

Management Response

to the Midterm Review of the project “Mainstreaming Natural Resource Management and Biodiversity Conservation Objectives into Socio-Economic Development Planning and Management of Biosphere Reserve in Vietnam” (00095982)

UNDP PIMS ID: 5659 - GEF Project ID (PMIS) #: 9361

Midterm Review Mission Completion Date: 15 February 2022

Date of Issue of Management Response: 6 May 2022

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Context, background and findings

Located in the Indochina Peninsula in Southeast Asia, Viet Nam is within the Indo-Burma Biodiversity Hotspot. Forests are among the most species-rich ecosystems in the hotspot, and before major anthropogenic change they covered vast majority of its land. The variety of forest types is immense, with evergreen, semi-evergreen and mixed deciduous forests, to deciduous dipterocarp forests relatively poor in species. This rich biodiversity is threatened by the demands of a high population and fast economic growth. One of growth-sector is tourism, with infrastructure leading to increasing threats to critical habitats and ecosystems. Agriculture has reduced its relative importance compared with other sectors, but still provides the main livelihood for a significant part of the rural population. Pressure from agriculture and fisheries development activities results in pressure on the country's natural resources and biodiversity, and rich terrestrial and marine natural resources that tourism and the local population dependent on.

The project “Mainstreaming Natural Resource Management and Biodiversity Conservation Objectives into Socio-Economic Development Planning and Management of Biosphere Reserve in Viet Nam” aims to address the negative impacts of unsustainable sector-led development practices by trying to harmonize socio-economic development, sustainable management of natural resources, and biodiversity conservation, through a landscape approach. The Project has been implemented from February 2020 through the Ministry of Natural Resources and Environment (MONRE) as the implementing partner, under a national implementation modality (NIM). The project is financed with USD 6.66 million from the Global Environment Facility (GEF), USD 1 million from UNDP and USD 35.5 million in national co-financing.

There have been certain factors that directly impact on the progress of project activities. The administrative procedures of the Government approval of project document had taken more time than expected. The project has been approved under Decision No. 1753/QĐ-BTNMT dated July 11, 2019. The ProDoc was then signed on February 6, 2020. Hence, the implementation phase had not been initiated for almost 2 years after the approval of UNDP-GEF's (i.e. March 2018). Consequently, the project could only be started with the signing of the Project Document on February 6, 2020 and is in its second year of implementation (out of 5 years in total).

In line with the UNDP-GEF Guidance on MTRs, this MTR process was initiated since November 2021 before the submission of the third Project Implementation Report (PIR) to be due in June 2022. The expectations and detailed tasks of the MTR are described in their TORs. The MTR process follows guidance outlined in the document Guidance for Conducting Midterm Reviews of UNDP-Supported, GEF-Financed Projects (UNDP, 2014).

As for the recommendations, we thank the team for providing specific recommendations with suggested concerned parties for each area. Our responses are detailed in the table below:

Recommendations and management response

Midterm Review Recommendation 1: The relevant government agencies and UNDP should reformulate the project goals¹ and if required present to the GEF for no-objection (depending on the level of change). These changes should assure realistic goals within the project period but could also affect GEF funding. In this exercise, all targets that are outside project management's control should be taken out.

and Recommendation 3: The project staff with support from UNDP should improve the results framework on output level based on the recommendations in the MTR report, with clear baselines, SMART indicators and specific targets. This framework should be used as the main tool for planning, monitoring and reporting of project results. During the yearly planning exercise, order of the activities should consider when the outputs are needed.

Management response: Fully Accept. The Project Management Unit (as NIM project, NPD heads the PMU), in discussion with UNDP, shall revise the contents of the PRF.

Key action(s)	Time frame	Responsible unit(s)	Tracking	
			Comments	Status
1.1 Project Results Framework is revised based on the recommendations in the MTR (including the revision of assumptions and risks where relevant).	30 May 2022	PMU and UNDP CO		Initiated
1.2. PMU reports the final Project Result Framework to the IP and the Project Board	28 February 2023	PMU		Initiated
1.3 The RTA reviews and clears the revised PRF following the GEF Policy.	30 April 2023	UNDP RTA		Initiated

Midterm Review Recommendation 2: The following are recommended as new project activities: (i) competitive funds for community-designed projects; (ii) private sector concessions for tourist services in and around BRs; (iii) PES with a watershed approach; (iv) co-financing of different local certifications (certifications of sustainable production; sustainable forest management); and (v) Ridge-to-Reef (R2R) approach for islands and coastal areas.

Management response: Partially Accept. We acknowledge the recommended new activities for the Project and would like to respond as follows: **(i) Competitive funds for community-designed projects:** under Output 2.6, call for proposals are made to invite local and community-based organizations to submit and implement project proposals on innovative and sustainable livelihood improvement activities for the local communities at 3 project sites. So far, 2 project proposals have been accepted and implemented in Nghe An province. In 2022, the activities will be rolled out in Quang Nam and Dong Nai. Therefore, this recommendation has been reflected in the Project design; **(ii) Private sector concessions for tourist services in and around BRs:** Under component 2.7, the Project will promote the eco-tourism activities in the BR with the participation of the private sector from hotels, guesthouses and tourism facilities, etc. Therefore, this recommendation has been reflected in the Project design; and the Project will continue to promote it in integrated BR management; **(iii) PES with a watershed approach:** Payment for Forest Ecosystem Services (PFES) has been well-regulated and widely implemented in Vietnam; and has helped contributing to increasing the budget for forest protection and nature conservation activities. Therefore, the Project will not have interventions with regards to PFES policies or implementation. However, it will continue to promote PFES as a financial mechanism for sustainable BR management, in particular, to achieve Indicator 7 target; **(iv) co-financing of different local certifications (certifications of sustainable production; sustainable forest management):** The Project pilots and promotes the practice of sustainable natural resources (e.g. NTFPs) use and sustainable agro-forestry production (e.g. medicinal plants; safe vegetables, etc.) under Component 2.4 and Component 2.6. However, the certification of such products was not designed under the Project. Due to budget and time constraint, this new activity cannot be added to the project design. Nevertheless, the project will advocate this recommendation to project stakeholders, especially the BR management boards, for further promotion of sustainable practices to contribute to more effective natural resources management and

¹ The word "goals" has been confirmed by the MTR consultant to mean the (MTR and TE) targets for indicators in the Project Results Framework

livelihood improvement; (v) **Ridge-to-Reef (R2R) approach for islands and coastal areas:** The Ridge-To-Reef approach is a good integrated conservation and development measure that takes multiple aspects of protection in a conservation landscape, from the forest top to the reef edge. Output 2.2, which aims to promote the integrated biodiversity conservation and management planning incorporation into provincial economic and sectoral development planning within Biosphere Reserves, will take this recommendation into account for Cu Lao Cham BR², to contribute to achieving Indicator 4 and 5 targets.

Key action(s)	Time frame	Responsible unit(s)	Tracking	
			Comments	Status
2.1 Recommendations (ii), (iii) and (iv) are reflected in the Integrated Biosphere Reserve Management Approach (IBRMA) documents of the 3 BRs	30 June 2024	PMU and 3 PITs		Initiated
2.2 Recommendation (v) is reflected in the Integrated Biosphere Reserve Management Approach (IBRMA) document for Cu Lao Cham – Hoi An BR	30 June 2024	PMU and CLC PIT		Initiated

Midterm Review Recommendation 4.1.: Streamline formats and dates for UNDP and national planning and reporting, as well as procurement. A simplified planning and reporting format should be based on the results framework, and the QPRs should follow the same framework, with very little text, just updating the figures from previous quarter, to avoid having to transfer information between formats.

Management response: Partially Accept. The formats and deadlines of the annual/quarterly workplans/reports must follow regulations under HPPMG as agreed by UNDP and the Vietnamese Government (On the Vietnamese side, they also need to follow Decree No. 114/2021/ND-CP dated 16 December 2021 as required by Vietnamese Government). QPR also follows HPPMG and the annual plan format (only with more detail breakdown for quarterly activities. Nonetheless, PMU and UNDP has agreed to use a more simplified version of annual/quarterly plans by distributing other costs (workshops, travels, printing and other costs) per output instead of per activity from 2023 onwards (the simplified format is attached to the Management Response).

Key action(s)	Time frame	Responsible unit(s)	Tracking	
			Comments	Status
4.1.1. Simplified annual and quarterly workplan (distributing other costs per output) is used. Simplified format is attached	30 January 2023	PMU and PITs		Initiated

Midterm Review recommendation 4.2.: Establish and respect strict deadlines for the whole planning and reporting process, with the AWP to be approved not later than January.

Management response: Fully Accept. As per HPPMG, AWP should be submitted no later than 15 January every year. In order to meet with such a strict deadline, UNDP and PMU will hold bi-weekly monitoring meetings starting 1 November 2022 to accelerate the planning process.

Key action(s)	Time frame	Responsible unit(s)	Tracking	
			Comments	Status
4.2.1 Monitoring meeting on year-end disbursement and AWP preparation is organized every two weeks starting 1 November every year	1 November 2022	UNDP, PMU and PITs		Initiated
4.2.2 Draft AWP is shared	15 December	PMU		Initiated

² CLC BR is the only BR in the project that has both mountains and ocean

with UNDP no later than 15 December every year.	2022			
4.2.3 Approved AWP is submitted to UNDP no later than 15 January every year.	15 January 2023	PMU		Initiated

Midterm Review recommendation 4.3.: The budget and procurement plans should not be quarterly but based on the yearly budget. Disbursement applications in line with these documents should be approved on a revolving basis, as soon as the project has used at least 80% of the previous disbursement

Management response: Reject. According to the UNDP regulations, quarterly budget plan needs to be prepared and submitted for review as a basis for quarterly advance payment based on the yearly budget and procurement plan. The disbursement to the project is made as soon as the project has used at least 80% of the previous disbursement. For PMU to submit the QWP and request for quarterly advance disbursement in a timely manner, approved Quarterly FACE shall be submitted to UNDP no later than 10th of the first month of each quarter.

Key action(s)	Time frame	Responsible unit(s)	Tracking	
			Comments	Status
4.3.1 Approved Quarterly FACE is submitted to UNDP no later than the 10 th of the first month of each quarter.	December 2024 (10 th of the first month of each quarter)	PMU		Initiated

Midterm Review recommendation 4.4.: The (VAT) tax refund issue must be resolved independently, and not affect the mentioned required percentage.

Management response: Partially Accept. The tax refund should be resolved by the PMU in working with government authority as soon as possible to secure the sufficient budget for project implementation. Regarding the required percentage of 80% of disbursement of one advance before the next advance can be made, this is the UNDP regulations applied to all projects and shall be respected in order to monitor the financial integrity of the project. The tax refund procedures are often time-consuming, so PMU should act earlier and properly at least once every six months as per requirement according to the revisions to the HPPMG dated 20 July 2016.

Key action(s)	Time frame	Responsible unit(s)	Tracking	
			Comments	Status
4.4.1 PMU work with tax authority to have the outstanding VAT (for July 2020-December 2021) refunded no later than 30 June 2022	30 June 2022	PMU		Initiated
4.4.2 PMU to carry out procedure for VAT refund at least once every six months	December 2024 - Every six months (according to the revisions to the HPPMG dated 20 July 2016)	PMU		Initiated

Midterm Review recommendation 5: Assure sufficient financing and support for PIT and local community development. Further develop the model of local consultants to be supported from central level. This could include residents of the communities, preferably female to improve local participation of women.

Management response: Partially Accept. Project budget is allocated for PITs instantly after approving the QWP. The Project Steering Committee had requested PPCs to ensure the sufficient co-financing budget for PIT staff's subsidy and project activities. Under output 2.6, LVGs encouraged local organizations and communities to apply and implement livelihood activities at site. For bidding packages, the PMU and PITs will consider the priority for local consultants in bidding process as much as allowed as per bidding regulations. The PMU and PITs also encourage the participation of local stakeholders (including Protected Area authorities, communities, private sector, local people...) to participate in project activities at site level.

Key action(s)	Time frame	Responsible unit(s)	Tracking	
			Comments	Status
5.1. Under Output 2.6, call for proposals of gender-responsive livelihood improvement initiatives at 3 project sites will be made to local organizations for implementing developing sustainable livelihood models with local communities.	31 December 2022	UNDP CO		Initiated
5.2 Local stakeholders and entities will be encouraged to apply and implement bidding packages for investing at set-aside areas (Output 2.4), forest restoration (Output 2.5), tourism development (Output 2.7)	31 December 2023	PMU/PITs		Initiated

Midterm Review recommendation 6: UNDP and the Government should assure that indigenous peoples and other traditional local communities' rights of access and tenure to natural resources is not negatively affected, even if they are situated in the core zone of the BRs. In this relation, the Grievance Redress Mechanism should be formally approved and informed to local stakeholders, to make it operative.

Management response: Fully Accept. UNDP and PMU will update the SESP; prepare the Stakeholder Engagement Plan and if determined by revised SESP, an Indigenous People's Plan will be prepared; Finalization and putting into operation the Grievance Redress Mechanism (GRM); Revision of registered risks. UNDP CO has engaged an international consultant to update the SESP documents to be in line with most recent safeguards guidelines. All SESP-related documents shall be reviewed and updated.

Key action(s)	Time frame	Responsible unit(s)	Tracking	
			Comments	Status
6.1. SESP documents (including the Stakeholder Engagement Plan) are updated	30 September 2022	UNDP CO		Initiated
6.2. Grievance Redress Mechanism (GRM) is finalized, approved and put into operation	30 September 2022	IP/PSC		Initiated
6.3. Risk registry is updated	30 September 2022	UNDP CO		Initiated

Other actions to be taken based on overall evaluation

Key action(s)	Time frame	Responsible unit(s)	Tracking	
			Comments	Status
7.1 Updating of Tracking Tools	31 May 2022	PMU		Initiated
7.2 Updating Capacity Development scorecard for Terminal Evaluation	31 December 2024	PMU/PITs		Initiated
7.3 Quarter meetings among UNDP, PMU and PITs to ensure better communication and information sharing	First week of every quarter starting from 1 April 2022	UNDP CO, PMU, PITs		Initiated