capacity Development for
AR-CDM Promotion (JICA)



Dr. Nguyen Ba Ngai
Vice Director General
Department of Forestry
Ministry of Agriculture and Rural
Development

Steering Committee Meeting

Date: AM8:30-11:45, May 18, 2007

Place: Meeting Room, 4th floor of Department of Forestry

Participants:

Name	Position	Organization/Agency
<Vietnamese Side>		
Dr. Nguyen Ba Ngai (Chairman)	Vice Director General	Department of Forestry, MARD
Mr. Bui Chinh Nghia	Deputy Chief	Administrative Division of Forestry Basic Inventory, Department of Forestry, MARD
Dr. Phan Xuan Hoan	Vice Rector	VFU
Ms. Do Thi Ngoc Bich	Deputy-head	Scientific Management and International Co-operation Division, VFU
Mr. Vu Tan Phuong	Acting Director	RCFEE, FSIV
Mr. Do Xuan Lan	Staff	Department of Science and Technology, MARD
Dr. Nguyen Phu Hung	Director	Department of Science and Technology, FIPI
Mr. Pham Xuan Thinh	Expert	Department of Planning, MARD
<JICA Expert>		
Mr. Mikihiro Inoue	JICA Expert	MARD
<JICA>		
Ms. Tomomi Uchikawa	Program Officer	Global Environment Department, JICA Head Office
<JICA Study Team>		
Mr. Akihiko Sasaki	Team Leader	JICA Study Team
Mr. Masaru Ishikawa	CDM Project Planning (1)	JICA Study Team
Mr. Tomoki Nakamura	CDM Forestry (2)	JICA Study Team
Mr. Ngo Sy Hoai	Interpreter	JICA Study Team

Agenda: 8:30-8:50 Opening remarks by Dr. Ngai (Chairman) and introduction of participants
 8:50-10:00 Presentation of the Study by Mr. Sasaki (JICA Study Team)
 10:00-10:15 Tea Break
 10:15-11:30 Comments and discussions
 11:30-11:45 Conclusions and closing remarks by Dr. Ngai (Chairman)

Comments:

<Mr. Vu Tan Phuong>

- With regard to the constraints No.5 (rural people prioritize crop production over reforestation), it is noted that high poverty ratio in rural areas is closely related to the constraints. In other words, rural poor has to prioritize food security over reforestation.

- Developing a new methodology is quite difficult. The JICA Study team and counterpart agencies should justify if the development of a new methodology is necessary or not.
- Establishment of a national DOE in Vietnam is necessary to reduce transaction cost of CDM (all kind of CDM). The Study team should consider ways of establishing national DOE.
- The activities in 2nd year are agreeable. The counterpart agencies request the study team for providing more opportunities for the counterpart to work closely with the Study team for their capacity building.

<Dr. Nguyen Phu Hung>

- Outcome of the Study in 1st year is admirable. In 2nd year, the Study team has to make the Project attractive to investors.
- Establishment of promotion system and capacity-building for AR-CDM promotion are important and other relevant agencies should be involved for the activities. The Study team clarifies the task of each relevant agency on AR-CDM promotion in Vietnam.
- FIPI also has a duty to develop forestry projects. FIPI could support the Study team for development of AR-CDM. In fact, governments of Germany and Switzerland have contacted FIPI on development of forestry project. Therefore, FIPI should be involved in the Study.

<Dr. Phan Xuan Hoan>

- FIPI is not considered as the counterpart organization of the Study, because FIPI declined to be involved in the Study as a counterpart organization at the discussion of the Preliminary Study. However, FIPI was invited and will be invited to the training workshops of the Study for capacity development and sharing of the experiences. FIPI would also be included in the action plans for AR-CDM promotion in Vietnam.
- Regarding development of new methodology, the Study team should utilize and apply existing methodologies approved by UNFCCC. Development of a new methodology is costly and takes longer time.
- The Study team should work carefully on estimation of leakage because it is quite difficult and complicated.
- It is said that there are 6 million ha of bare lands in Vietnam. But identification of Kyoto Land within the bare lands is quite difficult. The Study team should work on ways to identify and better estimate the Kyoto Land.
- Draft vision might be too ambitious. The vision should be prepared from a perspective within Vietnam, not within Indochina. The Study should also consider who shall issue the vision officially.
- Under the recently issued Prime Minister Decision No.47, the government should have a planning to support the implementation of different research activities for promotion of AR-CDM.

<Mr. Bui Chinh Nghia>

- Progress of the Study as well as the coordination among DOF, VFU, RCFEE and the JICA Study team are very good.

- If development of new methodology under the Study is not necessary, it shall be mentioned in Final Report including the justification.
- Regarding the support for establishment of national DOE, it is responsibility of private sector. If the government's support is needed, it shall be mentioned what the government can do for that.
- The Study shall prepare and propose research studies and trainings in details as follow-up activities to be implemented after completion of the JICA Study.
- Helpdesk should be responsible not only for information dissemination and website management but also for drafting of legislative documents relevant to AR-CDM.

<Mr. Do Xuan Lan>

- The 1st year study provided remarkable outcomes in such a short period of time.
- There are still much bare lands in Vietnam. But it is unclear whether these lands are suitable for AR-CDM or not. Field survey, field measurement and identification of Kyoto Land are very important.
- Searching investors for forestry development in Vietnam would be quite difficult. Therefore, utilization of other ODA fund such as ADB, WB and kfW would be considered for the Project implementation.

<Mr. Pham Xuan Think>

- Framework for maintaining helpdesk and website after finishing of the Project should be established in the Study.
- Categorization of eligible land for AR-CDM in consideration of existing cartelization of forestry of Vietnam would be established in the guidebook.
- Coordination with other project fund such as WB and ADB would be considered for the Project implementation.

<Ms. Tomomi Uchikawa>

- JICA highly appreciates for smooth implementation of the Study.
- JICA also expects realization of the pilot project although searching for investors to the pilot project is out of the scope of the Study.

<Mr. Akihiko Sasaki>

- The Study team uses an approved methodology to prepare draft PDD since it is applicable in Vietnam. Justification for not developing a new methodology will be described in the final report.
- The Study team considers that support for establishment of national DOE is necessary to make AR-CDM more attractive financially. The Study team will deliberate the practical ways and propose them in the final report.
- It is expected that private manufacturing companies operating in industrial parks near Hanoi would be potential investors for the pilot project.
- Details of help desk and website operation in the future including organizational structure will be described in the final report.
- The Study team will work more closely with the counterpart and encourage them to improve the vision and action plan.

- Identification and estimation of Kyoto Land based on forest statistics is difficult since we can not know about the local situations related to land eligibility and additionality from the statistics alone. Nevertheless, the Study team will study better ways to identify and estimate Kyoto land and propose them in the final report.

Conclusion:

< Dr. Nguyen Ba Ngai >

- MARD highly appreciates for the good progress of the study, good coordination among the counterpart and the Study team, and the contents of the Interim Report. The Study already raised the awareness of people on AR-CDM. It is requested that the Study team should reflect the comments of this meeting in the final report.
- Active participation of the counterpart as well as non counterpart in the Study should be encouraged for capacity building.
- In principle, MARD agrees with the draft vision and action plans for AR-CDM promotion in Vietnam. The draft vision should be improved by the contribution of non counterpart.
- Regarding development of new methodology, the justification for not developing it should be submitted to DOF through the Standing Unit in a month.



**The Study on Capacity Development for AR-CDM Promotion
in the Socialist Republic of Vietnam
Japan International Cooperation Agency (JICA)**

*Address: c/o Nippon Koei, Co., Ltd. SPL-III Afforestation Sector, 602, 6th Floor,
Giang Vo Lake View Building, D10 Giang Vo, Ba Dinh District, Hanoi Tel/Fax: 04-7723293*

Ref. CDARC-07-003

15 June 2007

Dr. Nguyen Ngoc Binh
Director General
Department of Forestry, MARD

**Subject: Justification for Not Developing a Draft of New Baseline and
Monitoring Methodology for AR-CDM by JICA Development Study**

Dear Dr. Nguyen Ngoc Binh,

As suggested at the Steering Committee meeting of the JICA Study held on 18th May 2007, we would like to submit you the justification for “not developing a draft of new baseline and monitoring methodology suitable for AR-CDM project in Vietnam” by the on-going JICA Study on Capacity Development for AR-CDM Promotion in Vietnam as follows:

(1) There is a methodology applicable for small-scale AR-CDM in Vietnam

The JICA Study focuses on promotion of small-scale AR-CDM in Vietnam. A simplified methodology for small scale AR-CDM was established by CDM-EB and approved by COP/MOP in 2005. The methodology covers AR-CDM project activities implemented on grasslands or croplands. But “grassland” here also includes shrubs presented in grasslands and croplands below the threshold of canopy cover, minimum area and tree height used to define forests (AR-AMS0001/ Version 03, 23 December 2006). The JICA Study team assesses that the methodology could be used not only for preparation of draft PDD for the pilot project but also for future AR-CDM projects in Vietnam.

(2) Developing a new methodology is time consuming, costly and has a risk of rejection

There are eight (8) approved methodologies for AR-CDM including one (1) simplified methodology for small-scale AR-CDM at present (refer to Annex). It is said that there is no room to develop a new methodology for estimation of carbon stock. In fact, the methodologies approved recently are minor modification of the existing methodologies, for example, in terms of estimation of leakage. Meanwhile, developing a new methodology requires a lot of empirical data for justification and takes much time to develop and to get approval from CDM-EB. The Vietnamese

government or the proponent of the pilot project must frequently communicate with CDM-EB during the review by ARWG and CDM-EB (at least one year). Further, there is a risk of rejection by CDM-EB as many proposed methodologies have been rejected or recommended to re-submit after improvement.

(3) Developing a new methodology will delay the implementation of the pilot project

A proposed new methodology must be submitted to CDM-EB for consideration and approval together with PDD of a project which uses the proposed methodology. Unless the proposed methodology is approved by CDM-EB, the project will not be approved and registered. Because it takes much time to get an approval of CDM-EB on the proposed methodology, it will delay the implementation of the AR-CDM project which uses the proposed methodology for preparing PDD. Early implementation of a pilot AR-CDM project is one of the measures for promotion of AR-CDM in Vietnam as mentioned in the Interim Report of the JICA Study. Therefore, developing a new methodology should be skipped as long as there is an approved methodology applicable in Vietnam.

Development of a draft of new baseline and monitoring methodology is one of the scopes of the JICA Study agreed in July 2006 between JICA and MARD. However, we, JICA Study team, would like to request for your consent in writing to cancel the scope due to the reasons mentioned above.

Your understanding on this matter and continuous close cooperation to the implementation of the Study would be highly appreciated.

Sincerely yours,

Akihiko Sasaki
Team Leader

- Cc: - JICA Vietnam Office
- Dr. Pham Duc Tuan, Vice Director of DOF, MARD (Head of the Standing Unit of the Study)
- VFU
- RCFEE, FSIV

Annex: Summarized Applicable Conditions of Approved Methodologies for AR-CDM

Conditions	AR-AM 0001	AR-AM 0002	AR-AM 0003	AR-AM 0004	AR-AM 0005	AR-AM 0006	AR-AM 0007	AR-AMS 0001
<Baseline>								
Degraded land	⊙	⊙	⊙	⊙	○	⊙	-	⊙
Grass land	△	△	△	△	⊙	△	○	○
Crop land	X	X	X	△	X	X	○	○
Wet land	X	X	X	X	X	X	X	X
Settlement	X	X	X	X	X	X	○	X
No encroachment of natural forest vegetation	○	○	○	-	○	○	○	-
Soil C, dead wood and litter decrease in BL scenario	○	-	○	○	○	○	○	-
Baseline AR activities	X	○	X	X	○	X	-	X
<Carbon Pool>								
Above ground	○	○	○	○	○	○	○	○
Below ground	○	○	○	○	○	○	○	○
Litter	X	○	X	X	X	X	○	X
Dead wood	X	○	X	X	X	X	○	X
Soil organic carbon	X	○	X	X	X	○	X	X
<Project Practice>								
Site preparation causing decrease of soil C	X	-	X	X	X	X	X	-
Flooding irrigation	X	-	X	X	X	X	X	-
Soil drainage and disturbance	X	-	X	X	X	X	X	-
Grazing in the project boundary	X	X	○	○	○	X	○	-
Use of nitrogen-fixing species	-	-	X	X	X	○	X	-
<Leakage>								
Shift of pre-project activities	X	X	○	○	○	X	X	○ <50%
Displacement of grazing	X	X	○	○	○	X	X	-
Displacement of fuelwood collection	X	X	○	○	X	X	X	-
Displacement of agriculture	X	X	-	○	X	X	X	-
<For Small-scale AR-CDM>								
Net anthropogenic greenhouse gas removals by sinks is less than 8 kt-CO ₂ /yr								○
Involvement of low-income communities and individuals as determined by the host Party								○

AR-AM 0001: Reforestation of degraded land (Version 2)

AR-AM 0002: Restoration of degraded lands through afforestation/reforestation

AR-AM 0003: Afforestation and reforestation of degraded land through tree planting, assisted natural regeneration and control of animal grazing (Version 2)

AR-AM 0004: Reforestation or afforestation of land currently under agricultural use

AR-AM 0005: Afforestation and reforestation project activities implemented for industrial and/or commercial uses

AR-AM 0006: Afforestation/Reforestation with Trees Supported by Shrubs on Degraded Land

AR-AM 0007: Afforestation and Reforestation of Land Currently Under Agricultural or Pastoral Use

AR-AMS 0001: Revised simplified baseline and monitoring methodologies for selected small-scale afforestation and reforestation project activities under the clean development mechanism (Version 3)

MINUTES OF THE STEERING COMMITTEE MEETING

ON

THE INTERIM REPORT (2)

OF

THE STUDY ON CAPACITY DEVELOPMENT FOR AR-CDM PROMOTION

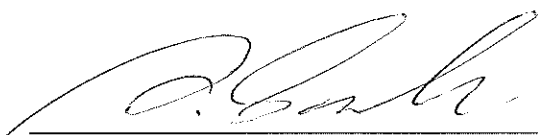
IN

THE SOCIALIST REPUBLIC OF VIETNAM

A meeting of the Steering Committee for the Study on Capacity Development for AR-CDM Promotion in the Socialist Republic of Vietnam (hereinafter referred to as “the Study”) was held on 22nd February 2008 at the meeting room of Department of Forestry (DOF), Ministry of Agriculture and Rural Development (MARD) to discuss and approve the contents of the Interim Report (2) and other related administrative matters.

The details of the meeting and the conclusions are presented in the paper attached hereto.

Hanoi, 22 February 2008



Mr. Akihiko Sasaki
Team Leader
The Study on Capacity Development for
AR-CDM Promotion (JICA)



Dr. Pham Duc Tuan
Deputy Director General
Department of Forestry
Ministry of Agriculture and Rural
Development

Steering Committee Meeting on the Interim Report (2)

- Date:** AM8:40-11:20, 22nd February 2008
- Place:** Meeting Room, 4th floor of Department of Forestry
- Agenda:**
- 8:40-8:45 Introduction of participants by Mr. Nghia
 - 8:45-8:50 Opening remarks by Dr. Tuan (Chairman)
 - 8:50-10:20 Presentation of the Study by Mr. Sasaki (JICA Study Team)
 - 10:20-10:40 Tea Break
 - 10:40-11:20 Comments and discussions
 - 11:20-11:30 Conclusions and closing remarks by Dr. Tuan (Chairman)

Participants:

Name	Position	Organization/Agency
<Vietnamese Side>		
Dr. Pham Duc Tuan (Chairman)	Deputy Director General	Department of Forestry, MARD
Mr. Bui Chinh Nghia	Deputy Chief	Administrative Division of Forestry Basic Inventory, DOF, MARD
Dr. Phan Xuan Hoan	Vice Rector	Vietnam Forestry University(VFU)
Ms. Do Thi Ngoc Bich	Deputy-head	Scientific Management and International Co-operation Division, VFU
Mr. Vo Dai Hai	Deputy Director	Forestry Science Institute of Vietnam (FSIV)
Mr. Le Van Tan	Staff	Department of Science, Technology, Environment, MARD
Mr. Pham Hong Luong	Staff	Department of Finance, MARD
<JICA Expert>		
Mr. Mikihiro Inoue	JICA Expert	DOF, MARD
Ms. Do Thi Thanh Thuy	Assistant	Office of JICA Expert, DOF, MARD
<JICA>		
Mr. Hiroto Mitsugi	Team Director	Forestry and Nature Conservation Team I, Group I, Global Environment Department, JICA Headquarters
Mr. Yosuke Nishii	Staff	Forestry and Nature Conservation Team I, Group I, Global Environment Department, JICA Headquarters
Ms. Eiko Kojima	Project Formulation Adviser	JICA Vietnam Office
Ms. Hoang Thu Thuy	Assistant Program Officer	JICA Vietnam Office

<JICA Study Team>		
Mr. Akihiko Sasaki	Team Leader	JICA Study Team
Ms. Makino Yamada	CDM Forestry (1)	JICA Study Team
Mr. Phung Van Khoa	Interpreter	JICA Study Team

CONCLUSIONS

1. Approval of the Interim Report (2)

The steering committee agreed to the contents of the Interim Report (2) of the Study including the vision and action plans for AR-CDM promotion in Vietnam. The Interim Report (2) shall be finalized taking the comments raised at the steering committee meeting into account and be officially submitted to DOF/MARD by the end of March 2008.

2. Cancellation of drafting a new baseline and monitoring methodology

The steering committee agreed to cancel the drafting of a new baseline and monitoring methodology for small-scale AR-CDM project, despite it was stated as one of the activities under the scope of work at the section 3. "Support for capacity development on a small-scale AR-CDM project formulation" in "IV. SCOPE OF THE STUDY" of the Scope of Work signed between MARD and JICA on July 5, 2006. The JICA Study team justified the matter in the letter submitted to DPF in June 2007 (as attached).

3. Extension of the Study period until March 2009

The steering committee agreed to extend the Study period until March 2009 to support the validation and registration of the pilot project.

4. Other comments raised in the Meeting

- From the observation of DOF, this Study is one of the projects which have been implemented very well. The steering committee members all agreed that the Study brought significant and very good results. The results of the Study have helped Vietnam counterparts to understand that the small-scale AR-CDM projects are suitable in Vietnam considering the condition. Therefore, the members do hope that the pilot AR-CDM project in Cao Phong will be materialized and implemented soon. It is really necessary and important not only to prove/demonstrate but also to share experiences and lesson learnt with other AR-CDM projects in the future.
- The steering committee recommends starting the implementation of the pilot project as soon as possible. It is important for justification and stable maintenance of the result of this Study. It will also provide good lessons for implementation of succeeding AR-CDM projects.
- MARD will maintain the AR-CDM helpdesk as discussed and agreed with the vice minister. But, the support from outside is crucial at present. The steering committee would like to propose JICA for the support in future.
- All the activities of the social fund shall follow all the existing regulations of the government.



**The Study on Capacity Development for AR-CDM Promotion
in the Socialist Republic of Vietnam**

Japan International Cooperation Agency (JICA)

*Address: c/o Nippon Koei, Co., Ltd. SPL-III Afforestation Sector, 602, 6th Floor,
Giang Vo Lake View Building, D10 Giang Vo, Ba Dinh District, Hanoi Tel/Fax: 04-7723293*

Ref. CDARC-07-003

15 June 2007

Dr. Nguyen Ngoc Binh
Director General
Department of Forestry, MARD

**Subject: Justification for Not Developing a Draft of New Baseline and
Monitoring Methodology for AR-CDM by JICA Development Study**

Dear Dr. Nguyen Ngoc Binh,

As suggested at the Steering Committee meeting of the JICA Study held on 18th May 2007, we would like to submit you the justification for “not developing a draft of new baseline and monitoring methodology suitable for AR-CDM project in Vietnam” by the on-going JICA Study on Capacity Development for AR-CDM Promotion in Vietnam as follows:

(1) There is a methodology applicable for small-scale AR-CDM in Vietnam

The JICA Study focuses on promotion of small-scale AR-CDM in Vietnam. A simplified methodology for small scale AR-CDM was established by CDM-EB and approved by COP/MOP in 2005. The methodology covers AR-CDM project activities implemented on grasslands or croplands. But “grassland” here also includes shrubs presented in grasslands and croplands below the threshold of canopy cover, minimum area and tree height used to define forests (AR-AMS0001/ Version 03, 23 December 2006). The JICA Study team assesses that the methodology could be used not only for preparation of draft PDD for the pilot project but also for future AR-CDM projects in Vietnam.

(2) Developing a new methodology is time consuming, costly and has a risk of rejection

There are eight (8) approved methodologies for AR-CDM including one (1) simplified methodology for small-scale AR-CDM at present (refer to Annex). It is said that there is no room to develop a new methodology for estimation of carbon stock. In fact, the methodologies approved recently are minor modification of the existing methodologies, for example, in terms of estimation of leakage. Meanwhile, developing a new methodology requires a lot of empirical data for justification and takes much time to develop and to get approval from CDM-EB. The Vietnamese

government or the proponent of the pilot project must frequently communicate with CDM-EB during the review by ARWG and CDM-EB (at least one year). Further, there is a risk of rejection by CDM-EB as many proposed methodologies have been rejected or recommended to re-submit after improvement.

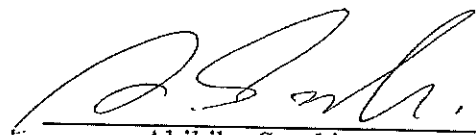
(3) Developing a new methodology will delay the implementation of the pilot project

A proposed new methodology must be submitted to CDM-EB for consideration and approval together with PDD of a project which uses the proposed methodology. Unless the proposed methodology is approved by CDM-EB, the project will not be approved and registered. Because it takes much time to get an approval of CDM-EB on the proposed methodology, it will delay the implementation of the AR-CDM project which uses the proposed methodology for preparing PDD. Early implementation of a pilot AR-CDM project is one of the measures for promotion of AR-CDM in Vietnam as mentioned in the Interim Report of the JICA Study. Therefore, developing a new methodology should be skipped as long as there is an approved methodology applicable in Vietnam.

Development of a draft of new baseline and monitoring methodology is one of the scopes of the JICA Study agreed in July 2006 between JICA and MARD. However, we, JICA Study team, would like to request for your consent in writing to cancel the scope due to the reasons mentioned above.

Your understanding on this matter and continuous close cooperation to the implementation of the Study would be highly appreciated.

Sincerely yours,



Akihiko Sasaki
Team Leader

- Cc: - JICA Vietnam Office
- Dr. Pham Duc Tuan, Vice Director of DOF, MARD (Head of the Standing Unit of the Study)
- VFU
- RCFEE, FSIV

Annex: Summarized Applicable Conditions of Approved Methodologies for AR-CDM

Conditions	AR-AM 0001	AR-AM 0002	AR-AM 0003	AR-AM 0004	AR-AM 0005	AR-AM 0006	AR-AM 0007	AR-AMS 0001
<Baseline>								
Degraded land	⊙	⊙	⊙	⊙	○	⊙	-	⊙
Grass land	△	△	△	△	⊙	△	○	○
Crop land	X	X	X	X	X	X	○	○
Wet land	X	X	X	X	X	X	X	X
Settlement	X	X	X	X	X	X	○	X
No encroachment of natural forest vegetation	○	○	○	-	○	○	○	-
Soil C, dead wood and litter decrease in BL scenario	○	-	○	○	○	○	○	-
Baseline AR activities	X	○	X	X	○	X	-	X
<Carbon Pool>								
Above ground	○	○	○	○	○	○	○	○
Below ground	○	○	○	○	○	○	○	○
Litter	X	○	X	X	X	X	○	X
Dead wood	X	○	X	X	X	X	○	X
Soil organic carbon	X	○	X	X	X	○	X	X
<Project Practice>								
Site preparation causing decrease of soil C	X	-	X	X	X	X	X	-
Flooding irrigation	X	-	X	X	X	X	X	-
Soil drainage and disturbance	X	-	X	X	X	X	X	-
Grazing in the project boundary	X	X	○	○	○	X	○	-
Use of nitrogen-fixing species	-	-	X	X	X	○	X	-
<Leakage>								
Shift of pre-project activities	X	X	○	○	○	X	X	○ <50%
Displacement of grazing	X	X	○	○	○	X	X	-
Displacement of fuelwood collection	X	X	○	○	X	X	X	-
Displacement of agriculture	X	X	-	○	X	X	X	-
<For Small-scale AR-CDM>								
Net anthropogenic greenhouse gas removals by sinks is less than 8 kt-CO2/yr								○
Involvement of low-income communities and individuals as determined by the host Party								○

- AR-AM 0001: Reforestation of degraded land (Version 2)
- AR-AM 0002: Restoration of degraded lands through afforestation/reforestation
- AR-AM 0003: Afforestation and reforestation of degraded land through tree planting, assisted natural regeneration and control of animal grazing (Version 2)
- AR-AM 0004: Reforestation or afforestation of land currently under agricultural use
- AR-AM 0005: Afforestation and reforestation project activities implemented for industrial and/or commercial uses
- AR-AM 0006: Afforestation/Reforestation with Trees Supported by Shrubs on Degraded Land
- AR-AM 0007: Afforestation and Reforestation of Land Currently Under Agricultural or Pastoral Use
- AR-AMS 0001: Revised simplified baseline and monitoring methodologies for selected small-scale afforestation and reforestation project activities under the clean development mechanism (Version 3)

MINUTES OF THE STEERING COMMITTEE MEETING
ON
THE DRAFT FINAL REPORT
OF
THE STUDY ON CAPACITY DEVELOPMENT FOR AR-CDM PROMOTION
IN
THE SOCIALIST REPUBLIC OF VIETNAM

A meeting of the Steering Committee for the Study on Capacity Development for AR-CDM Promotion in the Socialist Republic of Vietnam (hereinafter referred to as “the Study”) was held on 15th December, 2008 at the meeting room of Department of Forestry (DOF), Ministry of Agriculture and Rural Development (MARD) to discuss and approve the contents of the Draft Final Report.

The details of the meeting and the conclusions are presented in the paper attached hereto.

Hanoi, 15 December, 2008



Mr. Akihiko Sasaki
Team Leader
The Study on Capacity Development for
AR-CDM Promotion (JICA)



Dr. Nguyen Ngoc Binh
Director General
Department of Forestry
Ministry of Agriculture and Rural
Development

Steering Committee Meeting on the Draft Final Report

Date: AM8:40-11:00, 15th December, 2008

Place: Meeting Room, 4th floor of Department of Forestry

Agenda:

8:40-8:50	Opening remarks by Dr. Binh (Chairman)
8:50-9:10	Presentation by Mr. Sasaki (JICA Study Team)
9:10-9:35	Comments and discussions
9:35-9:50	Coffee Break
9:50-10:50	Comments and discussions
10:50-11:00	Conclusions and closing remarks by Dr. Hoan (on behalf of the Chairman)

Participants:

Name	Position	Organization/Agency
<Vietnamese Side>		
Dr. Nguyen Ngoc Binh (Chairman)	Director General	Department of Forestry, MARD
Mr. Pham Manh Cuong	Senior Officer	Department of Forestry, MARD
Dr. Phan Xuan Hoan (acting chairman after Dr. Binh left)	Vice Rector	Vietnam Forestry University (VFU)
Ms. Do Thi Ngoc Bich	Vice-head	Scientific Management and International Co-operation Division, VFU
Mr. Le Quoc Huy	Director	Bio-technology Center, Forestry Science Institute of Vietnam (FSIV)
Mr. Vu Tan Phuong	Director	Research Center for Forest, Ecology and Environment, FSIV
<JICA Expert>		
Mr. Mikihiro Inoue	JICA Expert	DOF, MARD
Ms. Do Thu Thuy	Assistant	Office of JICA Expert, DOF, MARD
Mr. Hiroshi Nakata	Senior Advisor (forestry)	JICA Headquarters
Dr. Wataru Yamamono	Natural Resource management Specialist	Member of JICA' preparatory study mission
<JICA>		
Mr. Yosuke Nishii	Staff	Forestry and Nature Conservation Team I, Group I, Global Environment Department, JICA Headquarters
Mr. Noriaki Murase	Representative	JICA Vietnam Office
<JICA Study Team>		
Mr. Akihiko Sasaki	Team Leader	JICA Study Team
Ms. Makino Yamada	CDM Forestry (1)	JICA Study Team
Mr. Bui The Doi	Interpreter	JICA Study Team

Opinions and comments of the participants as well as the conclusion of the meeting are as follows:

1. Comments and discussions

<Mr. Binh, Chairman>

Achievement of the study is appropriate to the Strategy of Forestry development of Vietnam in terms of conservation of forest and biodiversity and rewarding of environment service. The PDD of the AR-CDM is now waiting for registration. So necessary preparation for implementation of the AR-CDM project in Cao Phong is very important in order to meet the planting season in early 2009. Actually we had started some activities related to AR-CDM before this study, but there were some difficulties in terms of unclear procedures at that time. That is why we were not successful to go ahead with what we wanted to do. Therefore the output of this study and the feasibility of AR-CDM pilot project in Cao Phong are the good lesson learnt for the others project in Vietnam.

<Mr. Hoan, Acting Chairman>

The evaluation of the success of the study by both sides in this meeting is necessary. As one of the counterparts of the JICA Study, I would like to say that the study is very successful. The implementation of the Study was highly efficient even under the limitation of time and budget. There were three reasons of the good efficiency: (a) participation of multi-sectors including DOF, VFU, FSIV, local governments in the Study, (b) not only the capacity building but the implementation of an actual AR-CDM project were supported, and (c) good open-minded relationship between the Study team and the counterparts.

<Mr. Phuong, RCFEE>

Highly appreciated the efforts and contributions by JICA study team to the success of the project. The capacity and experience of RCFEE staff and Mr. Phuong has been much improved through this project. Regarding the Draft Final Report, it seems that its contents are not conformity with those mentioned in the Scope of Work for the Study agreed in July 2006 between JICA and MARD. The Scope of Work says "the (Final) report will include analysis of the (study) results, lessons learned, action plan and recommendations to promote AR-CDM in Vietnam." It is also important to consult with other agencies concerned on the vision and action plan for promotion of AR-CDM in Vietnam and propagate them widely.

<Mr. Sasaki, JICA Study Team>

JICA Study Team submitted Interim Report (2) to MARD in March 2008. In fact, the contents of the Interim Report (2) are the same as those of the Final Report mentioned in the Scope of Work. And the Draft Final Report submitted by JICA Study Team this time covers those related to validation of the small-scale AR-CDM pilot project only. The JICA Study Team changed the title of the reports as well as the contents after consultation with JICA Tokyo because of the change of the Scope of Work requested by MARD and agreed by JICA, i.e., one year extension of the study period to support the validation of the pilot project additionally. Therefore, JICA Study Team satisfies the Scope of Work agreed between JICA and MARD. Regarding the propagation of the vision and action plan, JICA Study Team considers that it is the task of MARD to propagate them after refinement.

<Mr. Cuong, DoF>

Congratulated on the success of the project, thanked JICA for cooperation and support to this project. As we know that approval and registration of an AR-CDM project is very difficult; therefore the success of this study shows that we are able to work with that successfully.

<Other comments and opinions raised in the meeting>

- The AR-CDM pilot project is now under the registration process and will be approved by CDM-EB under UNFCCC next year. It is understood that formulation and implementation of AR-CDM projects are not easy exercises. But the pilot project will pave a way for promotion of AR-CDM it in Vietnam. It is also expected the pilot project will contribute to institutionalization of AR-CDM scheme and be replicated in other provinces in the future. MARD could also issue new regulations regarding AR-CDM or PES (payment for environmental services) of forest based on the experiences of the pilot project implementation.
- DOF wishes to implement a larger AR CDM project based on the experiences of the Study and the pilot project. DOF have already asked VFU and FSIV to take initiatives for the promotion of AR CDM.
- Climate change and forest is one of the strategic issues of JICA. JICA intends to provide assistance for such sectors in Vietnam.
- There were inquiries on the AR CDM project through the AR CDM helpdesk and website. There was also an opportunity for AR-CDM help desk in VFU to provide consulting service to ICRAF on AR-CDM project formulation.
- Even after the completion of the Study, the members of JICA Study team are willing to provide necessary support for the implementation of the pilot project including looking for buyers of the carbon credit.

2. Conclusion

<Dr. Hoan, acting chairman>

The steering committee members all agreed the significant and very good results achieved by the Study as well as the explanation of JICA Study Team regarding the contents of the Draft Final Report. JICA Study team shall finalize the report incorporating the comments to be officially submitted by MARD within two weeks and submit the Final Report by the end of March 2009.

Appendix-3
Validation Report
prepared by JACO CDM Ltd.

JACO CDM

**SMALL-SCALE
A/R VALIDATION REPORT**

Client: NIPPON KOEI CO.,LTD

Cao Phong Reforestation Project

Revision No.00

2008. 12. 25

Report No. GR08W0013D

JACO CDM., LTD

Draft Validation Report

Date of first issue: Dec. 25, 2008	
Approved by: Yasunori SHIMOI CEO, President of JACO CDM	Project No.:
Client: Client Name: NIPPPON KOEI CO.,LTD	Client ref.:

Summary:

JACO CDM., Ltd has been ordered by NIPPON KOEI Co., Ltd. entrusted by FDF: The Project Participant to perform validation of small-scale A/R project "Cao Phong Reforestation Project" (hereinafter the Project).

The host country is Vietnam.

This validation report summarizes the findings of the validation.

The validation consisted of the following three steps:

- i) desk review of the project design, the baseline and the monitoring plan etc.,
- ii) follow-up interviews with project stakeholders
- iii) the resolution of outstanding issues and issuance of the final validation report and the opinion.

The responses to 5 Corrective Action Requests and 21 Clarifications to the PDD version No.1 (May, 2008) were satisfactorily provided by the Project participants and the original PDD was revised. Total net anthropogenic removals (tCER) from the project are estimated to be on average of 2,665 tCO₂ per year over the selected 16 year crediting period. The net anthropogenic removal forecast has been checked and is deemed likely that the stated amount is achieved given that the underlying assumptions do not change.

Adequate training and monitoring procedures have been implemented.

In summary, it is JACO CDM's opinion, that the "Cao Phong Reforestation Project" in Vietnam as described in the PDD version 2.1 of 11th, Nov. 2008 meets all relevant UNFCCC requirements for A/R project activities under the CDM and all relevant host country criteria and correctly applies the baseline and monitoring methodology AR-AMS0001, version 04. Hence, JACO CDM requests the registration of the project as a small-scale A/R CDM project activity.

Report No.: GR08W0013D		
Report title: Small-Scale A/R Validation Report Cao Phong Reforestation Project		
Work carried out by: Osamu KOBAYASHI, Teruo FUKUDA		
Work verified by: Shigekazu OKA Noriyuki KOBAYASHI (Expert)		
Date of this revision .Dec. 25.2008	Rev. No.: 00	Number of pages:

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Draft Validation Report

Abbreviations

AGB	Above-ground Biomass
A/R	Afforestation Reforestation
BEF	Biomass Expansion Factor
CAR	Corrective Action Request
CCB	Climate, Community & Biodiversity
CDM	Clean Development Mechanism
CEF	Carbon Emission Factor
CERs	Certified Emission Reduction
CL	Clarification Request
COP	Conference of Parties
DBH	Diameter at Breast Height
dm	Dry Matter
DNA	Designated National Authority
DOE	Designated Operating Entity
DPC	Cao Phong District People's Committee
ERs	Emission Reductions
EIA	Environmental Impact Assessment
EIS	Environmental Impact statement
FDF	Forest Development Fund
FMP	Forest Management Plan
GHG	Green House Gas(es)
GIS	Geographical Information Systems
GPG	Good Practice Guidance
IPCC	Intergovernmental Panel on Climate Change
JACO CDM	JACO CDM Co., Ltd
JICA	Japan International Cooperation Agency
KP	Kyoto Protocol
LULUCF	Land use, land-use change and forestry
MARD	The Ministry of Agriculture and Rural Development
NGO	Non Governmental Organization
PDD	Project Design Document
PPC	Hoa Binh province People's Committee
PRA	Participatory Rural Appraisal
QA	Quality Assurance
QC	Quality Control
RCFEE	Research Center for Forest Technology and Environment
SOPs	Standard Operating Procedures
SPGS	Sawlog Production Grant Scheme
SV	Stem Volume
tCERs	Tempolary Certified Emission Reduction
UNFCCC	United Nations Framework Convention on Climate Change
UTM	Universal Transverse Mercator coordinate system
VFU	Vietnam Forest University
WD	Wood Density
WGS	World Geodetic System

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Appendix A: Validation Protocol

1. INTRODUCTION

1.1. Objective

NIPPON KOEI CO.,LTD has commissioned JACO CDM to validate the small-scale A/R project “Cao Phong Reforestation Project” (hereinafter called “the project”) under entrustment of the FDF: The Project Participant/36/.

The validation serves as design verification and is a requirement for all CDM projects. The purpose of a validation is to have an independent third party assess the project design. In particular, the project’s baseline, the monitoring plan (MP), and the project’s compliance with relevant UNFCCC and host country criteria are validated in order to confirm that the project design as documented is sound and reasonable and meets the stated requirements and identified criteria.

Validation is a requirement for all CDM projects and is seen as necessary to provide assurance to stakeholders of the quality of the project and its intended generation of temporary or long-term certified emission reductions (tCERs/ICERs).

UNFCCC criteria refer to the Kyoto Protocol criteria and the CDM rules and modalities as agreed in the Bonn Agreement and the Marrakech Accords.

1.2. Scope

The validation scope is defined as an independent and objective review of the project design document (PDD). The PDD is reviewed against the criteria stated in Article 12 of the Kyoto Protocol, sections A to F of the CDM modalities and procedures as agreed in the Marrakech Accords, the modalities and procedures for A/R project activities under CDM as agreed at COP 9, the simplified modalities and procedures for small-scale A/R project activities under the CDM as agreed at COP 10 and the relevant decisions by the CDM Executive Board, including the approved baseline and monitoring methodology. The validation team has, based on the recommendations in the Validation and Verification Manual employed a risk-based approach, focusing on the identification of significant risks for project implementation and the generation of t/ICERs.

The validation is not meant to provide any consulting towards the project participants. However, stated requests for clarifications and/or corrective actions may have provided input for improvement of the project design.

The validation was conducted by the following validation team through the assessment of the PDD and the additional documents listed in the Chapter 6 “References”, also by the interviews with persons listed in the same Chapter.

The result of validation team activity was reviewed by the internal verifiers.

Validation Team

Osamu KOBAYASHI	JACO CDM	Team Leader
Teruo FUKUDA	JACO CDM	Team Member

Internal Verifiers

Shigekazu OKA	Lead Validator of Audit Department of JACO CDM
Noriyuki KOBAYASHI	Professor of Law School of Nihon University, Technical Advisor to JACO CDM for AR project

1.3. Project Description

The small-scale CDM A/R project “Cao Phong Reforestation Project ” plans to establish 365Ha of tree plantations on currently degraded grass and shrubland in Xuan Phong and Bac Phong communes, Cao Phong District, Hoa Binh Province Vietnam.

The project aims at (a) rehabilitation of degraded land and improve land productivity and environmental condition through reforestation, (b) reduction of carbon dioxide in the atmosphere by sequestration of carbon in forest carbon pools, and (c) income increase of local people by timber production and sales of carbon credits.

The project is organized by FDF: NPO established in April 2004, for the purpose. VFU and RCFEE were involved in the project formulation and will support the project implementation in terms of monitoring, technical assistance provision. The villagers who have the land use right of the project site, under assistance and advice of the communes belonging to DPC will implement planting and protection of the project site.

Acacia mangium and Acacia auriculiformis will be planted and harvested on a 15 year rotation. The project will remove 42,645 tCO₂ during initial crediting period.

Revenues from forest products and CERs will be shared by FDF and the land use right holder.

2. METHODOLOGY

The validation consists of the following three phases:

- I a desk review of the project design documentation
- II follow-up interviews with project stakeholders
- III resolution of outstanding issues and the issuance of the final validation report and opinion.

In order to ensure transparency, a validation protocol was customized for the project, according to the Validation and Verification Manual. The protocol shows, in a transparent manner, criteria (requirements), means of verification and the results from validating the identified criteria. The validation protocol serves the following purposes:

- It organizes, details and clarifies the requirements a CDM project is expected to meet;
- It ensures a transparent validation process where the validator will document how a particular requirement has been validated and the result of the validation.

The validation protocol consists of three tables. The different columns in these tables are described in Figure 1.

The validation protocol is enclosed in Appendix A to this report.

Findings established during the validation can either be seen as a non-fulfillment of validation protocol criteria or where a risk to the fulfillment of project objectives is identified. Corrective Action Requests (CAR) is issued, where:

- i) Mistakes have been made with a direct influence on project results;
- ii) Validation protocol requirements have not been met; or
- iii) There is a risk that the project would not be accepted as a CDM project or that emission reductions will not be certified.

The validation team may also use the term Clarification, which would be where:

- iv) Additional information is needed to fully clarify an issue.

validation Protocol Table 1: Mandatory Requirements			
Requirement	Reference	Conclusion	Cross reference
<i>The requirements the project must meet.</i>	<i>Gives reference to the legislation or agreement where the requirement is found.</i>	<i>This is either acceptable based on evidence provided (OK), or a Corrective Action Request (CAR) of risk or non-compliance with stated requirements. The corrective action</i>	<i>Used to refer to the relevant checklist questions in Table 2 to show how the specific requirement is validated. This is to ensure a transparent Validation process.</i>

		requests are numbered and presented to the client in the Validation report.	
--	--	---	--

Validation Protocol Table 2: Requirement checklist				
Checklist Question	Reference	Means of verification (MoV)	Comment	Draft and/or Final Conclusion
<i>The various requirements in Table 1 are linked to checklist questions the project should meet. The checklist is organized in seven different sections. Each section is then further sub-divided. The lowest level constitutes a checklist question.</i>	<i>Gives reference to documents where the answer to the checklist question or item is found.</i>	<i>Explains how conformance with the checklist question is investigated. Examples of means of verification are document review (DR) or interview (I). N/A means not applicable.</i>	<i>The section is used to elaborate and discuss the checklist question and/or the conformance to the question. It is further used to explain the conclusions reached.</i>	<i>This is either acceptable based on evidence provided (OK), or a Corrective Action Request (CAR) due to non-compliance with the checklist question (See below). Clarification is used when the validation team has identified a need for further clarification.</i>

Validation Protocol Table 3: Resolution of Corrective Action and Clarification Requests			
Draft report clarifications and corrective action requests	Ref. to checklist question in table 2	Summary of project owner response	Validation conclusion
<i>If the conclusions from the draft Validation are either a Corrective Action Request or a Clarification Request, these should be listed in this section.</i>	<i>Reference to the checklist question number in Table 2 where the Corrective Action Request or Clarification Request is explained.</i>	<i>The responses given by the Client or other project participants during the communications with the validation team should be summarized in this section.</i>	<i>This section should summarize the validation team's responses and final conclusions. The conclusions should also be included in Table 2, under "Final Conclusion".</i>

Figure 1 Validation protocol tables

2.1. Review of Documents

The Project Design Document submitted by NIPPON KOEI CO., LTD and additional background documents related to the project design and baseline were reviewed. Documents reviewed are listed in Chapter 6 "References".

The validation findings stated hereafter are based on the PDD version 1, dated 8 May, 2006.

2.2. Follow-up Interviews

In the period of 28 July 2008 to 2 August 2008, JACO CDM performed interviews with project stakeholders to confirm selected information and to resolve issues identified in the document

review. DNA of Vietnam, Representatives of FDF, VFU, RCFEE were interviewed. Three sub-site out of five sub-sites were visited. Interviews with representatives of commune, and villagers were made. The main topics of the interviews are summarized in Table 1.

Table 1 Interview topics

Interviewed organisation	Interview topics
DNA	<ul style="list-style-type: none"> ➤ Situation of the DNA's approval of the Project ➤ Low-income communities and individuals ➤ Authorization of project participants ➤ Public funding ➤ Sustainable development policy ➤ EIA and socio-economic impacts
FDF (Project participant) VFU, RCFEE	<ul style="list-style-type: none"> ➤ Project overview ➤ PDD <ul style="list-style-type: none"> - General (incl. Definition of Forest, Boundary, Project Participants, Community, Public funding, etc.) - Baseline - Monitoring Methodology - GHG removal - Environmental Impacts - Socio-economic Impacts - Stakeholders comments ➤ Schedule
Commune, Villagers	<ul style="list-style-type: none"> ➤ Organization and Activity ➤ Relation with FDF ➤ Purpose and expecting benefits ➤ Information about the historical land-use of the project-site

2.3. Resolution of Clarification and Corrective Action Requests

The objective of this phase of the validation is to resolve the requests for corrective actions and clarification and any other outstanding issues which needed to be clarified for JACO CDM's positive conclusion on the project design. The Corrective Action Requests and Clarification Requests raised by JACO CDM were resolved during communications between the Client and JACO CDM.

To guarantee the transparency of the validation process, the concerns raised and responses given are summarized in chapter 3 below and documented in more detail in the validation protocol in Appendix A.

Since modifications to the Project design document were necessary to resolve JACO CDM's concerns, the Client decided to revise the documentation. After revised PDD was submitted and reviewed, JACO CDM issued the final validation report and opinion.

2.4. Internal Quality Control and Assurance

The draft validation report including the initial validation findings underwent a technical review before submitted to the project participants. The final validation report underwent the assessment by JACO CDM's Certification Determination Committee to ensure independence, impartiality, transparency, credibility and indiscrimination of assessments.

Two-third of the committee members are selected from outside of JACO CDM.

Meeting was held on 25th, Dec. 2008.

3. VALIDATION FINDINGS

In the following sections the findings of the validation are stated. The validation findings for each validation subject are presented as follows:

1) The findings from the desk review of the original project design documents and the findings from interviews during the follow up visit are summarized. A more detailed record of these findings can be found in the Validation Protocol in Appendix A.

2) Where JACO CDM had identified issues that needed clarification or that represented a risk to the fulfillment of the project objectives, a Clarification or Corrective Action Request, respectively, have been issued. The Clarification and Corrective Action Requests are stated, where applicable, in the following sections and are further documented in the Validation Protocol in Appendix A.

The validation of the Project resulted in 5 Corrective Action Requests, 21 Clarifications.

3) Where Clarification or Corrective Action Requests have been issued, the exchanges between the Client and JACO CDM to resolve these Clarification or Corrective Action Requests are summarized.

4) The conclusions for each validation subject are presented.

The validation findings relate to the project design as documented and described in the original project design documentation.

3.1. Participation Requirements

3.1.1. Discussion

The project is a uni-lateral project implemented by FDF: Vietnamise NPO established for the project.

The host Party, Vietnam has ratified the Kyoto Protocol and installed a designated national authority (DNA).

The project needs to be approved in the sense that it contributes to the sustainable development of the host party, and the authorization is required by the DNA of the host Party. **(CAR1)**

In the Ver. 1 of the PDD, the Socialist Republic of Vietnam wishes to be considered as a project participant. Whether the government really has the intention to be a PP needs confirmation. If not Table in PDD A.3 needs amendment. **(CAR2)**

3.1.2. Findings

CAR1

Approval/authorization letter of the Forest Development Fund by the DNA of Vietnam government is required.

In the same or separate letter, approval of the project, project's contribution to sustainable development and voluntary participation of Vietnam shall be stated

Response:

Letter of Approval for the project was issued on 20th, Nov. 2008 by the DNA of Vietnam government, and was provided.

CAR2

In table 3 of PDD A.3, Socialist Republic of Vietnam is indicated yes as PP. As the government has no intention to be a PP, PDD shall be revised. Also Vietnam Forest University and Research Center for Forest Ecology and Environment are not the PP, they shall be excluded from PP.

Response:

In the revised PDD Ver.2, the descriptions were amended. FDF is the only project participant.

CAR3

Modality of communication shall be prepared at the time of registration.

Response:

Modality of communication dated 7th Oct.2008 was provided, where it is stated FDF is the sole focal point for the communication with CDM Executive Board.

3.1.3. Conclusion

CAR 1 to **CAR3** were resolved. The project complies with the requirements.

3.2 Project Design

3.2.1 Discussion

(1) General Description

This small-scale AR CDM project titled “Cao Phong reforestation Project No.3” aims at (a) rehabilitation of degraded land and improve land productivity and environmental condition through reforestation, (b) reduction of carbon dioxide in the atmosphere by sequestration of carbon in forest carbon pools, and (c) income increase of local people by timber production and sales of carbon credits.

The project is implemented in currently degraded grass and shrubland in Xuan Phong and Bac Phong communes, Cao Phong District, Hoa Binh Province Vietnam. The site boundary needs to be clearly defined eg. in terms of longitude and latitude or Easting and Northing of each corner points. **(CAR5)**

The project site is categorized as “production forest” by “The Forest Protection and Development Law” of Vietnam, which shall be used for mainly for timber production and non-timber production in combination with environment protection. The land is possessed by the State, however land use right certificates are issued to land users, who can use the area under some obligations.

As for the public funding, the PDD asserts no public funding diverted from ODA is included in the project implementation. The assertion needs to be confirmed by financial planning of the project. **(CL1)**

As for the PDD format, Version 02 for CDM-SSC-AR came into effect at EB 35 (Oct. 2007), is correctly applied.

(2) Eligibility of Land

The eligibility of land needs to be assessed based on the Decision 16/ CMP.1, Annex § 1. (c) and the decision of EB 35 Annex 18.

According to the description of PDD.A.7, it is likely that the project follows the requirements specified in the above rules. However detailed information on the process and results were requested. **(CL2)**

(3) Small Scale Project Activity

The eligibility of the project as a small scale AR CDM project was discussed based on the decision 19/CP.9, Decision 6/CMP.1 and its Appendix C.

According to the PDD (Ver 2) average net GHG removals are 42,645 tCO₂-e from year 1 to year 15. Annual GHG removals are calculated as 2,665 tCO₂-e, which is less than 16,000 tCO₂-e threshold of Small Scale A/R project.

Whether the project is developed or implemented by low-income communities and individuals as determined by the host Party needs discussion. **(CAR4, CL3)**

(4) Technology

A technical description of the project is included in the PDD.

Within the project site 365.26 ha of timber plantations will be established. *Acacia mangium* and *Acacia auriculiformis* will be planted. PDD A.5.4 states the project will use the planting methods widely adopted in Vietnam such as the ones defined in “Decision no.38/2005 of MARD”. For confirmation provision of the Decision was requested. **(CL4)**

In Vietnam, DNA has defined forests as land as follows.

- A single minimum tree crown cover value of 30%
- A single Minimum land area value of 0.5 hectare
- A single minimum tree height value of 3m

An approach to addressing the issue of non permanence of afforestation and reforestation activities under CDM has been chosen as tCERs in line with the modalities and procedures.

(5) Contribution to sustainable development
Relevant legislation of Vietnam was checked.

(6) Duration of the project
Operational lifetime and the crediting period were discussed.

3.2.2. Findings

CAR4

The declaration by the FDF that the project is developed or implemented by low income community is required.

Response:

PP provided declaration letter dated 4th, Nov. 2008.

CAR5

Attachment 1 which shows the detailed project boundaries (longitude, latitude of corner points?) not provided. Shall be provided and attached to PDD.

Response:

All the coordinates measured by GPS on the project boundary were provided to the validation team before the site visit. The summary of project boundary coordinates was added as Annex 4 to the revised PDD Version 2.

CL1

PDD.A.11 states the project will be operated by funds of the private companies and the income from project activities.

Please explain the budgetary aspect of the project

Response:

According to the Annex 5 added to the PDD version 2.1, the total project cost is 15,149M.VND. Among them 3,574M. VND (24%) is spent for reforestation activity during initial 4 years. The most of which is compensated by the donation from a private company. Other major expenses are the thinning/harvesting cost in the 9-10th years and in the 16-17th years, which will be recovered by the sales of the products and by tCER sales in 6,11, and 16th years. The project does not have its own income until 9-10th years.

CL2

Followings shall be provided.

The detailed information on the 2007 field survey, Analysis of LANDSAT imagery, Report of the interviews applying PRA procedure.

Response:

In 5.3.1, 5.3.5 and Appendix –6 of the Interim Report (2) of JICA Study, the process and results of field survey, land eligibility study using PRA, and analysis of LANDSAT imagery are described.

The land at the beginning of the project does not contain forest was demonstrated as below.

- The field survey was conducted on Jan. '07 and the candidate project area which does not violate the forest definition of Vietnam was determined. The land use map and Feb. 2007 LANDSAT imagery was used for confirmation.

The land was not forest as of 31 Dec.1989 was demonstrated as below.

- Based on the candidate project area defined as above, PRA was carried out on Sep. '07. which concluded the candidate area was deforested before 1980s and not the forests at the end of 1989.

Further, analysis of LANDSAT imagery was carried out, where co-relation between the spectrum patten of the training area with the current vegetation were analyzed. The prediction of the vegetation based on the spectrum pattern showed more than 90%

accuracy for each pixels of the training area. Based on this, 1987, 1989, 1993, and 2007 LANDSAT data were analyzed. As the results, some part of the candidate sub-site 3 and 5 were likely to be the forests in 1989, and they were excluded from project area. The procedure follows the requirements of EB35 Annex18 and the result is acceptable.

CL3

On the Letter of Confirmation (Annex 3 of PDD)

- (1) Who issued the Letter of Confirmation (Annex 3 of PDD this letter and to whom it was issued.
- (2) What are prescribed in the Decisions and Decree quoted in this letter.
- (3) The roles of the communes in the project. (it might be better to add the name of the communes in the table of PDD.A.3 regardless of whether they wish to be participants, and briefly describe their role in A.3 of the PDD.)

Response:

Following explanation/documents were provided. And related portion of the PDD was revised.

- (1)The People's Committee of Cao Phong district issued the letter in Annex 3 of PDD to "Whom it may concern."
- (2) Decisions and Decree quoted in the letter were provided.
- (3)The roles of the two communes in the project are supportive ones. Explanation was added to revised PDD version 2.

CL4

Decision No.38/2005/QD-BNN referred to in A.5.4 shall be provided.

Response :

The PP provided the excerpt of the Decision.

The decision specifies the labour amount for various aspect of the forest plantation , regeneration and protection.

CL5

Followings shall be clarified.

- (1) Number of household, cooperatives and communities are inconsistent between TableA.6.1 and A.6.2, reconfirm.
- (2) Typical land use certificate shall be provided to the audit team.
- (3) The definition of words communities, communes, cooperative, village, villagers and households and shall be clarified, relation between them shall be explained.
- (4) How the benefit from product and CERs and other project related activities will be shared between PP and the villagers in the contracts. Will it be sufficient from the viewpoint of project sustainability?
- (5) Signed (if not draft) contracts between the FDF and communes shall be provided.

Response:

Following explanation/documents were provided. And related portion of the PDD was revised.

- (1) The description of Table A.6.2 is valid. Description in Table A.6.1 was revised in the PDD version2.
- (2) An example copy of land use certificate and excerpt of Land Law 2004 were provided. According to the law, the duration of land use certificate is 50 years, which is sufficiently longer than the project duration (30years or more).
- (3) A commune is the smallest unit of official administrative unit in Vietnam. A village is informal unit under the commune. A cooperative is the officially recognized group organized for agriculture, farming etc. under laws. The words "communities", "households", "villagers" are the same meaning. The description was revised in the PDD version2, in order to avoid confusion.
- (4) Table 5.53 of Interim Report (2) shows the sharing of the cost and benefit between FDF and land use right holder. Benefits from tCER and forest product are shared 50/50 and 25/75% between FDF and land use right holder.
- (5) The draft contract between FDF and Land use right holder were provided, where obligations and rights of both parties are clearly prescribed.

FDF will provide materials, financial incentive and technical assistance, will be responsible for supervising the project, required AR-CDM process including monitoring.
Land use right holders will keep their land use right certificate, provide planting, maintaining, protection of the project area, receive 100% of firewood.
Sharing of tCER and forest product as described in (4) above is also prescribed.

3.2.3. Conclusion

CAR4 and **CAR5** were resolved.

CL1 to **CL5** were clarified. The project complies with the requirements.

3.3. Baseline and Monitoring Methodology

3.3.1. Discussion

(1) Applicability conditions, carbon pools, project emission and baseline scenario.

The methodology AR-AMS0001 version 04.1 is applied.

The methodology is applicable if conditions below are satisfied.

- (a) the project is implemented on grassland or cropland,
- (b) the area of cropland displaced is less than 50% of the project area,
- (c) number of displaced grazing animal is less than 50% of the average grazing capacity of the project area, and
- (d) less than 10 % of the total surface area is disturbed for soil preparation for planting.

PDD asserts all conditions are satisfied.

For (a), (b), (c) provision of evidence was requested. (**CL6, 7, 8**)

The carbon pools considered are above and below ground biomass. This is in accordance with the applied methodology.

As for the project emission, use of fertilizer needs to be taken account. In PDD B.3 emission from the use of fertilizer is evaluated, which is far below 10 % of actual GHG removal.

The baseline scenario is considered to be the land use prior to the implementation of the project: ie, grassland and cropland. This is in accordance with the applied methodology. The evidence will be seen in response to **CL6** and **CL 8** above.

(2) Additionality

PDD.B.7 asserts barrier due to ecological conditions, social conditions, and investment.

Investment barriers such as poor financial support from the government, difficulty to access loans due to long gestation period of forestation project etc are the major barriers.

In 5.3.7 of the Interim Report(2) of JICA Study, socio economic questionnaire survey results is described, where 83% out of 287 respondents answered the primary reason they do not plant trees is "the lack of capital"., is an evidence of Investment barrier.

Accomplishment of the "5 Million ha reforestation plan" promoted by Vietnam government since 1998 presented in 6.2 of the report is also an evidence. Reforestation of the production forest was only 39% (777,600ha) of the plan, compared with 71% (705,300ha) accomplishment for the protection and special-use forest.

Government announcement No.195/2005 /26 / and prime minister's Decree No.18/2007:/27/ also refer to the un-accomplishment of the plan.

"Forest Sector Manual" /28/ attached to the former document analyzed the situation and concluded. limited financial sources, lack of long term investment strategy suitable for forestry production, credit practice mismatching with the nature of forestation, and distraction of domestic, foreign investors due to low profitability, high risk and long time required are the reasons of un-accomplishment.

The assertion of the PDD appears acceptable.

For further clarification, following **CL9** was issued.

(3) Prior consideration of the CDM

Since the starting date of the project is 1st May 2009 and the PDD was made public for global stakeholder consultation on 8th August 2008, actions as are requested by EB41 Annex 46 is unnecessary. However, for confirmation, clarification regarding the decision date of the project as the CDM was raised. **(CL10)**

(4) Baseline GHG removal

Matters related to Baseline GHG removal will be discussed in **3.4** of this Validation report.

(5) Monitoring methodology

Matters related to Monitoring methodology will be discussed in **3.5** of this Validation report.

3.3.2. Findings

CL6

For confirmation, the report of the baseline survey conducted by JICA in '07 shall be provided.

Response:

In 5.3 of the Interim Report(2) of JICA Study, the field survey method and the results are described.

The project site was stratified to 6 stratum based on the field survey. The results are presented as Vegetation Classification Map in Appendix-5 of the document.

The report states standard procedure for biomass measurement in forestry and ecology under the direction of VFU and FSIV expert were followed.

The interview with the expert of VFU confirmed the assertion.

CL7

For confirmation, the reports on the number of cattle, and buffalo, frequency of grazing and location of grazing shall be provided.

Response:

5.3.8 and 5.7.4.of the Interim Report (2) of JICA Study describes the procedure and results of grazing related investigation and leakage calculation

The PP explained that the questionnaires on grazing were prepared and distributed to 287 project participants (holders of land use certificate) . The number (287) is about 33.6% of the total number of households in the villages related to the project. The PP considers the sampling density is quite enough.

Based on the information obtained by the questionnaires, the time average number of grazing animals was calculated. The percentage of displaced grazing animals was 11 to 35 %.

CL8

The field survey data shall be provided.

PDD B.6 also states the carbon stock is expected to decrease in the absence of the project due to following reasons.

- (i) The project area is deforested before 1980 under national policy(HopTac Xa),
- (ii) The nutrient in the soil is decreasing,
- (iii)The area is continually under pressure of human activities such as grazing, fuel wood collection etc, ...which lead to a decrease in the carbon stock and degrading of the land.

The evidences supporting the assertions (i)-(iii) shall be provided.

Response:

5.3.1 to 5.3.4 of the Interim Report (2) of JICA Study describes the field survey procedure and results.

- (1) The land eligibility study using PRA approach concludes the project area was not forest at the beginning of 1980s.

(2) The soil analysis result is described in 5.3.4, and the low to very low fertility of the area is concluded due to low cation saturation and low contents of CTC. Categorization is based on the definition of "BookerTropical Soil Manual" /32/ .

(3) Socio-economic questionnaire survey results described in 5.3.7 of the Study show these activities are prevailing.

CL9

Although additionality demonstration by Investment analysis is beyond the scope of the applied methodology, provision of Investment analysis result is preferable for quantitative explanation of additionality.

Response:

- Financial analysis summary was added to PDD version 2.1 as Annex 5.
- In case the donation of 3500 Million VND is considered FIRR is calculated as 16 to 21.7% depending on tCER price of \$2 to \$10/tCO₂. Without the donation FIRR is 5.2 to 8.9%. The PP explained amounts of labour and their costs which comprise most of the expense were estimated according to the Norm developed by MARD Decision N0.38/2005: /22/, and which was provided.

CL10

Evidence (such as MOU between the concerned people , or the minute of the meeting) shall be provided which clarify the date when it was decided the project will be implemented as the CDM. Also the relation between the decision and the JICA Interim Report shall be clarified.

Response:

During on site visit, it was explained that the objectives of the JICA Study were the capacity development for AR CDM promotion which included the development of the PDD of a typical AR CDM project. Study started in Oct.2006. These facts can be confirmed by Appendix 1 of the Interim Report (2).

3.3.3. Conclusion

CL6 to CL8 were clarified.

CL9 was clarified.

Obviously, the decisive factor of the project implementation is that there happened to be a generous donor of initial project cost.

However, from the cash flow indicated in the Annex 5, project IRR can be estimated to be ca 7.3 to 10.9% with CDM and 7.1% without CDM.

Both values are still very low compared with 16 to 20% bond yield of Vietnam.

(<http://asianbondsonline.adb.org>)

Although tCER is not decisive for the project, it can contribute to some extent for improving the project return.

CL10 was clarified.

The project complies with the requirements.

3.4. Estimate of GHG Removals

3.4.1. Discussion

(1) Baseline GHG removal

Baseline GHG removal is evaluated based on the M_{woody} and M_{grass} derived from field survey, and appropriate root to shoot ratios selected from IPCC GPG for LULUCF were applied.

Procedures and the results of the survey are summarized in PDD C.1.

(2) Estimation of GHG removals by sinks

The calculation of GHG removal by sinks follows the procedure prescribed in the methodology AR-AMS0001 version 04.1.

However, allometric equations, constants used, and consideration on conservativeness need to be assessed. (**CL17-19**)

(3) Leakage

Displacement of grazing is 11 to 35% depending on sub-site, as described in PDDC.3. Therefore, 15% of the ex-ante actual GHG removal is discounted as the leakage.

3.4.2. Findings

CL17

Following data should be provided for confirmation.

- (1) Background documents for SV, WD.
- (2) The value 1.4 is used for BEF, the value is for broad leaf trees in Temperate area, explanation on the appropriateness of its use.
- (3) Net planting area is 88% for sites 1,2,3, 80% for sites 4,5, explain how these values were determined..
- (4) Spread sheet used to determine the annual GHG removal by sinks. How the harvesting, thinning pruning were considered in the calculation.

Response:

- (1) Background documents for SV and wood density /30/, /31/ were provided..
- (2) The PP explained that although the project site is in sub-tropical region, it would cause over-estimation when the value for tropical forest is applied (no values for sub tropical in GPG). For the conservative estimation, BEF for the temperate area was used.
- (3) The PP explained that they estimated the ratio of gross and net area by professional judgement of FDF and RCFEE experts. Since there are small valleys and rock exposure, they can not plant trees in 100% of the project area.
- (4) Spreadsheet /16 / was provided. Where, growth data, schedule and amount of planted, thinned, harvested trees, and calculation process and amounts of GHG removal are clearly indicated. Growth data and thinned volume is adjusted by productivity class and thinning coefficient respectively.

CL18

Explain where and how the conservativeness considered in GHG removal calculation.

Response to CL18:

PP explained conservativeness is considered by (1) Use of lowest site index (Class III : for very poor land) equation for SV calculation, (2) Assumed planting area was discounted to 80% to 88% depending on sub-site, of the project area, based on expert judgement (3) Application of temperate zone broad leaf tree BEF:1.4, instead of 3.4 for broad leaf trees in tropical zone (No BEF for sub tropical broad leaf tree is provided in IPCC GPG LULUCF)

CL19

Explain, if and where the conservativeness incorporated in calculating baseline.

For Grassland2, the use of IPCC root-shoot ratio in Table C.1.3 yields lower below ground biomass than that obtained from field measurement, explain why the IPCC value was applied.

Response:

The PP explained that for conservativeness of the estimate above ground biomass of grass was included in calculating baseline, although the applied methodology prescribes the exclusion of above ground biomass of grass.

The PP also reviewed and revised Table C.1-2 and C.1-3 of the PDD version 2. R of 1.58 for grass and 2.83 for shrub quoted from Table 3A.1.8 of IPCC GPG were used for calculation. Although R computed from field survey data showed values of 0.50 to 1.35, these values were not applied since collected below ground bio-mass could not be clearly separated into woody portion and grass portion. The use of IPCC GPG value is in line with the methodology when local or national values are unavailable and is conservative than the use of values obtained from field survey.

As the results of the review, baseline was increased from 1,903t to 2,827ton.

3.4.3. Conclusion

CL17 to 19 were clarified. The project complies with the requirements.

3.5. Monitoring plan

3.5.1. Discussion

(1) Ex post estimation of GHG removals by sinks

PDD states the project area will be stratified into 3 strata depending on the planting plan and species. The number of sample plots will be adjusted to satisfy the precision level of $\pm 10\%$, of the mean at a 95 % confidence level according to the "Calculation of the number of sample plots for measurements within A/RCDM project activity" or "Source book for Landuse, Land-use change and Forestry Projects", which is in line with the requirement of the methodology. All the data variables will be measured and archived as are required by the methodology. The Carbon stock calculation, procedure follows the requirement of the methodology.

(2) Ex post estimation of leakage

Except for the number of domesticated grazing animals displaced, the data and variables will be measured and archived as are required by the methodology. Grazing related investigation results provided in response to **CL7** shows no displacement of domesticated grazing animals occurs.

(3) QA/QC procedures and operational /management structure of monitoring

QA/QC procedures and operational and management structures for monitoring are briefly described in B.8.2 and B.8.3 of the PDD. For further clarification, **CL11** to **CL16** were issued.

3.5.2. Findings

CL11

Roles and responsibility of each organization related to the project shall be explained.

Response:

In the draft contract provided in response to **CL5**, the roles of FDF and villagers (land use right holders) are clearly indicated.

SOP (Standard Operating Procedures) provided In response to **CL11** to **CL16** prescribes, the monitoring unit members will be nominated by FDF, must be trained for monitoring activity based on the "Forest Inventory" or must have attended the course of Forest Inventory in VFU. The supervisor of the unit must have forestry academic degree or its equivalent approved by the FDF Director.

CL12

In PDD B.8.3, who constitutes the Monitoring Unit, who is the Supervisor of the Unit is not clear.

Please explain affiliations of each persons and how they will be trained.

Response:

The Monitoring Unit of Forest Development Fund constitutes those who will be hired by FDF for field survey and will be trained as described above.

CL13

Emergency preparedness of the project shall be explained.

Response:

As for fire control, the SOP states FDF will facilitate forest fire prevention and suppression team in coordination with the villagers and and commune people committee.

According to the draft contract /23 /, villagers also have the responsibility to protect the plantation from damages caused by grazing, pests and diseases, human disturbance etc.

CL14

Explain about the procedures for internal audit, project performance review and corrective action to improve the accuracy of monitoring and reporting.

Response:

The draft SOP provided prescribes that the information related to the project performance will be reported to the FDF Director by the supervisor of the monitoring unit.

The monitoring staff also drafts the annual report.

In cases when important problems arise, the Director calls for the Board meeting, where measures to resolve the problem will be discussed and decided.

CL15

PDD B.8.2 states the SOPs describe the QA, QC procedure. Please explain the contents of the SOP.

Response:

The draft SOP was provided, where monitoring plan as are described in PDD B.8, method of fire control and QA/QC procedures as above are prescribed.

CL16

Please explain about verification procedure of field data collection and data entry.

Response:

The SOP prescribes, the data measured in the sample plots will be re-measured every 8-10 plots and compared with the initial measurement. At least 10 % of the data will be compared with the authorized reference materials.

Data entry and analysis will be carried out by supervisor who was not involved in the field measurement. We will explain the validation team.

3.5.3. Conclusion

CL11 to **CL16** were clarified.

The project complies with the requirements.

3.6. Environmental Impacts

3.6.1. Discussion

PDD D.1 states the project will provide a lot of positive impacts such as mitigation of soil erosion, increase of soil fertility. The risk of fire hazard and pest will be minimized by proper control measures. PDD also states for reforestation project of less than 1000ha, EIA is not required according to the Decree No.80/2006. For confirmation, provision of the Decree was requested. (**CL20**)

3.6.2. Findings

CL20

PDD D.2 states, for reforestation project less than 1000ha area, EIA is not required by Appendix I of Government Decree No.80/2006. Appendix I shall be provided for confirmation.

Response:

The PP provided the Decree No.80/2006, where it is prescribed that for the reforestation project of less than 1000ha, EIA is not required.

3.6.3. Conclusion

CL20 was clarified. The project complies with the requirements.

3.7. Socio-Economic Impacts

3.7.1. Discussion

PDD E.1 states the project will have significant positive impacts, such as economic incentive through payment for planting/tending, sharing of income from thinned/harvested forest product and tCER. In addition, green fodder production outside the project area is also planned, which will lessen work labour for grazing and fodder collection. The discussion is acceptable.

3.7.2. Findings

None.

3.7.3. Conclusion

The project complies with the requirements.

3.8. Comments by Local Stakeholders

3.8.1. Discussion

PDD states meeting was held 23-26 Oct. 07, where after detailed explanation of the project was presented, questionnaires were distributed and recovered. 99.6% of the participants answered they understood the project and agreed with the project plan.

3.8.2. Findings

CL21

Clarify whether stakeholder consultation is required or not by laws/regulations of Vietnam. Corresponding laws /regulations shall be provided.

Response:

“Regulation on the exercise of democracy in communes” issued together with Decree No.79/2003 prescribe the works to be informed to people, the land use planning and plans are included among them. The Decree was provided.

3.8.3. Conclusion

CL21 was clarified. The project complies with the requirements.

4. COMMENTS BY PARTIES, STAKEHOLDERS AND NGOS

JACO CDM published the project documents on its website linked with UNFCCC web site on 2008-08-08 and invited comments until 2008-09-07 by Parties, stakeholders and non-governmental organizations. No comments were received.

5. VALIDATION OPINION

JACO CDM has performed the validation of the “Cao Phong Reforestation Project” in Vietnam. The validation was performed on the basis of UNFCCC criteria for small-scale A/R project activities under the Clean Development Mechanism and host country criteria, as well as criteria given to provide for consistent project operations, monitoring and reporting. The review of the project design documentation and the subsequent follow-up interviews have provided JACO CDM with sufficient evidence to determine the fulfilment of stated criteria.

The host country of the project is Vietnam. Vietnam fulfils the participation criteria and the DNA of Vietnam approved the project and authorized the project participants.

The project correctly applies AR-AMS0001 “Revised simplified baseline and monitoring methodologies for selected small-scale afforestation and reforestation project activities under the clean development mechanism” version 04.1.

CO₂ will be sequestered from the atmosphere and stored in biomass following the reforestation of grass land through tree planting. The project results in net anthropogenic removals of CO₂ that are real, measurable and give long-term benefits to the mitigation of climate change. It is demonstrated that the project is not a likely baseline scenario. Net

anthropogenic removals attributable to the project are hence additional to any that would occur in the absence of the project activity.

Total net removals from the project are estimated to be on average of 2,665 tCO₂ per year over the selected 15 year crediting period. The net anthropogenic removal forecast has been checked and is deemed likely that the stated amount is achieved given that the underlying assumptions do not change.

In summary it is JACO CDM's opinion, that the "Cao Phong Reforestation Project " in Vietnam as described in the PDD Version 2.1 of 11th, Nov. 2008 meets all relevant UNFCCC requirements for A/R project activities under the CDM and all relevant host country criteria and correctly applies the baseline and monitoring methodology AR-AMS0001 version 04.1, Hence, JACO CDM request the registration of the project as an A/R CDM project activity.

6. REFERENCES

Category 1 Documents:

Documents related directly to the GHG components of the project,

- /1/ PDD version 1: 8th May 2008
- /2/ PDD version 2: 6th August 2008
- /3/ PDD version 2.1:11th, November 2008
- /4/ AR-AMS0001/Version04.1: Revised simplified baseline and monitoring methodologies for selected small-scale afforestation and reforestation project activities under the clean development mechanism
- /5/ Decision 17/CP.7 (Marrakech Accord)
- /6/ Decision 5/CMP.1: Modalities and procedures for afforestation and reforestation project activities under the clean development mechanism in the first commitment period of the Kyoto Protocol
- /7/ Decision 6/CMP.1: Simplified modalities and procedures for small-scale afforestation and reforestation project activities under the clean development mechanism in the first commitment period of the Kyoto Protocol and measures to facilitate their implementation
- /8/ Decision 16/CMP.1: Land use, land-use change and forestry
- /9/ UNFCCC, CDM EB35, Annex 18
- /10/ UNFCCC, CDM EB21, §64
- /11/ IPCC Good Practice Guidance for LULUCF, 1996
- /12/ 2006 IPCC Guidelines for National Greenhouse Gas Inventories
- /13/ Viet Nam DNA's Letter of Approval for the Cao Phong Reforestation Project: 20th, Nov. 2008
- /14/ Declaration by FDF: 4th, Nov. 2008
- /15/ Modalities of Communication 7th, Oct. 2008
- /16/ Table A10-9 Growth Table of Acacia Mangium in Cao Phong-Hoa Binh
Table A10-10 Growth Table of Acacia Auriculiformis in Cao Phong-Hoa Binh
Table A10-11 Detailed Computation of Temporary CER Generated from the Project

Category 2 Documents:

Background documents related to the design and/or methodologies employed in the design or other reference documents.

- /21/ The Study on Capacity Development for AR-CDM Promotion in The Socialist Republic of Vietnam Interim Report (2) Mar.2008 : JICA
- /22/ Decision No.38/2005 Technical and Economic Norms of Forest Plantation, HNatural Forest assisted regeneration and Forest Protection
- /23/ The draft Contract for Participation in Cao Phong Reforestation Project Cao Phng District, Hoa Binh Province
- /24/ Land Law of Vietnam 2004
- /25/ Land Use Right Certificate (example)
- /26/ Government Announcement No.195/2005
- /27/ Decision No.18/2007 "Approval of the Vietnam Forestry Development Strategy 2006-2020"
- /28/ Forest Sector Manual : Edited by Forest Sector Support Partnership, 2003-2004
- /29/ Deleted.
- /30/ Establishment of the Growth and productivity Table of Acacia Mangium Plantation for

- Mine-Timber Purpose in Northeast Region of Vietnam: MARD 2001 -2002
- /31/ Establishment of the Growth Table of Acacia Auriculiformis A.CNN: MRAD 1996
- /32/ Bokker Tropical Soil Manual: Editor J.P. Landon 1984
- /33/ The Draft Standard Operating Procedure
- /34/ Decree No.80/2006 Detailing and Guiding the Implementation of a Number of Articles of the Law of Environmental Protection
- /35/ Decree No.79/2003 Promulgated Regulation of Democratic Implementation at the commune level
- /36/ Agreement with JICA Study team on support for validation: FDF

Persons interviewed:

Persons interviewed during the validation, or persons contributed with other information that are not included in the documents listed above.

- /41/ Pham Xuan Hoan: Vice President of VFU, Vice Head of FDF Management Board.
- /42/ Dothi Ngoc Bich: Vice Head ICD of VFU, Secretary of FDF Management Board.
- /43/ Phng Van Koha: VFU.
- /44/ Do anh Tuan: VFU
- /45/ Vu Dien Viet: Vice President of Cao Phong District People's Committee, FDF Director
- /46/ Nguyen Van Cham: Forest Ranger, Cao Phong District
- /47/ Bui Quang Huy: Sub-department of extension, Cao Phong District
- /48/ Bui Van Gup, Villager of Ma
- /49/ Bui Thi Danh, Villager of Ma
- /50/ Bui Ngoc Chiu, Vice Chairman of Xuan Phong Commune
- /51/ Bui Thanh Thien, Villager of Nhoi
- /52/ Bui Van Linh, Villager of Nhoi
- /53/ Hoang Manh Hoa, Secretary of Vietnam CDM DNA
- /54/ Akihiko Sasaki, NIPPON KOEI Co.,Ltd. (JICA Study Team)
- /55/ Tomoki Nakamura, NIPPON KOEI Co.,Ltd. (JICA Study Team)
- /56/ Makino Yamada, Waseda University (JICA Study Team)

APPENDIX A

Small-Scale AR CDM VALIDATION PROTOCOL

Cao Phong Reforestation Project

SMALL-SCALE AFFORESTATION AND REFORESTATION CDM VALIDATION PROTOCOL(Ver3.0) Cao Phong Reforestation Project

Introduction

This document contains a generic Validation Protocol for small-scale afforestation and reforestation project activities, which must be seen in conjunction with the Validation and Verification Guidelines and the Validation Report Template.

This validation protocol serves the following purposes:

- It organises, details and clarifies the requirements a project is expected to meet; and
- It ensures a transparent validation process by inducing the validator to document how a particular requirement has been validated and which conclusions have been reached;

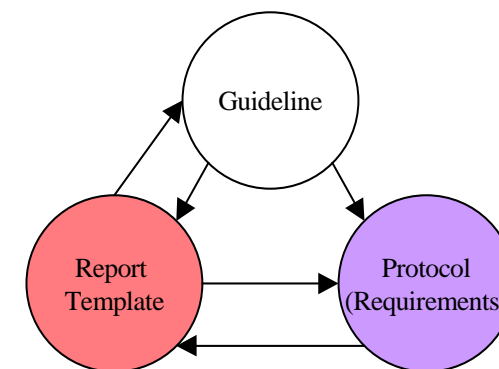
This protocol contains two tables with generic requirements for validation projects. Table 1 shows the requirements that the GHG removal project will be validated against. Table 2 consists of a checklist with validation questions related to one or more of the requirements in Table 1. The checklist questions may not be applicable for all investors, and should not be viewed as mandatory for all projects. Where a finding is issued, a corrective action request or clarification request are stated. The resolution and final conclusions of these requests should be described in Table 3 of this protocol.

Before this generic validation protocol can be applied to validate a specific project, the validator must review and adjust/amend the protocol to make it applicable to individual project characteristics and circumstances as well as individual investor criteria. The application of the validator's professional judgement and technical expertise should ensure that checklist amendments cover all necessary specific project requirements that have impact on project performance and acceptance of the project. Given the above, the checklist part of the protocol is neither exhaustive nor prescriptive.

Reference: A/R modalities: Modalities and Procedures for afforestation and reforestation project activities under the clean development mechanism in the first commitment period of the Kyoto Protocol (Annex to Decision 5/CMP.1)

SS A/R modalities: Simplified Modalities and Procedures for small-scale afforestation and reforestation project activities under the clean development mechanism in the first commitment period of the Kyoto Protocol (Annex to Decision 6/CMP.1)

SS A/R Methodologies: Revised simplified baseline and monitoring methodologies for selected small-scale afforestation and reforestation project activities under the clean development mechanism (AR-AMS0001/ version 04.1)



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Table 1 Mandatory Requirements for Small Scale Clean Development Mechanism (CDM) Project Activities

Requirement	Reference	Conclusion	Cross Reference / Comment
1. Assist Parties included in Annex I in achieving compliance with part of their emission reduction commitment under Art. 3	Kyoto Protocol Art. 12.2	NA.	Table 2, Section A.1.3 The project is the unilateral one.
2. Assist non-Annex I Parties in achieving sustainable development and the project has obtained confirmation by the host country that the project assists in achieving sustainable development	Kyoto Protocol Art. 12.2, Marrakech accord 40(a)	CAR4 OK.	Table 2, Section A.1, A.5 Approval letter by DNA of Vietnam provided.
3. Assist non-Annex I Parties in contributing to the ultimate objective of the UNFCCC?	Kyoto Protocol Art. 12.2.	CAR4 OK.	Table 2, Section A.1, C.4 Ditto
4. The project has the written approval of voluntary participation from the designated national authorities of each Party involved	Kyoto Protocol Art. 12.5a, Simplified Modalities and Procedures for Small Scale CDM Project Activities §23a	CAR4 OK.	Table 2, Section A.1.3 Ditto
5. Private and/or public entities should have the authorization to participate in the CDM by the DNA of the Party in which the entity is a legal entity.	Marrakech accord 33	CAR4 OK.	Table 2, Section A.1.3 Ditto
6. The GHG removals by sink should be real, measurable and give long-term benefits related to the mitigation of climate change	Kyoto Protocol Art. 12.5b	Pending OK.	Table 2, Section C.4
7. A/R project is additional if the actual net GHG removals by sinks are increased above the sum of the changes in carbon stocks in the carbon pools within the project boundary that would have occurred in the absence of the registered CDM A/R activity	Kyoto Protocol Art. 12.5c, Marrakesh Accords(43), A/R Modalities § 18	Pending OK.	Table 2, Section B.2.1
8. Potential public funding for the project from Parties in Annex I is not a diversion of official development assistance	Marrakech Accords (Decision 17/CP.7)	OK.	Table 2, Section A. 1.4
9. Parties participating in the CDM should designate a national authority for the CDM	Marrakesh Accords (CDM modalities§ 29)	OK.	DNA of Vietnam is registered on UNFCCC CDM HP.
10. The host country and participating Annex I Party are a Party to the Kyoto Protocol	Marrakesh Accords (CDM modalities§ 30)	NA.	The project is a unilateral project. Vietnam ratified the Kyoto Protocol.

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Requirement	Reference	Conclusion	Cross Reference / Comment
11. The participating Annex I Party's assigned amount should have been calculated and recorded.	CDM Modalities and Procedure §31b	NA.	The project is a unilateral project. No Annex I party participates in the project.
12. The proposed project activity should meet the eligibility criteria of lands for A/R project activities.	EB35 Annex 18	Pending OK.	Table 2, Section A.2.
13. The proposed project activity should meet the eligibility criteria for small scale A/R CDM project activities and should not be a debundled component of a larger project activity.	A/R Modalities, SS A/R modalities	Pending OK.	Table 2, Section A.3.1, A.3.2
14. The participating Annex I Party should have in place a national system for estimating GHG emissions and a national registry in accordance with Kyoto Protocol Article 5 and 7.	CDM Modalities and Procedure §31b	NA.	The project is a unilateral project. No Annex I party participates in the project.
15. A bundle of small-scale A/R project activities satisfies the conditions of bundling and the overall monitoring is appropriate.	SS A/R modalities §14g	NA.	
16. PP has specified the approach proposed to address non-permanence in accordance with § 38 of the A/R modalities.	SS A/R modalities §14e	OK.	Table 2, Section A.4.10 tCER is selected.
17. Information has been provided regarding leakage.	SS A/R modalities §14h	Pending OK.	Table 2, Section B.1.3 (d), B.2.6, (B.5), C.2
18. Provisions for monitoring, verification and reporting should be in accordance with the modalities in decision 19/CP.9 that are not replaced by the SS A/R modalities and relevant decisions by the COP/MOP.	SS A/R modalities §14i	Pending OK.	Table 2, Section B.3, B.4, (B.5)
19. The host party should have selected and reported to the Executive Board through its designated national authority the minimum values for defining a forest.	A/R modalities §8	OK.	Forest definition of Vietnam is indicated in UNFCCC CDM HP.

* PP: Project participants

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Requirement	Reference	Conclusion	Cross Reference / Comment
20. Prior to the submission of the validation report to EB, a written declaration from PP is to be submitted that the proposed small-scale A/R activity is developed or implemented by low income communities and individuals as determined by the host Party.	SS A/R modalities §15(b)	CAR4 OK.	Table 2, Section A.3.1
21. The project design document should conform with the Small Scale A/R Project Design Document format and the correct version of the PDD format.	Simplified Modalities and Procedures for Small Scale CDM Project Activities, Appendix A	OK.	Current PDD use SS-AR-PDD form Ver.02.
22. The proposed project activity should conform to one of the project types defined for small scale A/R CDM project activities and uses the simplified baseline and monitoring methodology for that project type. (Decision 6/CMP.1, § 4(b), Appendix B) The correct version of the methodology should be applied.	Simplified Modalities and Procedures for Small Scale AR CDM Project Activities, Decision 6/CMP.1	Pending OK. OK.	Table 2, Section A.3.3 and B.1 The project is reforestation of grassland/cropland, provided CARs and CLs in Tab.2 are resolved. The project applies AR-AMS0001 Ver04.1
23. Comments by local stakeholders are invited, and a summary of these provided	Simplified Modalities and Procedures for Small Scale AR CDM Project Activities, Decision 6/CMP.1 Appendix A	Pending OK.	Table 2, Section F
24. Analysis of the environmental impacts is to be documented, including impacts on biodiversity and natural ecosystems, and impacts outside the project boundary.	Simplified Modalities and Procedures for Small Scale AR CDM Project Activities, Decision 6/CMP.1 Appendix A	Pending OK.	Table 2, Section D Ditto.
25. Analysis of the socio-economic impacts is to be documented, including impacts outside the project boundary.	Simplified Modalities and Procedures for Small Scale AR CDM Project Activities, Decision 6/CMP.1 Appendix A	Pending OK.	Table 2, Section E Ditto.
26. Receive, within 30 days, comments on the validation requirements from Parties, stakeholders and UNFCCC accredited NGOs, and make them publicly available.	Simplified Modalities and Procedures for Small Scale AR CDM Project Activities, Decision 6/CMP.1	OK.	No comments were provided.

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Requirement	Reference	Conclusion	Cross Reference / Comment
27. A statement signed by all project participants stipulating the modalities of communicating with the Executive Board and the secretariat in particular with regard to instructions regarding allocations of CERs at issuance.	Glossary of CDM terms	CAR3 OK.	Modality of communication shall be prepared at the time of registration. MOC. was prepared and provided.

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Table 2 Requirements Checklist

Checklist Question	Ref.	MoV*	Comments	Draft Concl	Final Concl.
A PROJECT DESCRIPTION The project design is assessed.					
A.1 General Description					
A.1.1 Title of the project activity: Has the project an appropriate title, and does it contain a version number and date? Does the PDD use the correct version of PDD format?	/1/	DR	Yes. PDD uses version2 PDD form.	OK.	
A.1.2 Has the project been described in terms of purpose and the project proponent's view of the project's contribution to sustainable development? (SS A/R modalities Annex A (a))	/1/	DR	Yes, PDD A.2 states the purpose and its contribution to sustainable development.	OK.	
A.1.3 Project Participants (1) Have the Parties and PPs in the project been listed in the table as required? (2) Have all involved Parties provided a valid and complete letter of approval and have all private/public PPs been authorized by an involved Party?	/1/ /2//13/ /41/-/44/ /54/-/56/	DR I	(1) Yes, Forest Development Fund is the only Project participant. (2) CAR1 Approval/authorization letter of the Forest Development Fund by the DNA of Vietnam government is required. In the same or separate letter, approval of the project, project's contribution to sustainable development and voluntary participation of Vietnam shall be stated CAR2 In table 3 of PDD A.3, Socialist Republic of Vietnam is indicated yes as PP. As the government has no intension to be a PP, PDD shall be revised. Also Vietnam Forest University and Research Center for Forest Ecology and Environment are not the PP, they shall be excluded from PP.	CAR1 CAR2	OK. OK.
A.1.4 Potential public funding for the project from Parties in Annex I is not a diversion of official development assistance	/1//21/ /28/ /41/- /44/	DR I	PDD A.11 states there is no funding diverted from ODA . CL1 A.11 states the project will be operated by funds of	CL1	OK.

* MoV = Means of Verification, DR= Document Review, I= Interview

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Checklist Question	Ref.	MoV*	Comments	Draft Concl	Final Concl.
	/54/ - /56/		the private companies and the income from project activities. Please explain on the budgetary aspect of the project.		
A.2 Eligibility of lands for A/R project activities Project participants shall provide evidence that the land within the project boundary is eligible as an A/R project activity following the steps outlined below. EB22 Annex16					
A.2.1. Is it demonstrated that the land at the moment the projects starts is not a forest Decision 16/CMP.1 Annex §1, (a) (b) (c) or EB35 Annex18 ?	/1/ /21/ /41/- /44/ /54/ - /56/	DR I	PDD A.7 states "Forest definition of Vietnam, then procedures required by EB35 repan18 are followed, to demonstrate the eligibility of land. CL2 Followings shall be provided. The detailed information on the 2007 field survey, Analysis of LANDSAT imaginary, Report of the interviews applying PRA procedure.	CL2	OK.
A.2.2. Is it demonstrated that the activity is a reforestation or afforestation project activity per Decision 16/CMP.1 Annex §1, (a) (b) (c) ?	Ditto	DR I	Yes, the project is the reforestation of non-forested land, provided that the CL above is clarified.	Pend.	OK.
A.2.3. Has the latest version of the 'Procedure to define the eligibility of lands for A/R project activities' been properly applied?	Ditto	DR	(CL1)	(CL1)	OK.

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Checklist Question	Ref.	MoV*	Comments	Draft Concl	Final Concl.
A.3.3. Does proposed project activity conform to one of the project types defined for small scale A/R CDM project activities? SS A/R modalities § 4(b)	/1/ /41/- /44/ /54/ - /56/	DR	Yes, if the CLs in A.2. is clarified, the project is the reforestation of the grassland/cropland.	CL1,2)	OK.
A.3.4. Does the project participant propose new simplified methodologies or amendments to the simplified monitoring methodologies for project activities? In this case, project participants submit to the CDM EB for consideration and get approval?	/1/	DR	No, PDD uses AR-AMS0001 Ver04.1.	NA.	
A.4. TECHNOLOGY TO BE EMPLOYED Validation of project technology focuses on the project engineering, choice of technology and competence/ maintenance needs. The validator should ensure that environmentally safe and sound technology and know-how is used.					
A.4.1. Does the project design engineering reflect current good practices?	/1/ /41/- /44/ /54/ - /56/	DR I	CL4 Decision No.38/2005/QD-BNN referred to in A.5.4 shall be provided.	CL4	OK.
A.4.2. Does the project use state of the art technology or would the technology result in a significantly better performance than any commonly used technologies in the host country?	Ditto	DR I	Yes, plantation of Acacia Mangium and Acacia Auriculiformis is well established technology in Vietnam	OK.	
A.4.3. Has the location of the project including host Party, region and town/community been described? (SS A/R modalities Appendix A (a))	/1/	DR	Yes, PDD A.4.1.1 to 4.1.3 describe the location etc..	OK.	
A.4.4. Has an appropriately detailed geographic delineation of the project boundary including a unique identifier been included? (SS A/R modalities Appendix A (b))	/1//2/ /41/- /44/ /54/ - /56/	DR I	CAR5 Attachment 1 which shows the detailed project boundaries (longitude, latitude of corner points?) not provided. Shall be provided and attached to PDD.	CAR5	OK.
A.4.5. Has a description of items on the present environmental conditions of the project area including	/1/	DR	PDD A.5.2 describes the present environmental conditions etc. Items requested by PDD guideline are	OK.	

* MoV = Means of Verification, DR= Document Review, I= Interview

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Checklist Question	Ref.	MoV*	Comments	Draft Concl	Final Concl.
climate, soils, main water sheds, ecosystems, and the presence of any rare or endangered species and their habitats been included? (SS A/R modalities Appendix A (a))			covered.		
A.4.6. Have the species and varieties to be grown been adequately described? (SS A/R modalities Appendix A (a))	/1/	DR	PDD A.5.3 describes the species and varieties.	OK.	
A.4.7. Have the GHGs whose emissions will be part of the project activity been specified? (SS A/R modalities Appendix A (a))	/1//2/ /41/- /44/ /54/ - /56/	DR I	Yes, emission by the use of fertilizer is evaluated in PDD B.3 and is concluded insignificant.	OK.	
A.4.8. Have details of the legal title to the land, land tenure and sequestration rights been described adequately?	/1//2/ /22/- /25/ /41/- /44/ /54/- /56/	DR I	Yes, PDD A.6 describes the legal title, land tenure etc. Items requested by PDD guideline are covered. Followings shall be clarified. CL5 (1) Number of household, cooperatives and communities are inconsistent between TableA.6.1 and A.6.2, reconfirm. (2) Typical land use certificate shall be provided to the audit team. (3) The definition of words communities, communes, cooperative, village, villagers and households and shall be clarified, relation between them shall be explained. (4) How the benefit from product and CERs and other project related activities will be shared between PP and the villagers in the contracts. Will it be sufficient from the viewpoint of project sustainability? (5) Signed (if not draft) contracts between the FDF and communes shall be provided.	CL5	OK.
A.4.9. Have the selected carbon pools been specified? (SS A/R modalities Appendix A (d))	/1/	DR	Yes, PDD B.4 specifies the carbon pools. As per the methodology, above ground and below ground biomass are selected.	OK.	
A.4.10. Has the approach to address non-permanence been specified in accordance with § 38 of decision 19/CP.9. (SS A/R modalities Appendix A (i))	/1/	DR	Yes, the project selects tCER to address non permanence.	OK.	

* MoV = Means of Verification, DR= Document Review, I= Interview

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Checklist Question	Ref.	MoV*	Comments	Draft Concl	Final Concl.
A.4.11. Does the project requires extensive initial training and maintenance efforts in order to work as presumed during the project period? Does the project make provisions for meeting training and maintenance needs?	/1/	DR	If CLs on Section B.7 to B.8 are resolved. The project will satisfy the requirement.	Pending.	OK.
A.5. CONTRIBUTION TO SUSTAINABLE DEVELOPMENT The project's contribution to sustainable development is assessed.					
A.5.1. Is the project in line with relevant legislation and plans in the host country?	/1/	DR	If CLs and CARs of Section D to F are resolved. The project will satisfy the requirement.	Pending.	OK.
A.5.2. Is the project in line with host-country specific CDM requirements?	/1/	DR	If CAR1 is resolved, the project satisfies the question.	(CAR1)	OK.
A.5.3. Is the project in line with sustainable development policies of the host country?	/1/	DR	Ditto.	(CAR1)	OK.
A.5.4. Will the project create other environmental or social benefits than GHG emission reductions?	/1/ /45/ /52/	DR I	Yes, PDD D.1 states the project will contribute to reduction of surface run-off and erosion, increased soil fertility. PDD E.1 states economic incentives for planting/tending, sharing of benefits from thinned and harvested forest product and sales of tCER will contribute to income increase of local people.	OK.	
A.6. DURATION OF THE PROJECT / CREDITING PERIOD It is assessed whether the temporary boundaries of the project are clearly defined.					
A.6.1. Are the project's starting date and operational lifetime clearly defined and reasonable?	/1//41/ /44/ /54/ /56/	DR I	Yes, the starting date and operational lifetime of 30years are described in A.9 of PDD.	OK.	
A.6.2. Is the beginning of crediting period so defined as the start of the afforestation or reforestation project activity? Is the assumed crediting time clearly defined and reasonable (renewable crediting period of max. two x 20 years or fixed crediting period of max. 30 years)?	Ditto	DR I	First crediting period of 16year is selected.	OK.	

* MoV = Means of Verification, DR= Document Review, I= Interview

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Checklist Question	Ref.	MoV*	Comments	Draft Concl	Final Concl.
B APPLICATION OF A BASELINE AND MONITORING METHODOLOGY The validation of the project baseline and monitoring methodology establishes whether the selected baseline and monitoring methodology is appropriate.					
B.1. BASELINE METHODOLOGY It is assessed whether the project applies an appropriate baseline methodology.					
B.1.1. Is the selected baseline methodology in line with the baseline methodologies provided in the SS A/R modalities including the baseline approach specified by § 22(a) of the A/R modalities?	/1/	DR	PDD B.1 states the project applies AR-AMS0001 Ver04.1	OK.	
B.1.2. (a) Is the project implemented on grassland or cropland?	/1/ /21/ /54- /56/	DR I	Yes, PDD C.1 Table C.1.1 indicates most of the area is grassland with a few cropland, shrub and bare area. The project is implemented on grassland or cropland. CL6 For confirmation, the report of the baseline survey conducted by JICA in '07 shall be provided.	CL6	OK.
B.1.2. (b) Is the project implemented on lands where the area of the cropland within the project boundary displaced due to the project activity is less than 50% of the project area?	Ditto	DR I	Yes, Table C.3-1 indicates cropland area is 7.07ha, which is 1.94% of the project area. However, CL6 apply.	(CL6)	OK.
B.1.2. (c) Is the project implemented on lands where the number of displaced grazing animal is less than 50% of the average grazing capacity of the project area?	/1/ /21/ /54- /56/	DR I	Yes, PDD C.3 indicates time average number of roaming animals displaced is between 11.4 to 34.4% depending on sites. CL7 For confirmation, the reports on the number of cattle, and buffalo, frequency of grazing and location of grazing shall be provided. How the sampling of 33.6% was concluded to be appropriate, how the time average number of grazing	CL7	OK.

* MoV = Means of Verification, DR= Document Review, I= Interview

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Checklist Question	Ref.	MoV*	Comments	Draft Concl	Final Concl.
			animals was obtained shall be explained.		
B.1.2. (d) Is the project implemented on lands where <10% of the total surface project area is disturbed as result of soil preparation for planting?	/1/	DR	Yes, PDD. A.5.4 states digging of holes 300x300mm in every 2000 to 2500mm pitch is the only surface preparation, which is less than 2.3% of the total surface.	OK.	
B.1.3. Is the most likely baseline scenario of the small-scale A/R CDM activity considered to be the land-use prior to the implementation of the project activity, either grassland or croplands?	/1/ /21/ /32/ /54- /56/	DR I	Yes, the baseline scenario is considered to be the land use prior to the implementation of the project: ie, grassland and cropland. This is in accordance with the applied methodology. The evidence will be seen in response to CL6 above and CL.8 below. CL8 The field survey data shall be provided. PDD B.6 also states the carbon stock is expected to decrease in the absence of the project due to following reasons. (i) The project area is deforested before 1980 under national policy(HopTac Xa), (ii) The nutrient in the soil is decreasing, (iii)The area is continually under pressure of human activities such as grazing, fuel wood collection etc, and is degrading. The evidences supporting the assertions (i)-(iii) shall be provided.	CL8	OK.
B.2. BASELINE DETERMINATION It is assessed whether the project activity itself is not a likely baseline scenario and whether the selected baseline represents a likely baseline scenario.					
B.2.1. Is the application of the methodology and the discussion and determination of the chosen baseline transparent? SS A/R modalities Appendix B	/1//21/ /32/ /54- /56	DR I	Yes, the methodology is applied transparently. Data sources, calculation procedures etc are clearly described. However clarifications CL6 to CL9 and those described in C and D below shall be clarified.	Pending.	OK.
B.2.2. Has the baseline been determined using conservative assumptions where possible?	/1/	DR	Will be judged after clarifications in B.2.1 were resolved.	Pending.	OK.
B.2.3. Has the baseline been established on a project-	/1/	DR	Yes, where local data is available, they are applied.	OK.	

* MoV = Means of Verification, DR= Document Review, I= Interview

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Checklist Question	Ref.	MoV*	Comments	Draft Concl	Final Concl.
specific basis?					
B.2.4. Does the baseline scenario sufficiently take into account relevant national and/ or sectoral policies and circumstances such as historical land uses, practices, and economic trends?	/1/ /21/	DR	Yes, according to paragraph 5 of the methodology, baseline scenario is concluded to be the current use of the project area: grassland/cropland. However CL8 shall be clarified.	(CL8)	OK.
B.2.5. Is the baseline determination compatible with the available data?	/1/ /21/	DR	Ditto. CL8 shall be clarified.	(CL8)	OK.
B.2.6. Does the project participant estimate leakage appropriately as per SS A/R methodologies	/1/ /2/	DR	Yes, PDD.C.3 estimates leakage according to the methodology. However, CL7 shall be clarified.	(CL7)	OK.

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Checklist Question	Ref.	MoV*	Comments	Draft Concl (CL8)	Final Concl. OK.
B.2.7. Does the selected baseline represent the most likely scenario among other possible and/ or discussed scenarios?	/1/	DR	Refer to B.2.5.		
B.2.8. Is it demonstrated/justified that the project activity itself is not a likely baseline scenario?	/1/	DR	Issues related to B.2.10 below needs to be resolved.	Pending	OK.
B.2.9. Have the major risks to the baseline been identified?	/1/	DR	NA.	OK.	
B.2.10. What barriers are accepted to establish the additionality of the project? [(i) Investment barriers, (ii) Institutional barriers, (iii) Technological barriers, (iv) Barriers relating to local tradition, (v) Barriers due to prevailing practice, (vi) Barriers due to local ecological conditions, (vii) Barriers due to social conditions]	/1//3/ /21/ /22/ /26/ to /29/ /54/ to /56/	DR I	<p>PDD.B.7 asserts barrier due to ecological conditions, social conditions, and investment.</p> <p>Investment barriers such as poor financial support from the government, difficulty to access loans due to long gestation period of forestation project etc are the likely barriers.</p> <p>In 5.3.7 of the Interim Report(2) of JICA Study, socio economic questionnaire survey results is described, where 83% out of 287 respondents answered the primary reason they do not plant trees is “the lack of capital”., is an evidence of Investment barrier.</p> <p>Accomplishment of the “5 Million ha reforestation plan” promoted by Vietnam government since 1998 presented in 6.2 of the report is also an evidence. Reforestation of the production forest was only 39% (777,600ha) of the plan, compared with 71% (705,300ha) accomplishment for the protection and special-use forest.</p> <p>Government announcement No.195/2005: /26 / and prime minister’s Decree No.18/2007:/27/ also refer to the un-accomplishment of the plan.</p> <p>“Forest Sector Manual” /28/ attached to the former document analyzed the situation and concludes. limited financial sources, lack of long term investment strategy suitable for forestry production, credit practice mismatching with the nature of forestation,</p>		

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Checklist Question	Ref.	MoV*	Comments	Draft Concl	Final Concl.
			<p>and distraction of domestic, foreign investors due to low profitability, high risk and long time required are the reasons of un-accomplishment. The assertion of the PDD appears acceptable.</p> <p>For further clarification, following CL was issued. CL9 Although additionality demonstration by Investment analysis is beyond the requirement of the applied methodology, provision of Investment analysis result is preferable for quantitative explanation of additionality.</p> <p>CL10 Evidence (such as MOU between the concerned people , or the minute of the meeting) shall be provided which clarify the date when it was decided the project will be implemented as the CDM. Also the relation between the decision and the JICA Interim Report shall be clarified.</p>	<p>CL9</p> <p>CL10</p>	<p>OK.</p> <p>OK.</p>

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Checklist Question	Ref.	MoV*	Comments	Draft Concl	Final Concl.
B.2.11. Are all literature and sources clearly referenced?		DR	Yes, literature and sources are clearly described.	OK.	
B.3. MONITORING METHODOLOGY It is assessed whether the project applies an appropriate monitoring methodology.					
B.3.1. Is the selected monitoring methodology in line with the monitoring methodologies provided in the SS A/R methodologies?	/1/	DR	Yes, monitoring methodology specified by AR-AMS0001 Ver04.1 is applied.	OK.	
B.3.2. Is the SS A/R monitoring methodology applicable to the project being considered?	/1/-/3/ /54/- /56/	DR I	Yes.	OK.	
B.3.3. Is the application of the monitoring methodology transparent?	/1/	DR	Yes.	OK.	
B.3.4. Will the monitoring methodology give opportunity for real measurements of achieved GHG removals by sinks?	/1/	DR	Yes.	OK.	
B.3.5. If small-scale afforestation or reforestation project activities under the CDM are bundled, does the project participant indicate clearly whether a separate monitoring plan shall apply for each of the constituent project activities in accordance with Decision 10/ CP10, § 23, 24 of Annex, or an overall monitoring plan shall apply for the bundled projects?	/1/ /41/- /44/ /54/- /56/	DR I	The project is not a part of the bundled project. This question is not applied.	NA.	
B.3.6. Does the project participant specify 5-year monitoring frequency?	/1/	DR.	Yes, PDD.B.8.1.1 shows the monitoring frequency of 5 years.	OK.	

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Checklist Question	Ref.	MoV*	Comments	Draft Concl	Final Concl.
B.4. MONITORING OF THE ACTUAL NET GHG REMOVALS It is established whether the monitoring plan provides for reliable and complete actual net GHG removals.					
B.4.1. Does the monitoring plan provide for the collection and archiving of all relevant data necessary for estimation or measuring the actual net greenhouse gas removals by sinks during the crediting period?	/1//21/ /33/ /41/- /44/ /54/- /56/	DR. I	Yes.	OK.	
B.4.1.a. Does the monitoring plan provide for changes in circumstances within the project boundary that affect legal title to the land or right of access to the carbon pools?	/1//21/ /24/ /25/ /54/- /56/	DR I.	No, PDD A.6 states the land is owned by State, and land use certificate is issued to land user,. Legal title change is unlikely. However, CL5 (2) apply.	(CL5(2))	OK.
B.4.1.b. Does the monitoring plan specify the technique and methods for sampling and measuring individual carbon pools and GHG removals by sinks included in the actual GHG removals by sinks that reflects commonly accepted principles and criteria concerning forest inventory?	/1/ /21/ /33/ /54/- /56/	DR I.	Yes, PDD B.8.1.1 states how the sampling plot is defined and its target precision level will be evaluated according to "Calculation of number of sample plots for A/R CDM project activities". DBHs and Hs will be measured and carbon stock will be calculated according to the methodology.	OK.	
B.4.2. Are the choice of project GHG indicators reasonable?	/1/	DR.	Yes.	OK.	
B.4.3. Will it be possible to monitor / measure the specified project GHG indicators?	/1/	DR.	Yes.	OK.	
B.4.4. Will the indicators enable comparison of project data and performance over time?	/1/	DR.	Yes.	OK.	

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Checklist Question	Ref.	MoV*	Comments	Draft Concl	Final Concl.
B.5. MONITORING OF LEAKAGE It is assessed whether the monitoring plan provides for reliable and complete leakage data over time.					
B.5.1. Does the monitoring plan clearly identify the following indicators? ref. SS A/R methodology, § 48. (a) Area under cropland displaced within the project boundary displaced due to the project (b) Number of domesticated grazing animals within the project displaced due to the project activity. (c) For domesticated roaming animals, the time average number of grazing animals per hectare within the project boundary displaced due to the project activity.	/1/ /21/ /41- /44/ /54- /56/	DR I.	Yes, PDD B.8.1.2.1 identifies the information to be collected for monitoring leakage.	OK.	
B.5.2. Have relevant indicators for GHG leakage been included?	/1/	DR.	Yes.	OK.	
B.5.3. Will it be possible to monitor the specified GHG leakage indicators.	/1/	DR.	Yes.	OK.	
B.5.4. Does the monitoring plan specify the procedures for the periodic review of implementation of the activities and measures to minimize leakage? A/R Modalities § 25h	/1/	DR.	Yes, the monitored data will be reviewed by the director of the Forest Development Fund.	OK.	
B.6. MONITORING OF THE BASELINE NET GHG REMOVALS It is established whether the monitoring plan provides for reliable and complete baseline net GHG removals data over time.					
B.6.1. No monitoring of the baseline is required. (Decision 14/CP10. appendix B, § 6)	/1/	DR.	-	NA.	
B.7. PROJECT MANAGEMENT PLANNING It is checked that project implementation is properly					

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Checklist Question	Ref.	MoV*	Comments	Draft Concl	Final Concl.
prepared for and that critical arrangements are addressed.					
B.7.1. Is the authority and responsibility of project management clearly described?	/1//23/ /33/ /41/ /44/ /54/ /56/	DR. I	CL11 Roles and responsibility of each organization related to the project shall be explained.	CL11	OK.
B.7.2. Is the authority and responsibility for registration, monitoring, measurement and reporting clearly described?	Ditto	Ditto	Since the Forest Development Fund is the only PP, it is obvious that the authority and responsibility belongs to FDF. However CAR3 needs to be resolved.	(CAR3)	
B.7.3. Are procedures identified for training of monitoring personnel?	Ditto	Ditto	CL12 In PDD B.8.3, who constitutes the Monitoring Unit, who is the Supervisor of the Unit is not clear. Please explain affiliations of each persons and how they will be trained .	CL12	OK.
B.7.4. Are procedures identified for emergency preparedness for cases where emergencies can cause unintended emissions?	Ditto	Ditto	CL13 Emergency preparedness of the project shall be explained.	CL13	OK.
B.7.5. Are procedures identified for monitoring, measurements and reporting?	Ditto	Ditto	Yes, PDD B.8.3 identifies the procedure.	OK.	
B.7.6. Are procedures identified for calibration of monitoring equipment? Are procedures identified for maintenance of monitoring equipment and installations?	Ditto	Ditto	Use of special equipments is unlikely. This question does not need to be applied.	NA	
B.7.7. Are procedures identified for data maintenance and storage?	Ditto	Ditto	Yes, PDD B.8.1 to B.8.3 identifies the procedure.	OK.	
B.7.8. Are procedures identified for dealing with possible monitoring data adjustments and uncertainties?	Ditto	Ditto	Yes, PDD states adjustment will be made in terms of number of sample plots, to meet the precision level requirement of the methodology.	OK.	
B.7.9. Are procedures identified for internal audits of GHG project compliance with operational requirements where applicable?	Ditto	Ditto	CL14 No explanation, please explain.	CL14	OK.
B.7.10. Are procedures identified for project performance	Ditto	Ditto	Ditto.	CL14	OK.

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Checklist Question	Ref.	MoV*	Comments	Draft Concl	Final Concl.
reviews before data is submitted for verification, internally or externally?					
B.7.11. Are procedures identified for corrective actions in order to provide for more accurate future monitoring and reporting?	/11/23/ /33/ /54/- /56/	DR. I	Ditto.	CL14	
B.8. QUALITY CONTROL & QUALITY ASSURANCE					
B.8.1. Are procedures identified to ensure reliable field measurements? The procedure includes development of standard operating procedures (SOPs) for each step of the field measurements, collecting reliable data, training and provisions for documentation for future verification. SS A/R methodologies § 59 (a), 60	Ditto	DR I.	CL15 PDD B.8.2 states the SOPs describe the QA, QC procedure. Please explain the contents of the SOP.	CL15	OK.
B.8.2. Are procedures identified to verify field data collection? SS A/R methodologies § 59 (b)	Ditto	DR I.	CL16. No explanation, please explain.	CL16	OK.
B.8.3. Are procedures identified to verify data entry and analysis? SS A/R methodologies § 59 (c)	Ditto	DR I.	Ditto.	CL16	OK.
B.8.4. Are procedures identified for data maintenance and storage taking into account the long-term nature of A/R project activities under the CDM? SS A/R methodologies § 59 (d)	Ditto	DR. I	Yes, data is kept electronically and by paper.	OK.	
C. ESTIMATION OF NET ANTHROPOGENIC GHG REMOVALS BY SINKS					
It is assessed whether all material GHG removals sources are addressed and how sensitivities and data uncertainties have been addressed to arrive at conservative estimates of projected emission reductions.					
C.1. ESTIMATE OF THE ACTUAL NET GHG REMOVALS BY SINKS					
The validation of predicted project GHG removals focuses on transparency and completeness of calculations.					
C.1.1. Are all aspects related to direct and indirect GHG removals captured in the project design?	/1/	DR.	Yes, all aspects related to GHG removals are considered. Both above and below ground biomass are considered. Emission caused by the use of fertilizer also considered.	OK.	

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Checklist Question	Ref.	MoV*	Comments	Draft Concl	Final Concl.
C.1.2. Are the GHG calculations documented in a complete and transparent manner?	/1/ /2/ /16/ /21/ /30/ /31/ /41/- /44/ /54/- /56/	DR I.	Yes, PDDC.2 describes the procedure and the results of calculation transparently. However following data should be provided for confirmation. CL17 (1) Back ground documents for SV, WD. (2) The value 1.4 is used for BEF. The value is for broad leaf trees in Temperate area, explanation on the appropriateness of its use. (3) Net planting area is 88% for sites 1,2,3, and 80% for sites 4,5, explain how these values were determined.. (4) Spread sheet used to determine the annual GHG removal by sinks. How the harvesting, thinning pruning were considered in the calculation.	CL17	OK.
C.1.3. Have conservative assumptions been used to calculate project GHG removals?	/1/ /54/- /56/	DR I .	CL18 Explain where the conservativeness was considered in GHG removal calculation.	CL18	OK.
C.1.4. Are uncertainties in the GHG removals estimates properly addressed in the documentation?	/1/	DR.	NA. There is no specific requirement on uncertainty consideration.	OK.	
C.1.5. Have all relevant greenhouse gases and source categories listed in Kyoto Protocol Annex A been evaluated?	/1/	DR.	Yes, according to the methodology, above and below ground biomass is considered. Although the fertilizer is used, emission from its use is evaluated to be insignificant.	OK.	
C.2. ESTIMATED LEAKAGE It is assessed whether there leakage effects, i.e. change of emissions which occurs outside the project boundary and which are measurable and attributable to the project, have been properly assessed.					
C.2.1. Are potential leakage effects beyond the chosen project boundaries properly identified in accordance with SS A/R methodologies? (SS A/R methodologies, § 27,28,29)	/1/	DR.	Yes, the leakage effect is evaluated according to the methodology, 15% of the ex ante GHG removal by sinks is discounted as the leakage.	OK.	
C.2.2. Have these leakage effects been properly accounted for in calculations?	/1/	DR.	Ditto.	OK.	

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Checklist Question	Ref.	MoV*	Comments	Draft Concl	Final Concl.
C.2.3. Are the calculations documented in a complete and transparent manner?	/1/	DR.	Ditto.	OK.	
C.2.4. Have conservative assumptions been used when calculating leakage?	/1/	DR.	The methodology does not request such consideration.	NA.	
C.2.5. Are uncertainties in the leakage estimates properly addressed?	/1/	DR.	Ditto.	NA.	
C.3.ESTIMATED BASELINE NET GHG REMOVALS BY SINKS The validation of estimated baseline net GHG removals focuses on transparency and completeness of calculations.					
C.3.1. Have the most relevant and likely operational characteristics and baseline indicators been chosen as reference for baseline removals?	/1/	DR.	Yes. Indicators are the above and below ground biomass as per the methodology.	OK.	
C.3.2. Are the baseline boundaries clearly defined and do they sufficiently cover sources and sinks for baseline removals?	/1/	DR.	Yes.	OK.	
C.3.3. Are the GHG calculations documented in a complete and transparent manner?	/1/	DR.	Yes. Baseline GHG removal is evaluate based on the M_{woody} and M_{grass} derived from field survey, and appropriate root to shoot ratios selected from IPCC GPG for LULUCF were applied. Process and the results of the survey are summarized in PDD C.1.	OK.	
C.3.4. Have conservative assumptions been used when calculating baseline?	/1//2/ /41/- /44/ /54/- /56/	DR I .	CL19 Please explain, if and where the conservativeness incorporated in calculating baseline. For Grassland2, the use of IPCC root-shoot ratio in TableC.1.3 yields lower below ground biomass than that obtained from field measurement, explain why the IPCC value was applied.	CL19	OK.
C.3.5. Are uncertainties in the GHG removal estimates properly addressed in the documentation?	/1/	DR.	NA. There is no specific requirement on uncertainty consideration.	OK.	
C.3.6. Have the project baseline(s) and the project removals been determined using the same appropriate methodology and conservative assumptions?	/1/	DR.	Yes, PDD C.1 determines the Baseline GHG removal according to the AR-AMS0001 Ver4.1 methodology.	OK.	

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Checklist Question	Ref.	MoV*	Comments	Draft Concl	Final Concl.
C.4. Validation of net GHG removals will focus on methodology transparency and completeness in removal estimations.					
C.4.1. Will the project result in increased net GHG removals by sinks than the baseline scenario? A/R Modalities § 18	/1/	DR.	Yes.	OK.	
D ENVIRONMENTAL IMPACTS Documentation on the analysis of the environmental impacts, including impacts on biodiversity and natural ecosystems, and impacts outside the project boundary will be assessed, and if deemed significant, an EIA should be provided to the validator.			.		
D.1.1. Is the analysis documented about the environmental impacts, including impacts on biodiversity and natural ecosystems, and impacts outside the project boundary? This analysis should include, where applicable, information on, inter alia, hydrology, soils, risk of fires, pests and diseases. SS A/R modalities Appendix A (k) (i)	/1/	DR I.	Yes, PDD D.1 states positive impacts such as mitigation of soil erosion, increase of soil fertility.	OK.	
D.1.2. If adverse effect is considered significant by the project participants or the Host Party, is the statement included that the project participants have undertaken EIA in accordance with the procedures required by the host party, including its conclusions and all references to support documentation? A/R Modalities § 12c	/1/	DR I .	No adverse effect is expected. Therefore, this question cannot be applied.	OK.	
D.1.3. Have identified environmental impacts been addressed in the project design?	/1/	DR.	Ditto.	OK.	
D.1.4. Does the project comply with environmental legislation in the host country?	/1/ /34/	DR.	CL20 PDD D.2 states, for reforestation project less than 1000ha area, EIA is not required by Appendix I of Government Decree No.80/2006. Appendix I shall be provided for confirmation.	CL20	OK.
D.1.5. Does the project participant indicate planned	/1/	DR.	No adverse effect is expected. This question cannot	OK.	

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Checklist Question	Ref.	MoV*	Comments	Draft Concl	Final Concl.
monitoring and remedial measures to address significant impacts on environmental (ref. Decision 14/ C.P.10 Appendix A. 1(m))			be applied.		
E. SOCIO-ECONOMIC IMPACTS Documentation on the analysis of the socio-economic impacts, including impacts outside the project boundary will be assessed, and if deemed significant, a socio-economic impact assessment should be provided to the validator.					
E.1.1. Is the analysis documented about the socio-economic impacts, including impacts outside the project boundary? This analysis should include, where applicable, information on, inter alia, local communities, indigenous people, land tenure, local employment, food production, cultural and religious sites, and access to fuel wood and other forest products. SS A/R modalities Appendix A (I) (i)	/1/ /45/ /52/	DR. I	Yes, PDD E.1 states the project will have significant positive impacts ,such as economic incentive through payment for planting/tending, sharing of income from thinned/harvested forest product, tCER. Green fodder production outside the project area is also planned, which will lessen work labour for grazing and fodder collection.	OK.	
E.1.2. If any negative impact is considered significant by the project participants or the host Party, a statement is required including that the project participants have undertaken socio-economic impact assessment adequate to scale, in accordance with the procedures required by the host party, including conclusions and all references to support documentation. SS A/R Modalities Appendix A (I) (ii)	/1/	DR.	No negative impact is expected.	OK.	
E.1.3. Have identified socio-economic impacts been addressed in the project design?	/1/	DR.	No negative impact is expected. This question cannot be applied.	OK.	
E.1.4. Does the project participant indicates planned monitoring and remedial measures to address significant impacts on socio-economic impacts. (ref. Decision 14/ C.P.10 Appendix A. 1(m))	/1/	DR.	Ditto.	OK.	
F. STAKEHOLDER COMMENTS The validator should ensure that a stakeholder comments have been invited and that due					

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Checklist Question	Ref.	MoV*	Comments	Draft Concl	Final Concl.
account has been taken of any comments received.					
F.1.1. Have relevant stakeholders been consulted?	/1/ /41/ /52/ /54/ /56/	DR I.	Yes, PDD states meeting was held 23-26 Oct. 07, where detailed explanation of the project presented and questionnaires were distributed and recovered. 99.6% of the participants answered they understood the project and agreed with the project plan.	OK.	
F.1.2. Have appropriate media been used to invite comments by local stakeholders?	Ditto	Ditto	Ditto.	OK.	
F. 1.3. If a stakeholder consultation process is required by regulations/laws in the host country, has the stakeholder consultation process been carried out in accordance with such regulations/laws?	Ditto	Ditto	CL21 Clarify whether stakeholder consultation is required or not by laws/regulations of Vietnam. Corresponding laws /regulations shall be provided.	CL21	OK.
F. 1.4. Is a summary of the stakeholder comments received provided?	Ditto	Ditto	Yes, PDD F.2 summarizes the comments.	OK.	
F. 1.5. Has due account been taken of any stakeholder comments received?	Ditto	Ditto	No, PDD F3 states no modification to the project plan was made because almost all the stakeholders agreed with the plan.	OK.	

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Table. 3 Resolution of Corrective Action and Clarification Requests

Draft report clarifications and corrective action requests by validation team	Ref. to checklist question table 2	Summary of project owner response	Validation team conclusion
<p>CAR1 Approval/authorization letter of the Forest Development Fund by the DNA of Vietnam government is required. In the same or separate letter, approval of the project, project's contribution to sustainable development and voluntary participation of Vietnam shall be stated</p>	<p>Table1 1.-4. Table2 A.1.3. A.5.2-3</p>	<p>Letter of Approval for the project was issued on 20th, Nov. 2008 by the DNA of Vietnam government, and was provided.</p>	<p>OK.</p>
<p>CAR2 In table 3 of PDD A.3, Socialist Republic of Vietnam is indicated yes as PP. As the government has no intension to be a PP, PDD shall be revised. Also Vietnam Forest University and Research Center for Forest Ecology and Environment are not the PP, they shall be excluded from PP.</p>	<p>Table2 A.1.3.</p>	<p>In the revised PDD Ver.2, the descriptions were amended. FDF is the only project participant.</p>	<p>OK.</p>
<p>CAR3 Modality of communication shall be prepared at the time of registration.</p>	<p>Table1 27. Table2 B.7.2</p>	<p>Modality of communication dated 7th Oct. 2008 was provided, where it is stated FDF is the sole focal point for the communication with CDM Executive Board.</p>	<p>OK.</p>
<p>CAR4 The declaration by the FDF that the project is developed or implemented by low income community is required.</p>	<p>Table2 A.3.1.</p>	<p>PP provided declaration letter dated 4th, Nov. 2008.</p>	<p>OK.</p>
<p>CAR5 Attachment 1 which shows the detailed project boundaries (longitude, latitude of corner points?) not provided. Shall be provided and attached to PDD.</p>	<p>Table2 A.4.4</p>	<p>All the coordinates measured by GPS on the project boundary were provided to the validation team before the site visit. The summary of project boundary coordinates was added as Annex 4 to the revised PDD Version 2.</p>	<p>OK.</p>

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Draft report clarifications and corrective action requests by validation team	Ref. to checklist question table 2	Summary of project owner response	Validation team conclusion
<p>CL1 A.11 states the project will be operated by funds of the private companies and the income from project activities. Please explain on the budgetary aspect of the project</p>	<p>Table2 A.1.4. A.2.3.</p>	<p>According to the Annex 5 added to the PDD version 2.1, the total project cost is 15,149M.VND. Among them 3,574M(24%) is spent for reforestation activity during initial 4 years. The most of which is compensated by donations from a private company. Other major expenses are the thinning/harvesting cost in the 9-10th years and in the 16-17th years, which will be recovered by the sales of the products and by tCER sales in 6,11, and 16th years. The project does not have its own income until 9-10th years.</p>	<p>OK.</p>
<p>CL2 Followings shall be provided. The detailed information on the 2007 field survey, Analysis of LANDSAT imaginary, Report of the interviews applying PRA procedure. .</p>	<p>Table2 A.2.1</p>	<p>In 5.3.1, 5.3.5 and Appendix –6 of the Interim Report (2) of JICA Study, the process and results of field survey, land eligibility study using PRA, and analysis of LANDSAT imaginary are described. <u>The land at the beginning of the project does not contain forest</u> was demonstrated as below. -The field survey was conducted on Jan. '07 and the candidate project area which does not violate the forest definition of Vietnam was determined. The land use map and Feb. 2007 LANDSAT imagery was used for confirmation. <u>The land was not forest as of 31 Dec.1989</u> was demonstrated as below. -Based on the candidate project area defined as above, PRA was carried out on Sep. '07. which concluded the candidate area was deforested before 1980s and not the forests at the end of 1989. Further, analysis of LANDSAT imaginary was carried out, where co-relation between the spectrum pattern of the training area with the current vegetation were analyzed. The prediction of the vegetation based on</p>	<p>OK.</p>

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Draft report clarifications and corrective action requests by validation team	Ref. to checklist question table 2	Summary of project owner response	Validation team conclusion
		<p>the spectrum pattern showed more than 90% accuracy for each pixels of the training area. Based on this, 1987, 1989, 1993, and 2007 LANDSAT data were analyzed. As the results, some part of the candidate sub-site 3 and 5 were likely to be the forests in 1989, and they were excluded from project area.</p> <p>The procedure follows the requirements of EB35 Annex18 and the result is acceptable.</p>	
<p>CL3 On the Letter of Confirmation (Annex 3 of PDD) (1) Who issued the Letter of Confirmation (Annex 3 of PDD this letter and to whom it was issued. (2) What are prescribed in the Decisions and Decree quoted in this letter. (3) The roles of the communes in the project. (it might be better to add the name of the communes in the table of PDD.A.3 regardless of whether they wish to be participants, and briefly describe their role in A.3 of the PDD.)</p>	<p>Table2 A.3.1.</p>	<p>Following explanation/documents were provided. (1)The People's Committee of Cao Phong district issued the letter in Annex 3 of PDD to "Whom it may concern." (2) Decisions and Decree quoted in the letter were provided. (3)The roles of the two communes in the project are supportive ones. Explanation was added to the revised PDD version 2.</p>	<p>(1) OK. (2) OK. (3) OK.</p>
<p>CL4 Decision No.38/2005/QD-BNN referred to in A.5.4 shall be provided.</p>	<p>Table2 A.4.1.</p>	<p>The PP provided the excerpt of the Decision. The decision specifies the labour amount for various aspects of the forest plantation, regeneration and protection.</p>	<p>OK.</p>
<p>CL5 Followings shall be clarified. (1) Number of household, cooperatives and communities are inconsistent between TableA.6.1 and A.6.2, reconfirm. (2) Typical land use certificate shall be provided to the audit team. (3) The definition of words communities, communes, cooperative, village, villagers and households shall be clarified, relation between them shall be explained. (4) How the benefit from product and CERs and other</p>	<p>Table2 A.4.8.</p>	<p>Following explanation/documents were provided. And related portion of the PDD was revised. (1) The description of Table A.6.2 is valid. Description in Table A.6.1 was revised in the PDD version2. (2) An example copy of land use certificate and excerpt of Land Law 2004 were provided. According to the law, the duration of land use certificate is 50 years, which is sufficiently longer than the project</p>	<p>(1) OK. (2) OK.</p>

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Draft report clarifications and corrective action requests by validation team	Ref. to checklist question table 2	Summary of project owner response	Validation team conclusion
<p>project related activities will be shared between PP and the villagers in the contracts. Will it be sufficient from the viewpoint of project sustainability?</p> <p>(5) Signed (if not draft) contracts between the FDF and communes shall be provided.</p>		<p>duration (30years or more).</p> <p>(3) A commune is the smallest unit of official administrative unit in Vietnam. A village is informal unit under the commune. A cooperative is the officially recognized group organized for agriculture, farming etc. under laws. The words “communities”, “households”, “villagers” are the same meaning. The description was revised in the PDD version 2, in order to avoid confusion.</p> <p>(4) Table 5.53 of Interim Report (2) shows the sharing of the cost and benefit between FDF and land use right holder. Benefits from tCER and forest product are shared 50/50 and 25/75% between FDF and land use right holder.</p> <p>(5) The draft contract between FDF and Land use right holder were provided, where obligations and rights of both parties are clearly prescribed. FDF will provide materials, financial incentive and technical assistance, will be responsible for supervising the project, required AR-CDM process including monitoring. Land use right holders will keep their land use right certificate, provide planting, maintaining, protection of the project area, receive 100% of firewood. Sharing of tCER and forest product as described in (4) above is also prescribed.</p>	<p>(3) OK.</p> <p>(4) OK. It is also stated in 5.3.6 of the report the plan was explained at the village meeting on Oct. '07 and was agreed by almost 100% of the participants.</p> <p>(5) OK.</p>

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Draft report clarifications and corrective action requests by validation team	Ref. to checklist question table 2	Summary of project owner response	Validation team conclusion
<p>CL6 For confirmation, the report of the baseline survey conducted by JICA in '07 shall be provided.</p>	<p>Table2 B.1.2(a)-(b)</p>	<p>In 5.3 of the Interim Report(2) of JICA Study, the field survey method and the results are described. The project site was stratified to 6 stratum based on the field survey. The results are presented as Vegetation Classification Map in Appendix-5 of the document. The report states standard procedure for biomass measurement in forestry and ecology under the direction of VFU and FSIV expert were followed. The interview with the expert of VFU confirmed the assertion.</p>	<p>OK.</p>
<p>CL7 For confirmation, the reports on the number of cattle, and buffalo, frequency of grazing and location of grazing shall be provided.</p>	<p>Table2 B.1.2(c) B.2.6.</p>	<p>5.3.8 and 5.7.4.of the Interim Report (2) of JICA Study describes the procedure and results of grazing related investigation and leakage calculation The PP explained that the questionnaires on grazing were prepared and distributed to 287 project participants (holders of land use certificate) . The number (287) is about 33.6% of the total number of households in the villages related to the project. The PP considers the sampling density is quite enough. Based on the information, the time average number of grazing animals was calculated. The percentage of displaced grazing animals was 11 to 35 %.</p>	<p>OK.</p>
<p>CL8 The field survey data shall be provided. PDD B.6 also states the carbon stock is expected to decrease in the absence of the project. Due to following reasons. (i) The project area is deforested before 1980 under national policy(HopTac Xa),</p>	<p>Table2 B.1.3. B.2.4. -5. B.2.7</p>	<p>5.3.1 to 5.3.4 of the Interim Report (2) of JICA Study describes the field survey procedure and results. (1) The land eligibility study using PRA approach concludes the project area was not forest at the beginning of 1980s. (2) The soil analysis result is described in</p>	<p>OK.</p>

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Draft report clarifications and corrective action requests by validation team	Ref. to checklist question table 2	Summary of project owner response	Validation team conclusion
<p>(ii) The nutrient in the soil is decreasing, (iii)The area is continually under pressure of human activities such as grazing, fuel wood collection etc, ... which lead to a decrease in the carbon stock and degrading of the land. The evidences supporting the assertions (i)-(iii) shall be provided.</p>		<p>5.3.4, and the low to very low fertility of the area is concluded due to low cation saturation and low contents of CTC. Categorization is based on the definition of "Booker Tropical Soil Manual"/32/. (3)Socio-economic questionnaire survey results described in 5.3.7 of the Study show these activities are prevailing.</p>	
<p>CL9 Although additionality demonstration by Investment analysis is beyond the scope of the applied methodology, provision of Investment analysis result is preferable for quantitative explanation of additionality.</p>	<p>Table2 B.2.10.</p>	<ul style="list-style-type: none"> ● Financial analysis summary was added to PDD version 2.1 as Annex 5. ● In case the donation of 3500Million VND is considered FIRR is calculated as 16 to 21.7% depending on tCER price of \$2 to \$10/tCO2. Without the donation, FIRR is 5.2 to 8.9%. <p>The PP explained amounts of labour, and their costs which comprise most of the expense were estimated according to the Norm developed by MARD Decision N0.38/2005 /22/ and which was provided.</p>	<p>OK. Obviously, the decisive factor of the project implementation is that there happened to be a generous donor of initial project cost. However, from the cash flow indicated in the Annex 5, project IRR can be estimated to be ca 7.3 to 10.9% with CDM and 7.1% without CDM. Both values are still very low compared with 16 to 20% bond yield of Vietnam (http://asianbondsonline.adb.org) Although tCER is not decisive for the project, it can contribute to some extent for improving the project return.</p>
<p>CL10 Evidence (such as MOU between the concerned people, or the minute of the meeting) shall be provided which clarify the date when the project will be implemented as the CDM. Also the relation between the decision and the JICA Interim Report shall be clarified.</p>	<p>Table2 B.2.10.</p>	<p>During on site visit, it was explained that the objectives of the JICA Study were the capacity development for AR CDM promotion which included the development of the PDD of a typical AR CDM project. Study started in Oct.2006. These facts can be confirmed by Appendix 1 of the Interim Report (2). It is obvious that the project was planned to be a CDM project from the very beginning.</p>	<p>OK.</p>

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Draft report clarifications and corrective action requests by validation team	Ref. to checklist question table 2	Summary of project owner response	Validation team conclusion
<p>CL11 Roles and responsibility of each organization related to the project shall be explained.</p>	<p>Table2 B.7.1.</p>	<p>In the draft contract provided in response to CL5, the roles of FDF and villagers (land use right holders) are clearly indicated. SOP (Standard Operating Procedures) provided in response to CL12 to CL16 prescribes, the monitoring unit members will be nominated by FDF, must be trained for monitoring activity based on the “Forest Inventory” or must have attended the course of Forest Inventory in VFU. The supervisor of the unit must have forestry academic degree or its equivalent approved by the FDF Director.</p>	<p>OK.</p>
<p>CL12 In PDD B.8.3, who constitutes the Monitoring Unit, who is the Supervisor of the Unit is not clear. Please explain affiliations of each persons and how they will be trained.</p>	<p>Table2 B.7.3.</p>	<p>The Monitoring Unit of Forest Development Fund constitutes those who will be hired by FDF for field survey and will be trained as described above.</p>	<p>OK.</p>

JACO CDM

Draft report clarifications and corrective action requests by validation team	Ref. to checklist question table 2	Summary of project owner response	Validation team conclusion
<p>CL13 Emergency preparedness of the project shall be explained.</p>	<p>Table2 B.7.4.</p>	<p>As for fire control, the draft SOP states FDF will facilitate forest fire prevention and suppression team in coordination with the villagers and commune people committee. According to the draft contract /23 /, villagers also have the responsibility to protect the plantation from damages caused by grazing, pests and diseases, human disturbance etc.</p>	<p>OK.</p>
<p>CL14 Please explain about the procedures for internal audit, project performance review and corrective action to improve the accuracy of monitoring and reporting.</p>	<p>Table2 B.7.9. –11.</p>	<p>The draft SOP provided prescribes the information related to the project performance will be reported to the FDF Director by the supervisor of the monitoring unit. The monitoring staff also drafts the annual report. In cases when important problems arise, the Director calls for the Board meeting, where measures to resolve the problem will be discussed and decided.</p>	<p>OK.</p>
<p>CL15 PDD B.8.2 states the SOPs describe the QA,QC procedure. Please explain the contents of the SOP.</p>	<p>Table2 B.8.1.</p>	<p>The draft SOP was provided, where monitoring plan as are described in PDD B.8, method of fire control and QA/QC procedures as above are prescribed.</p>	<p>OK.</p>

JACO CDM

Draft report clarifications and corrective action requests by validation team	Ref. to checklist question table 2	Summary of project owner response	Validation team conclusion
<p>CL16 Please explain about verification procedure of field data collection and data entry.</p>	<p>Table2 B.8.2. –3.</p>	<p>The SOP prescribes, the data measured in the sample plots will be re-measured every 8-10 plots and compared with the initial measurement. At least 10 % of the data will be compared with the authorized reference materials. Data entry and analysis will be carried out by supervisor who was not involved in the field measurement. We will explain the validation team.</p>	<p>OK.</p>
<p>CL17 Following data should be provided for confirmation. (1) Back ground documents for SV, WD. (2) The value 1.4 is used for BEF, the value is for broad leaf trees in Temperate area, explanation on the appropriateness of its use. (3) Net planting area is 88% for sites 1,2,3, 80% for sites 4,5, explain how these values were determined.. (4) Spread sheet used to determine the annual GHG removal by sinks. How the harvesting, thinning pruning were considered in the calculation.</p>	<p>Table2 C.1.2.</p>	<p>(1) Background documents for SV and wood density /30/, /31/ were provided. (2) The PP explained that although the project site is in sub-tropical region, it would cause over-estimation when the value for tropical forest is applied (no values for sub tropical in GPG). For the conservative estimation, BEF for the temperate area was used. (3) The PP explained that they estimated the ratio of gross and net area by professional judgement of FDF and RCFEE experts. Since there are small valleys and rock exposure, they can not plant trees in 100% of the project area. (4) Spreadsheet /16/ was provided. Where, growth data, schedule and amount of planted, thinned, harvested trees, and calculation process and amounts of GHG removal are clearly indicated. Growth data and thinned volume is adjusted by productivity class and thinning coefficient respectively.</p>	<p>OK.</p>
<p>CL18 Explain where the conservativeness was considered in GHG removal calculation.</p>	<p>Table2 C.1.3.</p>	<p>PP explained conservativeness is considered by (1) Use of lowest site index (Class III : for very poor land) equation for SV calculation,</p>	<p>OK.</p>

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Draft report clarifications and corrective action requests by validation team	Ref. to checklist question table 2	Summary of project owner response	Validation team conclusion
		(2) Assumed planting area was discounted to 80% or 88% depending on sub-site, of the project area, based on expert judgement (3) Application of temperate zone broad leaf tree BEF:1.4, instead of 3.4 for broad leaf trees in tropical zone(No BEF for sub tropical broad leaf tree is provided in IPCC GPG LULUCF)	
<p>CL19 Explain, if and where the conservativeness incorporated in calculating baseline. For Grassland2, the use of IPCC root-shoot ratio in TableC.1.3 yields lower below ground biomass than that obtained from field measurement, explain why the IPCC value was applied.</p>	<p>Table2 C.3.4.</p>	<p>The PP explained that for conservativeness of the estimate above ground biomass of grass was included in calculating baseline, although the applied methodology prescribes the exclusion of above ground biomass of grass. The PP also reviewed and revised TableC.1-2 and C.1-3 of the PDD version 2. R of 1.58 for grass and 2.83 for shrub quoted from Table 3A.1.8 of IPCC GPG were used for calculation. Although R computed from field survey data showed values of 0.50 to 1.35, these values were not applied since collected below ground bio-mass could not be clearly separated into woody portion and grass portion. The use of IPCC GPG value is in line with the methodology when local or national values are unavailable and is conservative than the use of values obtained from field survey. As the results of the review, baseline was increased from 1903t to 2827ton.</p>	<p>OK.</p>
<p>CL20 PDD D.2 states, for reforestation project less than 1000ha area, EIA is not required by Appendix I of Government Decree No.80/2006. Appendix I shall be provided for confirmation.</p>	<p>Table2 D.1.4.</p>	<p>The PP provided the Decree No.80/2006, where it is prescribed that for the reforestation project of less than 1000ha, EIA is not required.</p>	<p>OK.</p>

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Draft report clarifications and corrective action requests by validation team	Ref. to checklist question table 2	Summary of project owner response	Validation team conclusion
<p>CL21</p> <p>Clarify whether stakeholder consultation is required or not by laws/regulations of Vietnam. Corresponding laws /regulations shall be provided.</p>	<p>Table2</p> <p>F.1.3.</p>	<p>“Regulation on the exercise of democracy in communes” issued together with Decree No.79/2003 prescribes the works to be informed to people, the land use planning and plans are included among them. The Decree was provided.</p>	<p>OK.</p>

**APPOINTMENT CERTIFICATE of Validation team members /
Technical Expert and CURRIKULUM VITAE for Internal
Verifiers**

APPOINTMENT CERTIFICATE

Validation team

Osamu KOBAYASHI

Teruo FUKUDA

CURRIKULUM VITAE for Internal Verifiers

Shigekazu OKA

Noriyuki KOBAYASHI (Technical Advisor)

APPOINTMENT CERTIFICATE**Mr. Osamu KOBAYASHI**

born on 22 February 1947

satisfies the requirements as specified in the JACO CDM Quality Manual and is hereby appointed as

**JACO CDM CDM Lead Auditor and
Validation Team Leader for Cao Phong
Reforestation Project**

Tokyo, 23 July 2008



Yoshihiro Otsuka
General Manager of the Business Development Division
JACO CDM Co., Ltd.

CURRICULUM VITAE (CV) FOR PROPOSED PROFESSIONAL STAFF

1. Name of Firm: JACO CDM, Ltd.

2. Name of Staff: Osamu KOBAYASHI / Manager of Assessment Division

3. Qualification: CDM lead auditor

4. Employment Record:

2007 - Present: Manager of Assessment Division of JACO CDM

2004-2007: Assessment Division of JACO CDM

- Validation team member of Carbon Sequestration through Reforestation in the Bolivian Tropics by Smallholders of "The Federacion de Comunidades Agropecuaris de Rurrenabaque(FECAR)"
- Validation team member of Uganda Nile Basin AR Reforestation Project
- Determination team leader of Kalialura Windpower Project in Bulgaria(JI Project)
- Verification team member of "e7 Bhutan" CDM project
- Validation team leader of Zafarana Windpower Project
- Validation team leader of "e7 Bhutan " CDM project
- Verification team leader of domestic GHG emission assessment projects

2002 - 2004: Japan Audit and Certification Organization for Environment and Quality

1970 - 2002: Fuji Electric Holdings Co., Ltd.

* Responsible for Research and Development of the technology of de-commissioning of Tokai Nuclear Reactor as the general manager of Nuclear Power Co-ordination Division.

*The general manager of Nuclear Power and Environmental Division

* The general manager of Nuclear Power Design Department Nuclear Power Division

5. Work Undertaken that Best Illustrates Capability to Handle the Tasks Assigned:

- Validation team member of Carbon Sequestration through Reforestation in the Bolivian Tropics by Smallholders of "The Federacion de Comunidades Agropecuaris de Rurrenabaque(FECAR)"
- Validation team member of Uganda Nile Basin AR Reforestation Project
- Verification team member of e7 Bhutan project
- Validation team leader of Kalialura Windpower Project in Bulgaria
- Validation team leader of Zafarana Windpower Project
- Validation team leader of "e7 Bhutan " CDM project

APPOINTMENT CERTIFICATE**Mr. Teruo FUKUDA**

born on 14 March 1942

satisfies the requirements as specified in the JACO CDM Quality Manual and is hereby appointed as

**JACO CDM CDM Lead Auditor and
Validation Team Member for Cao Phong
Reforestation Project**

Tokyo, 23 July 2008



Yoshihiro OtsukaGeneral Manager of the Business Development Division
JACO CDM Co., Ltd.

CURRICULUM VITAE (CV) FOR PROPOSED PROFESSIONAL STAFF

1. Name of Firm: JACO CDM, Ltd.

2. Name of Staff: Teruo FUKUDA / Senior Chief Engineer, Assessment

3. Qualification: CDM lead auditor

4. Employment Record:

2004 - Present: Assessment Division of JACO CDM

- Verification team leader of China Xiaogushan Hydropower Project
- Validation team leader of Uganda Nile Basin AR Reforestation Project
- Verification team leader of “e7 Bhutan” CDM project
- Validatio team member of Zafarana Windpower Project
- Validation team leader of “Fushun AN Plant “ CDM project
- Validation team sub-leader of “e7 Bhutan” CDM project
- Verification team leader of domestic GHG emission assessment projects

2002 - 2004: Technical Advisor of Japan AE Power Systems Corporation

1998 - 2002: Director and manager of Environmental department, Japan Electrical
Manufacturers Association

1967 - 1998: Hitachi, Ltd. Head Office

5. Work Undertaken that Best Illustrates Capability to Handle the Tasks Assigned:

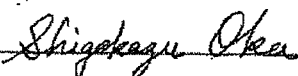
- Verification e7 Bhutan project: acted as a leader and made a verification report
- Verification of China Xiaogushan Hydropower Project: acted as a leader
- Validation of “Energy Recovery Project from Multistage Combustion treatment of Off-gas and Wastewater of the AN Plant of Fushun Chemical Company” (Trial project sponsored by Government of Japan, MOE): Acted as a validation team leader
- Validation of e7 Bhutan project: acted as a sub-leader and made a validation report and registration for EB

CURRICULUM VITAE (CV) FOR PROPOSED PROFESSIONAL STAFF

1. Proposed Position: Internal verifier
2. Name of Firm: JACO CDM, Ltd.
3. Name of Staff: Shigekazu OKA
4. Date of Birth: January 02, 1945 Nationality: Japan
5. Education: Graduated from Faculty of Engineering, Tokyo University in 1968
6. Qualification: manager in charge of pollution control, health administer, health controller in health engineering, RST Trainer, CEAR accredited Environmental lead auditor (A 1658)
7. Membership of Professional Associations: Full member of Japan Society of Mechanical Engineers
8. Countries of Work Experience: Japan
9. Languages: Mother language: Japanese
Other languages: Good in speaking, reading and writing in English
10. Employment Record :
 - 2004 - Present: Manager of Assessment Division of JACO CDM
 - Verification team leader of domestic GHG emission assessment projects
 - 2000 - 2004: Japan Audit and Certification Organization for Environment and Quality
 - 1968 - 2000: Hitachi, Ltd.
 - *The manager of Production Technology Department
 - *Lead the operation of EMS
 - *Engaged in development of the elemental technology of new series, development of automation of production facilities and the rationalization of refrigerators, etc.
11. Detailed Tasks Assigned: Internal Verifier
12. Work Undertaken that Best Illustrates Capability to Handle the Tasks Assigned:

Validation of "Introduction of Gas turbine co-generation system" to Semiconductor Company Nagaoka Factory of Matsushita Electric Industrial Co., Ltd. (Trial Project sponsored by Government of JAPAN, MOE)
13. Certification:

I, the undersigned, certify that to the best of my knowledge and belief, this CV correctly describes myself, my qualifications, and my experience. I understand that any wilful misstatement described herein may lead to my disqualification or dismissal, if engaged.



Date: 2 April 2007

Full name of authorized representative: Yoshihiro Otsuka

3F. CURRICULUM VITAE (CV) FOR PROPOSED PROFESSIONAL STAFF

Proposed Position: Technical Advisor

Name of Firm: Law School of Nihon University
Nihon University

Name of Staff: Noriyuki KOBAYASHI

Profession: Professor of Law School, Nihon University
Professor of Bioresources Science of Nihon University

Date of Birth: August 9, 1940

Years with Firm/Entity: one year

Nationality: Japan

Membership in Professional Societies:

Expert Reviewer of the IPCC Forth Assessment Report
Member of Government Committees related with CDM, Forest Sink
Member of Committee of the Technical Advisory Board of Bio Carbon Fund

Detailed Tasks Assigned: Technical Advisor for AR CDM

Key Qualifications: Ph.D.

Education:

1964 Graduated from Hokkaido University, Agriculture Department, Forestry
2000 Ph.D. (Hokkaido University)

Employment Record:

2004 Professor of Law School, Nihon University
Professor of Bioresources Science of Nihon University
2003 Retired from Sumitomo Forestry Co., Ltd.
2001 Chief Research Fellow of Sumitomo Forestry Co., Ltd.
1998 Supervisory Officer of Sumitomo Forestry Co., Ltd.
1991 General Manager of Green Environmental Department of Sumitomo Forestry Co., Ltd.

1987 General Manager of Overseas Department of Sumitomo Forestry Co., Ltd.
1964 Entered to Sumitomo Forestry Co., Ltd.

Part Time Lecture:

Tokyo University of Agriculture and Technology
Shinsyu University

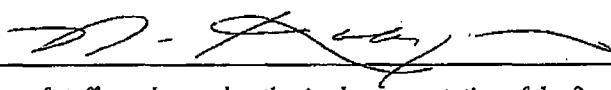
Languages:

Mother Language: Japanese

Other Languages: Excellent in speaking, reading and writing in English

Certification:

I, the undersigned, certify that to the best of my knowledge and belief, these data correctly describe my qualifications, my experience, and me.



[Signature of staff member and authorized representative of the firm]

Date: 13, DEC, 2005

Day/Month/Year

Full name of staff member: Noriyuki Kobayashi

Full name of authorized representative: Yoshihiro Otsuka

