
Rapport du Président**Proposition de prêt****République socialiste du Viet Nam****Réduction des émissions dans les hauts plateaux du Centre et sur la côte centre-sud du Viet Nam à l'appui des objectifs du Programme d'action national REDD+¹**Numéro du projet: 2000002336

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POUR: APPROBATION**Mesures à prendre:** Le Conseil d'administration est invité à approuver la recommandation telle qu'elle figure au paragraphe 63.

¹ Depuis l'approbation par le Conseil d'administration du financement proposé, plusieurs évolutions sont intervenues concernant les autorités provinciales et ministérielles du Viet Nam. Le projet tel qu'approuvé couvrirait les cinq provinces suivantes: Dak Lak, Dak Nong, Gia Lai, Lam Dong et Ninh Thuan. La province de Ninh Thuan a depuis été administrativement fusionnée avec la province de Khanh Hoa; toute référence à Ninh Thuan doit être lue comme renvoyant à Khanh Hoa. La province de Dak Nong a été rattachée sur le plan administratif à Lam Dong, et les projets des deux provinces relèvent désormais de cette dernière. Compte tenu de ces changements, les provinces visées sont désormais au nombre de quatre : Dak Lak, Gia Lai, Lam Dong et Khanh Hoa. De plus, le Ministère de l'agriculture et du développement rural a fusionné avec le Ministère des ressources naturelles et de l'environnement pour former le Ministère de l'agriculture et de l'environnement, qui est désormais l'autorité ministérielle compétente. Ces évolutions, présentées à titre purement informatif, sont sans incidence matérielle sur la proposition de projet, qui demeure pour l'essentiel conforme aux modalités initialement présentées.

Questions techniques:

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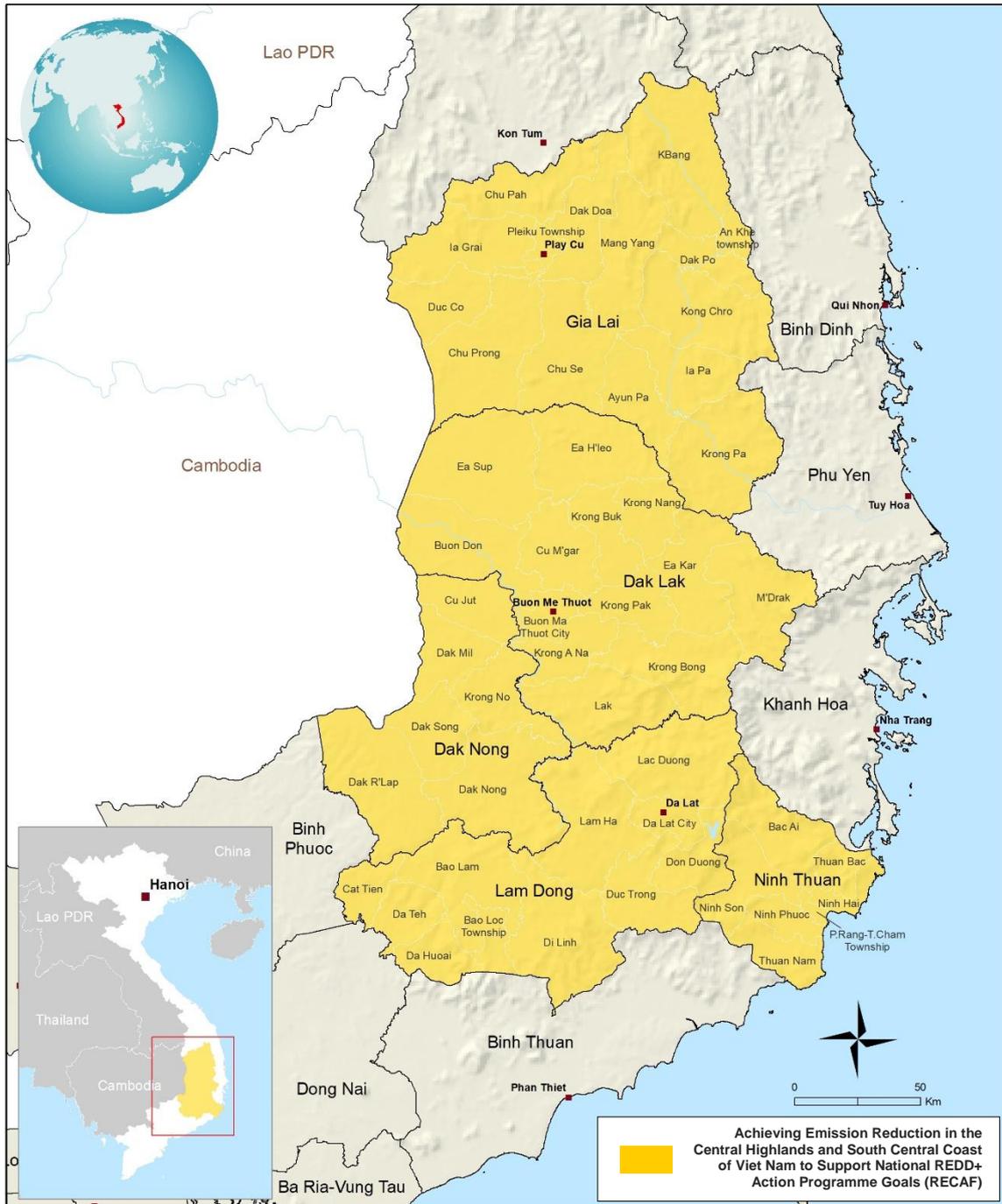
Appendices

- I. Negotiated financing agreement
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Équipe d'exécution du projet

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Carte de la zone du projet



Les appellations employées et la présentation des données n'expriment aucune position particulière du FIDA quant au tracé des frontières ou limites ni aux autorités concernées.

Source: FIDA | 25/08/2022

Résumé du financement

Institution initiatrice:	FIDA
Emprunteur/bénéficiaire:	République socialiste du Viet Nam
Organisme d'exécution:	Ministère de l'agriculture et du développement rural
Coût total du projet:	102,51 millions d'USD
Montant du premier prêt du FIDA [Système d'allocation fondé sur la performance (SAFP)]:	25 millions d'USD
Conditions du premier prêt du FIDA (SAFP):	Conditions ordinaires. Le prêt est consenti à des conditions ordinaires et donnera lieu au versement d'intérêts calculés sur le principal restant dû à un taux d'intérêt correspondant au taux de référence du FIDA et incluant une marge variable, assorti d'un délai de remboursement de 25 ans, y compris un différé d'amortissement de 5 ans.
Montant du deuxième prêt du FIDA [Mécanisme d'accès aux ressources empruntées (MARE)]:	7,434 millions d'USD
Conditions du deuxième prêt du FIDA (MARE):	Conditions ordinaires. Le prêt est consenti à des conditions ordinaires et donnera lieu au versement d'intérêts calculés sur le principal restant dû à un taux d'intérêt correspondant au taux de référence du FIDA et incluant une marge variable, assorti d'un délai de remboursement de 25 ans, y compris un différé d'amortissement de 5 ans.
Cofinanceur:	Fonds vert pour le climat
Montant du cofinancement:	35 millions d'USD
Conditions du cofinancement:	Don
Contribution de l'emprunteur:	28,64 millions d'USD
Contribution des bénéficiaires:	6,44 millions d'USD (contribution en nature)
Montant du financement climatique apporté par le FIDA:	32,434 millions d'USD
Institution coopérante:	Supervision directe par le FIDA

I. Contexte

A. Contexte national et justification de l'intervention du FIDA

1. La République socialiste du Viet Nam a enregistré des progrès impressionnants en matière de réduction de la pauvreté. La part de sa population vivant sous le seuil de pauvreté national s'est établie à 4,8% en 2020, alors qu'elle était de 70% en 1993. Au Viet Nam, la pauvreté est devenue un phénomène essentiellement rural, qui touche principalement les minorités ethniques. Les taux de pauvreté les plus élevés sont ceux des hauts plateaux du centre du pays (8,3%) et de la province de Ninh Thuan (12,7%). Dans les communautés issues de minorités ethniques, le taux de pauvreté atteint 40,4%, et leurs membres représentent 53,8% des habitants vivant dans l'extrême pauvreté.
2. L'agriculture a massivement contribué à la croissance économique et à la réduction de la pauvreté rurale, non sans conséquences pour le pays. En effet, la croissance de ce secteur s'est fortement appuyée sur une exploitation non durable des ressources naturelles. Dans les hauts plateaux du Centre et sur la côte du centre-sud du pays, les secteurs de l'agriculture et de la foresterie représentent 28% à 50% du produit intérieur brut (PIB) et 80% à 90% de l'emploi, ce qui en fait des régions cruciales pour l'économie et les moyens d'existence des habitants.
3. Au cours des 50 dernières années, la température moyenne au Viet Nam a augmenté de 0,5 °C à 0,7 °C, mais cette hausse a été plus rapide dans le Sud et dans les hauts plateaux du Centre. Dans les cinq provinces d'exécution du projet, les températures moyennes ont augmenté de 0,9 °C à 1,0 °C. Les phénomènes climatiques extrêmes s'y produisent à une fréquence et avec une intensité accrues², et les sécheresses y constituent un risque climatique majeur.
4. À l'échelle mondiale, le secteur de l'agriculture, de la foresterie et des autres utilisations des terres est le deuxième contributeur au réchauffement planétaire, après la production d'énergie. Il est responsable de quelque 22% des émissions de carbone³. Le total des émissions nettes imputables au secteur agricole vietnamien (abstraction faite des forêts) est passé de 0,79 tonne d'équivalent dioxyde de carbone (t eq CO₂) en 2000 à 3,81 t eq CO₂ en 2018⁴. Le Programme de réduction des émissions causées par le déboisement et la dégradation des forêts (REDD+) est un levier essentiel de la Stratégie nationale de lutte contre les changements climatiques du Viet Nam. Le Programme d'action national REDD+ pour 2011-2020, approuvé en 2012 et prorogé jusqu'en 2030 en 2017, est le cadre de mise en œuvre du Programme REDD+ au Viet Nam.

Aspects particuliers relatifs aux thématiques transversales prioritaires de la Douzième reconstitution des ressources du FIDA (FIDA12)

5. **Genre et inclusion sociale.** Le Projet de réduction des émissions dans les hauts plateaux du Centre et sur la côte centre-sud du Viet Nam à l'appui des objectifs du Programme d'action national REDD+ (RECAF) cible les femmes, qui représentent la majorité des travailleurs pauvres. Il est établi que l'inégalité de genre est l'une des principales causes de pauvreté. À cet égard, les changements climatiques créent de nouvelles difficultés. Le projet RECAF intégrera systématiquement l'égalité femmes-hommes, et usera de stratégies directes et indirectes pour cibler et toucher les femmes pauvres, en particulier celles issues de minorités ethniques.

² <https://unfccc.int/fr/NDCREG>.

³ Groupe d'experts intergouvernemental sur l'évolution du climat, 2022.

⁴ Troisième Rapport biennal actualisé, consultable à l'adresse suivante:

https://unfccc.int/sites/default/files/resource/Viet%20Nam_BUR3.pdf. Depuis 2016, l'agriculture et l'utilisation des terres, le changement d'affectation des terres et la foresterie ne forment plus qu'une seule catégorie. Émissions totales, hors absorption par les terres forestières.

6. **Jeunes.** L'emploi des jeunes est une problématique majeure au Viet Nam. Le secteur informel reste le principal pourvoyeur d'emplois pour les jeunes travailleurs, qui sont mal rémunérés. En outre, un nombre considérable d'entre eux ne disposent pas des compétences attendues sur le marché du travail. Dans la zone d'intervention, le projet RECAF a pour objectif de créer un environnement propice à la création d'emplois décents et à l'entrepreneuriat dans des filières exemptes de déforestation.
7. **Nutrition.** Le projet RECAF devrait avoir une incidence positive sur la diversité alimentaire des groupes cibles: i) en générant des revenus accrus et plus résilients grâce à des systèmes d'exploitation agricole plus diversifiés, une meilleure gestion agricole, des investissements en faveur de l'irrigation et l'amélioration des liens entre les filières; ii) en introduisant, en complément des haricots, des arbres fruitiers, des fruits à coque, des herbes et des plantes médicinales dans les monocultures de café et de poivre, et dans les systèmes agroforestiers qui seront plantés sur des terres dénudées, afin d'accroître la valeur nutritionnelle des produits agricoles.
8. **Climat et environnement.** Les zones d'exécution du projet sont considérées comme particulièrement exposées aux risques climatiques, notamment aux sécheresses, aux chaleurs extrêmes, aux tempêtes violentes et aux inondations, phénomènes qui sont à l'origine d'importantes pertes économiques et humaines. Le projet RECAF renforcera l'aptitude des autorités centrales et provinciales à aider les petits producteurs ruraux à développer leurs capacités d'anticipation (pour prévoir et atténuer les chocs), d'absorption (pour absorber les chocs et les contraintes, et y faire face) et d'adaptation.
9. Conformément aux engagements pris par le FIDA en matière de transversalisation, le projet a été validé comme:
 - incluant un financement climatique;
 - tenant compte des enjeux nutritionnels;
 - ciblant en priorité les peuples autochtones;
 - incluant des activités relatives à la capacité d'adaptation.

Justification de l'intervention du FIDA

10. De par son statut de pays à revenu intermédiaire, le Viet Nam peine à obtenir des financements à des conditions favorables. Il importe donc que le FIDA continue de mobiliser des dons auprès de sources internes et externes, en particulier pour le renforcement des capacités et les activités favorables aux pauvres qui, conformément aux directives gouvernementales pour la gestion de la dette, ne peuvent bénéficier de financements sous forme de prêts. Par conséquent, dans le cadre du projet RECAF et couplé au mécanisme de prêt reconnu du FIDA en faveur des infrastructures du dernier kilomètre, le financement du Fonds vert pour le climat (FVC) – octroyé sous forme de don – constituera une plateforme solide et attrayante qui permettra au Gouvernement d'atteindre son objectif de politique générale d'intégrer le financement à des conditions favorables dans les processus de planification nationaux et provinciaux, et dans les investissements du secteur public.
11. Depuis plus de 30 ans, le FIDA collabore de manière fructueuse avec le Viet Nam, dont il appuie les populations rurales et le secteur de la petite agriculture. L'atout particulier du FIDA réside dans sa capacité de soutenir et d'encourager l'innovation et l'expérimentation en matière de développement des filières, les infrastructures et le financement à petite échelle, le paiement pour services liés aux écosystèmes, la planification axée sur le marché, l'investissement public, la planification et l'allocation des terres et des terres forestières, la mobilisation du secteur privé et l'agriculture climato-compatible.

B. Enseignements à retenir

12. Le FIDA a tiré de nombreux enseignements de son portefeuille de projets menés au Viet Nam. Les plus pertinents pour le projet RECAF portent sur: i) la promotion de la planification régionale et de la coordination intersectorielle dans les hauts plateaux du Centre et sur la côte centre-sud; ii) les synergies entre les instruments relatifs aux filières, notamment les plans d'action pour les filières, le Fonds de développement pour les femmes, les partenariats public-privé-producteurs (4P) et l'agriculture climato-compatible; iii) la participation du secteur privé; iv) l'avancement des femmes; v) une approche globale de la résilience climatique, de la planification à l'exécution; vi) l'intégration des instruments relatifs aux projets dans les programmes nationaux, en tenant compte des nouvelles politiques d'aide publique au développement au Viet Nam.

II. Description du projet

A. Objectifs, zone d'intervention et groupes cibles

13. L'**objectif** du projet RECAF est de faire baisser la quantité de gaz à effet de serre émise par le secteur de l'agriculture, de la foresterie et des autres utilisations des terres, tout en contribuant au développement durable et résilient face aux changements climatiques des populations tributaires des forêts dans les provinces ciblées.

Changement de paradigme

14. **SI** les piliers conceptuels du Programme REDD+ et du Programme d'action national REDD+ du Viet Nam sont entièrement revus et intégrés aux processus de développement socioéconomique des provinces, et assortis de partenariats 4P et d'incitations financières et juridiques efficaces, **ALORS** le pays sera en mesure de transformer sa production agricole et sa gestion des forêts de façon à atteindre son objectif de production exempte de déforestation, tout en renforçant sa résilience face aux effets des changements climatiques, **CAR** les politiques, les capacités institutionnelles et techniques, les investissements publics et privés, et les capacités des populations et des agriculteurs nécessaires auront fait l'objet d'un appui et d'une coordination afin de réaliser les objectifs en matière de réduction des émissions de gaz à effet de serre, et de développement durable et résilient face aux changements climatiques des communautés dépendantes des forêts.
15. **Zone géographique.** Le projet RECAF sera mis en œuvre dans les provinces de Gia Lai, Dak Lak, Dak Nong et Lam Dong dans les hauts plateaux du Centre, et Ninh Thuan sur la côte centre-sud du pays.
16. **Bénéficiaires.** Le projet RECAF touchera directement 100 000 familles de petits exploitants agricoles, soit quelque 420 000 personnes dans 21 districts des 5 provinces ciblées, et près d'un million de bénéficiaires indirects qui vivent dans la zone du projet ou à proximité. Sur les 100 000 familles qui bénéficieront directement du projet, 40% appartiendront à des minorités ethniques, 40% seront des femmes et 30% seront des jeunes.

B. Composantes, résultats et activités

17. **Composante 1/effet direct 1: mise en œuvre du Programme d'action national REDD+ et intégration de cet instrument aux politiques et aux cadres institutionnels des provinces, et amélioration des partenariats 4P afin de concrétiser le Programme REDD+.** Il s'agit de favoriser la coordination et la planification intersectorielles, essentiellement au niveau des provinces, pour permettre une réduction tangible de la déforestation et le renforcement des capacités de mobilisation de fonds aux fins de la mise en œuvre des plans d'action REDD+.

18. **Sous-composante 1.1/produit 1.1: amélioration des politiques et des mécanismes nationaux REDD+ aux fins de l'intégration de toutes les fonctions nécessaires, notamment le boisement.** Afin de garantir la pleine conformité avec les exigences internationales en matière de paiement fondé sur les résultats, les politiques et mécanismes nationaux REDD+, notamment le Programme d'action national REDD+, les niveaux d'émission de référence pour les forêts et les niveaux de référence pour les forêts, le système national de surveillance des forêts et le système d'information sur les garanties, seront revus et mis à jour, selon qu'il convient.
19. **Sous-composante 1.2/produit 1.2: intégration des politiques, des cadres juridiques et institutionnels, et des mécanismes de coordination des parties prenantes des provinces dans le Programme d'action national REDD+.** Il s'agit d'intégrer les politiques, les cadres juridiques et les mécanismes institutionnels des provinces dans le Programme d'action national REDD+ afin de combler leurs lacunes en matière de capacités.
20. **Composante 2/effet direct 2: réduction des émissions du secteur de l'agriculture, de la foresterie et des autres utilisations des terres grâce à l'établissement de partenariats 4P en faveur des filières exemptes de déforestation et de mécanismes de financement fondés sur les résultats.** Il s'agit de mettre en place des filières exemptes de déforestation grâce à la mobilisation de partenariats 4P et à l'amélioration de l'accès au financement, et de les rendre opérationnelles. Cela suppose de créer des infrastructures d'appui essentielles à ces filières, et de prendre des mesures de restauration et de protection des forêts. Cet effet direct vise à promouvoir la gestion forestière à assise communautaire et à proposer des incitations fondées sur les résultats.
21. **Sous-composante 2.1/produit 2.1: développement de filières exemptes de déforestation dans le cadre de partenariats 4P et facilitation de l'accès au financement.** Le produit 2.1 suppose d'élaborer et de mettre en œuvre des plans d'action en faveur des filières exemptes de déforestation. Il s'agit notamment d'accroître les réserves de carbone, de s'adapter aux changements climatiques et de garantir une rémunération juste aux petits exploitants, aux minorités ethniques et aux autres producteurs. Les plateformes 4P pour des cultures pérennes adopteront une approche juridictionnelle de l'approvisionnement exempt de déforestation, en collaboration avec des entreprises de premier plan. En parallèle, le projet aidera les institutions financières à élaborer des produits de crédit et à garantir un financement à moyen et long terme pour les investissements en faveur de l'atténuation.
22. **Sous-composante 2.2/produit 2.2: amélioration et création de filières exemptes de déforestation et d'infrastructures de restauration des forêts.** Le projet vise à améliorer les infrastructures nécessaires à l'émergence de filières exemptes de déforestation et à la restauration des forêts. Il s'agit notamment d'investir dans des systèmes d'irrigation à petite échelle et de micro-irrigation afin de réduire les besoins en eau, de favoriser la résilience climatique, d'encourager la production d'engrais biologiques, et de faciliter l'accès à des intrants agroforestiers de qualité et aux installations de transformation à valeur ajoutée pour réduire au minimum les pertes après récolte, faire baisser le niveau des émissions et accroître les revenus potentiels des filières exemptes de déforestation.
23. **Sous-composante 2.3/produit 2.3: renforcement des capacités de gestion collaborative des forêts grâce à des incitations fondées sur les résultats.** Il s'agit de faciliter l'élaboration d'un plan communautaire de gestion des paysages dans le cadre duquel les participants auront repéré des zones adaptées au développement de l'agroforesterie, étudié différentes solutions pour mettre au point des produits de niche, évalué les besoins en matière d'infrastructures (en lien avec

le produit 2.2) et recensé les possibilités de paiement pour services liés aux écosystèmes et de gestion collaborative et multipartite des forêts au niveau local.

Gestion, coordination et suivi du projet

24. La coordination du projet est basée sur le cadre éprouvé des projets financés par le FIDA au Viet Nam. Certaines fonctions supplémentaires ont été intégrées de manière à répondre aux nouvelles exigences, notamment en matière de gestion des risques, de participation à l'élaboration des politiques et de promotion des relations et des partenariats avec le secteur privé. Le suivi-évaluation et la gestion des connaissances sont abordés dans la section IV ci-dessous. Le manuel d'exécution du projet décrit en détail les modalités d'exécution.

C. Théorie du changement

25. La déforestation et la dégradation des forêts restent des sources majeures d'émissions de gaz à effet de serre dans la zone du projet, l'agriculture, qui empiète sur les forêts naturelles, et la conversion de ces espaces en forêts de plantation étant les principaux contributeurs. Le potentiel d'accroissement des réserves de carbone est immense grâce à la régénération des forêts et au développement des systèmes agroforestiers. Le Programme REDD+ est un instrument clé de la Stratégie nationale de lutte contre les changements climatiques du Viet Nam. Les ruraux pauvres et les minorités ethniques participent souvent à la production agricole sur les terres forestières concernées, mais, la plupart du temps, ils n'ont pas d'autres solutions pour gagner leur vie et subissent eux aussi les répercussions néfastes de la déforestation, de la dégradation des forêts et des changements climatiques.
26. Le projet vise à faciliter une transition économique viable vers une gestion durable des terres forestières, des filières exemptes de déforestation et des moyens d'existence résilients face aux changements climatiques:
- en aidant les autorités provinciales à systématiquement intégrer le Programme d'action national REDD+ dans leurs plans de développement économique et social, et leurs investissements;
 - en accompagnant le Ministère de l'agriculture et du développement rural afin qu'il mette à jour le système de suivi et d'information du Programme REDD+, l'objectif étant de lui permettre de produire les rapports nécessaires au versement par différentes sources des financements basés sur les résultats;
 - en créant des plateformes 4P d'élaboration et de mise en œuvre de plans d'action pour les filières, afin de rendre ces dernières exemptes de déforestation, d'accroître les réserves de carbone et de faciliter l'adaptation aux changements climatiques, tout en garantissant une rémunération juste aux petits exploitants qui participent au projet;
 - en investissant dans des infrastructures productives résilientes aux changements climatiques afin de permettre l'établissement de partenariats 4P pérennes à même d'investir dans l'agroforesterie et de renforcer la résilience aux sécheresses;
 - en mettant en œuvre une approche participative de la planification et de la cartographie de l'utilisation des terres, l'objectif étant d'élaborer un plan communautaire de gestion des paysages délimitant les zones affectées au développement de l'agroforesterie, répertoriant des solutions pour développer des produits de niche ainsi que les besoins en infrastructures, et recensant les possibilités de paiement pour services liés aux écosystèmes et de gestion collaborative des forêts.

D. Alignement, appropriation et partenariats

27. **Alignement sur les objectifs de développement durable et les objectifs du FIDA.** Le projet RECAF contribuera à la réalisation des objectifs de développement durable n^{os} 1, 2 et 13. Sa conception intègre les trois objectifs stratégiques du programme d'options stratégiques pour le pays pour la période 2019-2025: i) concevoir des filières stables et favorables aux pauvres grâce à des investissements importants du secteur privé; ii) renforcer et élargir l'inclusion financière pour que les moyens d'existence des populations rurales soient plus résilients face aux changements climatiques; iii) favoriser la viabilité environnementale et la résilience des activités économiques des petits producteurs issus de minorités ethniques face aux changements climatiques. Par ailleurs, le projet RECAF est conforme aux thématiques transversales de FIDA12: le climat, les questions de genre, les jeunes et la nutrition.
28. **Alignement sur les priorités nationales.** Le projet RECAF est pleinement conforme aux objectifs stratégiques du Gouvernement vietnamien dans trois domaines de développement clés: i) la facilitation d'un développement rural axé sur le marché; ii) l'amélioration de l'accès des populations pauvres aux marchés des produits de base et du travail; iii) le renforcement de la capacité des ruraux pauvres à s'adapter aux changements climatiques. Ces objectifs sont présentés dans le Plan de développement socioéconomique du Viet Nam 2021-2025, la Stratégie de développement socioéconomique 2021-2030, le Plan de restructuration de l'agriculture, le Programme national ciblé de lutte contre les changements climatiques en faveur d'une croissance verte 2016-2020 et la contribution déterminée au niveau national pour 2020 du Viet Nam.
29. **Partenariats.** Le FIDA coopère étroitement avec d'autres partenaires de développement, notamment la Banque mondiale, la Banque asiatique de développement, l'Union européenne, le Programme des Nations Unies pour le développement, l'Organisation des Nations Unies pour l'alimentation et l'agriculture, le Royaume des Pays-Bas, l'Agence française de développement, l'Agence japonaise de coopération internationale et l'Agence allemande de coopération internationale. Il est un membre actif de différents groupes de travail nationaux sur le développement durable qui conseillent le Gouvernement sur les problématiques les plus pressantes en matière de lutte contre les changements climatiques dans le pays, notamment dans les hauts plateaux du Centre et sur la côte centre-sud.

E. Coût, avantages et financement

Coût du projet

30. Le coût total du projet est estimé à 102,511 millions d'USD, soit 2 450 milliards de dong (VND), sur une période d'exécution de six ans. Les provisions pour imprévus matériels et hausse des prix s'élèvent respectivement à 2,08 millions d'USD (49,77 milliards de VND) et à 7,25 millions d'USD (173,27 milliards de VND).
31. Le projet sera financé par un don du FVC de 35,0 millions d'USD (34,1%), soit 836,50 milliards de VND; un prêt du FIDA alloué au titre du Système d'allocation fondé sur la performance (SAFP) (premier prêt) de 25 millions d'USD (24,4%), soit 597,5 milliards de VND; un prêt du FIDA alloué au titre du Mécanisme d'accès aux ressources empruntées (MARE) (deuxième prêt) de 7,434 millions d'USD (7,2%), soit 177,58 milliards de VND; des fonds de contrepartie des autorités provinciales et du Ministère de l'agriculture et du développement rural, à hauteur de 28,64 millions d'USD (28%), soit 684,55 milliards de VND; et des contributions des bénéficiaires attendus à hauteur de 6,44 millions d'USD (6,3%), soit 153,80 milliards de VND.

Tableau 1

Coût du projet par composante et sous-composante et par source de financement

(en milliers d'USD)

	<i>FVC</i>	<i>Prêt du FIDA (SAFP)</i>	<i>Prêt du FIDA (MARE)</i>	<i>Pouvoirs publics</i>	<i>Bénéficiaires (en nature)</i>	<i>Total</i>
<i>Composante/sous-composante</i>	<i>Montant</i>	<i>Montant</i>	<i>Montant</i>	<i>Montant</i>	<i>Montant</i>	<i>Montant</i>
A. Composante 1/effet direct 1: mise en œuvre du Programme d'action national REDD+ et intégration de cet instrument aux politiques et aux cadres institutionnels des provinces, et amélioration des partenariats 4P afin de concrétiser le Programme REDD+						
Sous-composante 1.1/produit 1.1: amélioration des politiques et des mécanismes nationaux REDD+ aux fins de l'intégration de toutes les fonctions nécessaires, notamment le boisement	8 055	-		213	-	8 268
Sous-composante 1.2/produit 1.2: intégration des politiques, des cadres juridiques et institutionnels, et des mécanismes de coordination des parties prenantes des provinces dans le Programme d'action national REDD+	6 887	-		275	-	7 162
Sous-total	14 942	-		488	-	15 430
B. Composante 2/effet direct 2: réduction des émissions du secteur de l'agriculture, de la foresterie et des autres utilisations des terres grâce à l'établissement de partenariats 4P en faveur des filières exemptes de déforestation et de mécanismes de financement fondés sur les résultats						
Sous-composante 2.1/produit 2.1: développement de filières exemptes de déforestation dans le cadre de partenariats 4P et facilitation de l'accès au financement	11 976	-		688	-	12 664
Sous-composante 2.2/produit 2.2: amélioration et création de filières exemptes de déforestation et d'infrastructures de restauration des forêts	560	25 000	7 434	23 719	6 435	63 148
Sous-composante 2.3/produit 2.3: renforcement des capacités de gestion collaborative des forêts grâce à des incitations fondées sur les résultats	6 040	-		411	-	6 451
Sous-total	18 576	25 000	7 434	24 818	6 435	82 263
C. Gestion, coordination et suivi du projet						
Gestion du projet	1 482	-		3 337	-	4 819
Total	35 000	25 000	7 434	28 643	6 435	102 512

Tableau 2

Coût du projet par catégorie de dépenses et par source de financement

(en milliers d'USD)

	<i>FVC</i>	<i>Prêt du FIDA (SAFP)</i>	<i>Prêt du FIDA (MARE)</i>	<i>Pouvoirs publics</i>	<i>Bénéficiaires (en nature)</i>	<i>Total</i>
	<i>Montant</i>	<i>Montant</i>	<i>Montant</i>	<i>Montant</i>	<i>Montant</i>	<i>Montant</i>
I. Dépenses d'investissement						
A. Travaux	-	25 000	7 434	14 308	6 435	53 177
B. Services de consultants, ateliers et formations	-	-	-	-	-	-
Services de consultants	8 631	-	-	-	-	8 631
Ateliers	5 703	-	-	-	-	5 703
Formation	7 019	-	-	-	-	7 019
Sous-total	21 353	-	-	-	-	21 353
C. Biens, services et intrants	5 136	-	-	14 334	-	19 470
D. Dons et subventions	3 327	-	-	-	-	3 327
E. Véhicules	62	-	-	-	-	62
Total des dépenses d'investissement	29 878	25 000	7 434	28 642	6 435	97 389
II. Dépenses ordinaires	-	-	-	-	-	-
Frais de fonctionnement	1 708	-	-	-	-	1 708
Salaires, traitements et indemnités	3 415	-	-	-	-	3 415
Total des dépenses ordinaires	5 123	-	-	-	-	5 123
Total	35 000	25 000	7 434	28 643	6 435	102 512

Tableau 3

Coût du projet par composante, par sous-composante et par année du projet

(en milliers d'USD)

<i>Composante/sous-composante</i>	<i>2025</i>	<i>2026</i>	<i>2027</i>	<i>2028</i>	<i>2029</i>	<i>2030</i>	<i>Total</i>
A. Composante 1/effet direct 1: mise en œuvre du Programme d'action national REDD+ et intégration de cet instrument aux politiques et aux cadres institutionnels des provinces, et amélioration des partenariats 4P afin de concrétiser le Programme REDD+							
Sous-composante 1.1/produit 1.1: amélioration des politiques et des mécanismes nationaux REDD+ aux fins de l'intégration de toutes les fonctions nécessaires, notamment le boisement	1 324	1 311	2 616	1 632	1 161	223	8 268
Sous-composante 1.2/produit 1.2: intégration des politiques, des cadres juridiques et institutionnels, et des mécanismes de coordination des parties prenantes des provinces dans le Programme d'action national REDD+	1 559	1 723	966	1 339	974	602	7 162
Sous-total	2 884	3 034	3 582	2 971	2 134	825	15 430
B. Composante 2/effet direct 2: réduction des émissions du secteur de l'agriculture, de la foresterie et des autres utilisations des terres grâce à l'établissement de partenariats 4P en faveur des filières exemptes de déforestation et de mécanismes de financement fondés sur les résultats							
Sous-composante 2.1/produit 2.1: développement de filières exemptes de déforestation dans le cadre de partenariats 4P et facilitation de l'accès au financement	1 576	2 276	2 415	2 471	2 288	1 639	12 664
Sous-composante 2.2/produit 2.2: amélioration et création de filières exemptes de déforestation et d'infrastructures de restauration des forêts	15 295	10 841	14 821	22 026	109	57	63 148
Sous-composante 2.3/produit 2.3: renforcement des capacités de gestion collaborative des forêts grâce à des incitations fondées sur les résultats	670	1 561	1 706	1 750	692	72	6 451
Sous-total	17 541	14 677	18 942	26 247	3 089	1 767	82 263
C. Gestion, coordination et suivi du projet							
Gestion du projet	3 643	238	254	241	231	210	4 819
Sous-total	3 643	238	254	241	231	210	4 819
Total	24 068	17 950	22 779	29 459	5 454	2 802	102 512

Stratégie et plan de financement et de cofinancement

32. Le montant total du financement du FIDA en faveur du projet RECAF s'élève à 32,434 millions d'USD, et il prend la forme de deux prêts: un premier prêt, de 25 millions d'USD, au titre du SAFP du cycle de FIDA12 et un deuxième prêt, de 7,43 millions d'USD, au titre du MARE, tous deux accordés à des conditions ordinaires. La structure de financement compte par ailleurs un don du FVC de 35 millions d'USD, des financements de contrepartie des autorités provinciales participantes et des contributions des bénéficiaires. Conformément au décret 114 du Gouvernement vietnamien, le prêt du FIDA servira exclusivement à financer les investissements dans des infrastructures résilientes aux changements climatiques relevant de la sous-composante 2.2. La plupart des financements nationaux, sinon tous, ont été confirmés.
33. Le projet RECAF devrait attirer des partenaires du secteur privé désireux d'investir dans des chaînes d'approvisionnement exemptes de déforestation, ce qui contribuera aux objectifs de la composante 2. Pour que des résultats puissent être obtenus au cours de la période 2023-2030, des ressources supplémentaires devraient en outre être mobilisées auprès de différentes sources, en tant que paiements fondés sur les résultats au titre du Programme REDD+. Il s'agirait notamment du FVC, du Fonds de partenariat pour la réduction des émissions de carbone forestier de la Banque mondiale et de la coalition LEAF.

Décaissement

34. L'accord de financement du FIDA ne mentionnera que la catégorie de dépenses relative aux travaux, conformément à la réglementation locale relative à l'aide publique au développement. Le projet utilisera les ressources issues du don du FVC et des fonds de contrepartie versés par les pouvoirs publics pour financer les investissements immatériels tels que les formations, l'assistance technique et les dépenses afférentes aux services de consultants. Les fonds du projet seront gérés par des unités de gestion du projet (UGP) provinciales conformément à la réglementation. La mise en place de plusieurs organismes d'exécution (cinq provinces plus le Ministère de l'agriculture et du développement rural) et la préparation de six accords de financement (un pour chaque entité) augmenteront considérablement les coûts de transaction pour le FIDA. En outre, il sera nécessaire d'établir un budget précis et de travailler en coordination avec le Ministère des finances pour éviter que les fonds ne manquent durant l'exécution du projet. À l'aide du système de trésorerie local, le Gouvernement transférera les fonds du FIDA et du FVC aux UGP provinciales, conformément au plan de travail et budget annuel approuvé. Pour chaque province, un compte désigné sera ouvert auprès d'une banque commerciale, pour l'usage exclusif du projet. Les fonds du FIDA et du FVC seront décaissés sur les comptes désignés sur la base de rapports financiers intermédiaires trimestriels.

Résumé des avantages et analyse économique

35. D'après l'analyse financière, les activités proposées sont viables, et il ressort de l'analyse économique que le projet est extrêmement rentable, avec une valeur actuelle nette de 786,6 millions d'USD, qui correspond à un taux de rentabilité économique interne de 29,8%. Cette rentabilité très élevée découle de l'objectif très ambitieux du projet de mobiliser les investissements des bénéficiaires dans le secteur de l'agroforesterie grâce à l'octroi de prêts par des institutions financières. En particulier, le projet, en faveur duquel le FIDA, le FVC et les pouvoirs publics investiront 96,076 millions d'USD, vise à appuyer la transformation de monocultures de café et de poivre en systèmes agroforestiers sur une surface de 145 000 hectares.
36. Le bilan carbone total pour le projet RECAF s'établit à -6 684 338 t eq CO₂ sur 12 ans (6 années d'exécution et 6 années de capitalisation), pour une surface totale analysée de 147 174 hectares. Plus précisément, le stockage du carbone par le

changement d'affectation des terres (boisement et autres changements d'affectation des terres) correspond à -305 232 t eq CO₂; les principaux leviers permettant d'agir sur le stockage du carbone seraient l'agriculture (pérenne), avec -2 409 108 t eq CO₂, et la dégradation et la gestion (dégradation des forêts), avec -4 002 980 t eq CO₂. Le projet est une source d'émissions, du fait des intrants et des investissements, à hauteur de +32 982 t eq CO₂.

Stratégie de retrait et durabilité

37. La stratégie de retrait et la pérennisation du projet RECAF reposent sur les éléments clés suivants: i) mise en place d'un environnement politique et réglementaire favorable; ii) consolidation des institutions rurales; iii) mise en place de mécanismes de coordination et de partenariats ou d'alliances; iv) partage des connaissances et renforcement des capacités; v) ouverture de perspectives en matière d'octroi de financements internationaux fondés sur les résultats en faveur des forêts pour permettre la poursuite des investissements. Ensemble, ces mesures garantiront la poursuite, après la clôture du projet, de la transition vers un développement économique rural exempt de déforestation et résilient face aux changements climatiques.
38. Une stratégie de retrait et de durabilité complète sera élaborée avec les partenaires d'exécution au démarrage.

III. Risques

A. Risques et mesures d'atténuation

39. S'agissant de l'objectif du projet, le plus grand risque est la survenue de chocs externes modifiant l'environnement politique, notamment une hausse des prix des produits de base liée au conflit en Ukraine. Au niveau national, le principal moyen d'atténuer ce risque consiste à mener une politique macroéconomique rationnelle, notamment en appliquant les taux de change du marché. Au niveau du projet, la principale mesure d'atténuation consiste à miser sur une analyse financière rigoureuse des investissements relevant du projet, en donnant la priorité à la qualité et la forte productivité ainsi qu'à la maîtrise du coût unitaire de production.
40. S'agissant des objectifs de développement, les principaux risques sont liés au maintien de la stabilité des conditions socioéconomiques dans la zone du projet et des systèmes encadrant l'activité commerciale. Les cinq provinces couvertes par le projet bénéficient d'une croissance économique favorable à une réduction de la pauvreté, et les changements climatiques représentent le principal risque socioéconomique. Le projet RECAF contribuera à la réalisation des objectifs nationaux relatifs au Programme d'action national REDD+ et garantira que toutes les interventions financées par le projet soient fondées sur l'adaptation et l'atténuation.
41. S'agissant des effets directs et des produits, l'un des risques est de manquer de sous-traitants et de prestataires de services compétents et efficaces pouvant réaliser le projet avec un bon rapport coût/efficacité. Des procédures rigoureuses de sélection des sous-traitants potentiels et de vérification à leur égard en amont de la passation des contrats peuvent atténuer adéquatement ce risque.

B. Catégorie environnementale et sociale

42. En ce qui concerne le risque environnemental et social, il est proposé de classer le projet dans la **catégorie B**. Cette classification repose sur un examen critique des risques et des impacts environnementaux et sociaux liés aux éléments suivants: i) le type, la nature et l'échelle des activités prévues dans le cadre du projet proposé; ii) les parties prenantes affectées par le projet et les résultats des consultations avec les parties prenantes; iii) les contextes socioéconomique et environnemental (couvrant les risques inhérents) des sites potentiels du projet.

C. Classement au regard des risques climatiques

43. Les risques climatiques du projet RECAF sont jugés **modérés**. Le projet a été explicitement conçu pour remédier aux problèmes liés aux risques et impacts d'ordre climatique par les moyens suivants: i) activités d'atténuation axées sur l'amélioration de la gestion forestière; ii) adaptation aux changements climatiques grâce à des infrastructures et à des pratiques agricoles et agroforestières résilientes aux changements climatiques.

D. Soutenabilité de la dette

44. Le Viet Nam présente un risque global faible en matière de stress souverain. La dette publique, en recul depuis 2020, devrait continuer à diminuer, et les risques à moyen terme sont également faibles. À plus long terme, le Viet Nam devrait continuer à faire preuve de prudence budgétaire et poursuivre les réformes visant à renforcer les institutions de gestion de la dette des autorités afin de prévenir tout risque à long terme pouvant découler du vieillissement de la population et des changements climatiques. En 2024, la dette publique a reculé à 36,6% du PIB, sous l'effet d'une amélioration du solde budgétaire et d'une forte croissance du PIB nominal. Le niveau actuel de la dette publique (y compris celle des institutions apparentées bénéficiant de la garantie du Gouvernement) reste inférieur au seuil de 50% établi par l'Assemblée nationale.

IV. Exécution

A. Cadre organisationnel

Gestion et coordination du projet

45. Le Gouvernement vietnamien a nommé le Département des forêts du Ministère de l'agriculture et du développement rural comme organisme de coordination du projet, et les comités populaires provinciaux des provinces de Gia Lai, Dak Lak, Dak Nong, Lam Dong et Ninh Thuan comme principaux organismes d'exécution du projet.
46. Chaque province établira un comité de pilotage du projet pour diriger la coordination du projet. Le comité de pilotage du projet sera chargé de donner des orientations stratégiques pour l'exécution du projet RECAF; de superviser les processus relatifs à la planification, au financement et aux achats relatifs au projet; de mobiliser en temps utile des financements adéquats pour le plan de travail et budget annuel; d'examiner les progrès accomplis et de rendre compte des résultats.
47. Une unité nationale de gestion du projet et cinq sous-unités provinciales de gestion du projet seront créées aux fins de l'exécution du projet RECAF. L'unité nationale aidera le Département des forêts à assurer la coordination du projet et à le mettre en œuvre au jour le jour. Les cinq sous-unités de gestion du projet seront chargées d'administrer le projet au quotidien au niveau des provinces et elles assureront le secrétariat lors des réunions des comités de pilotage.
48. Les comités populaires de district et les comités populaires de commune coordonneront l'exécution du projet, et il reviendra à leurs organismes opérationnels et à leurs organisations de masse de mettre en œuvre les activités du projet. Le personnel de l'unité nationale et des sous-unités de gestion du projet, ainsi que des prestataires de services d'assistance technique, fournira une assistance technique et un appui à l'exécution du projet RECAF au niveau du district et de la commune.

Gestion financière, passation des marchés et gouvernance

49. **Gestion financière.** Les dispositions de gestion financière sont fondées sur les enseignements tirés des projets en cours bénéficiant de l'appui du FIDA. Le projet sera exécuté par des UGP décentralisées dans cinq provinces ainsi que par une unité au sein du Ministère de l'agriculture et du développement rural. Les

dispositions de gestion financière du projet seront intégrées au processus de planification et de budgétisation du Gouvernement et à sa structure organisationnelle dans les cinq provinces ainsi qu'au Ministère de l'agriculture et du développement rural; le système de gestion de la trésorerie du Gouvernement sera utilisé aussi bien pour l'affectation des ressources du projet que pour les vérifications et contrôles internes; et les normes modifiées du Gouvernement en matière de comptabilité de caisse seront appliquées pour la tenue des documents comptables et l'élaboration de rapports. Le risque résiduel en matière de gestion financière est jugé **substantiel** avant la mise en place des mesures d'atténuation convenues.

50. **Passation des marchés.** La passation des marchés se fera conformément à la loi sur la passation des marchés n° 43/2013/QH13, au décret 63/2014/ND-CP et aux règlements relatifs aux marchés publics mis à jour ultérieurement, qui ont été jugés conformes aux dernières directives du FIDA en la matière.
51. **Gouvernance.** La Politique du FIDA en matière de prévention de la fraude et de la corruption dans le cadre de ses activités et opérations s'inscrit dans le cadre juridique du Fonds⁵, qui s'applique à tous les bénéficiaires de ses financements. L'UGP centrale et les sous-UGP provinciales veilleront à ce que les activités du projet soient exécutées en toute transparence.

Participation et retours d'information du groupe cible, et mécanisme de réponse aux doléances

52. Le processus de planification participative du projet RECAF constitue le point de départ de la participation active des parties prenantes aux processus de planification. L'application du principe du consentement préalable, libre et éclairé et l'élaboration d'un Plan pour les peuples autochtones se traduiront par un mécanisme de retour d'information permettant de faire connaître les demandes, les préoccupations et les risques et d'élaborer des mesures d'atténuation des risques.

Mécanisme de réponse aux doléances

53. Le mécanisme actuel de recours en matière de doléances sera renforcé, conformément aux lois et réglementations nationales applicables. Les mécanismes de traitement des doléances du projet comportent deux niveaux. Le niveau 1, interne, concerne les collectivités ciblées, tandis que le niveau 2 prévoit une médiation par une tierce partie ou une médiation externe.

B. Planification, suivi-évaluation, apprentissage, gestion des savoirs et communication

54. Le plan de travail et budget annuel est le principal instrument de planification du projet; il sera élaboré à partir des plans d'action provinciaux relatifs au Programme REDD+, du Plan de développement socioéconomique, des plans d'action pour les filières et des plans d'investissement 4P, en suivant l'approche participative établie, comme indiqué dans le manuel d'exécution du projet.
55. Le suivi-évaluation utilisera et améliorera les systèmes existants mis en place lors de précédents projets financés par le FIDA. Le système d'indicateurs de base du FIDA est la colonne vertébrale du système de suivi-évaluation, et des indicateurs supplémentaires seront ajoutés selon les besoins. Le système de suivi-évaluation du projet sera conçu pour suivre et vérifier les niveaux de réalisation des produits du projet, des effets directs associés, de l'objectif du projet et des objectifs de développement.
56. La stratégie de gestion des savoirs est intégrée à celle du pôle du Mékong et s'appuie sur les éléments clés suivants: i) un programme de gestion des savoirs en faveur de l'apprentissage et de la reproduction des bonnes pratiques et des

⁵ Directives pour la passation des marchés relatifs aux projets, Conditions générales applicables au financement du développement agricole, Code de conduite du FIDA.

enseignements tirés du projet; ii) un appui en faveur d'un programme plus large de gestion des savoirs visant à informer les décideurs publics et à encourager la diffusion des innovations, ainsi qu'à éclairer l'élaboration des politiques.

Innovations et reproduction à plus grande échelle

57. Les innovations attendues sont les suivantes: i) application d'une approche de développement du paysage aux fins de la transformation rurale; ii) intégration du Plan d'action national dans les plans de développement socioéconomique avec un mécanisme de coordination pour l'appui aux filières climato-compatibles; iii) modèles d'infrastructures climato-compatibles; iv) planification et développement de filières exemptes de déforestation; v) gestion informatisée de la prévention des feux de forêt, de la gestion et de la protection des forêts, applications pour la lutte contre les parasites et commercialisation en ligne.

C. Plans d'exécution

Plans de préparation à l'exécution et de démarrage

58. Le prêt du FIDA devrait être approuvé par le Conseil d'administration en décembre 2024. Le Gouvernement vietnamien devrait approuver le projet et l'inclure dans les plans d'investissement nationaux et provinciaux et dans le budget 2026-2030 au cours du premier trimestre 2025. Après l'approbation du projet par le FIDA, les comités populaires provinciaux procéderont au recrutement des membres de leurs UGP respectives. Ces dernières élaboreront un plan de démarrage détaillant les activités requises aux fins du démarrage de l'exécution. Les activités comprennent la mise au point d'une première version des manuels d'exécution du projet, l'ouverture des comptes désignés et des comptes de projet, la mise en place des mécanismes de suivi-évaluation, de gestion financière et de passation de marchés, l'approbation du plan de travail et budget annuel et du plan prévu pour la passation de marchés au cours des 18 premiers mois d'exécution, tel que décrit dans le rapport de conception du projet.

Supervision, examen à mi-parcours et plans d'achèvement

59. Le bureau de pays du FIDA au Viet Nam effectuera régulièrement des missions de supervision et d'appui à l'exécution, conformément aux directives du FIDA et du FVC. Il sera appuyé par les équipes régionales de la Division des services de gestion financière, de la Division production durable, marchés et institutions et de la Division environnement, climat, genre et inclusion sociale. Un sondage à mi-parcours et un examen à mi-parcours seront réalisés au cours de la troisième année. Toutes les missions seront exécutées en étroite collaboration avec les autorités nationales et locales, les partenaires de développement et les autres institutions concernées. Les UGP centrale et provinciales dirigeront l'élaboration du rapport d'achèvement du projet et bénéficieront de l'appui du bureau de pays. De même, le rapport d'achèvement du projet sera précédé d'un sondage final et sera complété par des consultations avec les parties prenantes.

V. Instruments et pouvoirs juridiques

60. L'octroi à l'emprunteur/au bénéficiaire du financement proposé est régi par un accord de financement entre la République socialiste du Viet Nam et le FIDA. Six accords de financement seront signés avec les entités suivantes: les provinces de Gia Lai, Dak Lak et Ninh Thuan (représentées par le Ministère des finances en qualité de signataire, étant donné que le prêt du FIDA et le don du FVC feront l'objet du même accord subsidiaire et que les prêts relèvent du mandat du Ministère des finances); les provinces de Lam Dong et Dak Nong (représentées par leurs comités populaires provinciaux respectifs en qualité de signataires); et le Ministère de l'agriculture et du développement rural (via le Département des forêts). Les accords de financement entre l'emprunteur et le FIDA figurent à l'appendice I.
61. La République socialiste du Viet Nam est habilitée, en vertu de son ordre juridique, à recevoir un financement du FIDA.

62. Je certifie que le financement proposé est conforme aux dispositions de l'Accord portant création du FIDA, et aux Principes et critères applicables aux financements du FIDA.

VI. Recommandation

63. Je recommande au Conseil d'administration d'approuver le financement proposé par les résolutions suivantes:

DÉCIDE: que le Fonds accordera à la République socialiste du Viet Nam un prêt à des conditions ordinaires d'un montant de vingt-cinq millions de dollars des États-Unis (25 000 000 USD), qui sera régi par des modalités et conditions conformes en substance aux modalités et conditions indiquées dans le présent rapport.

DÉCIDE EN OUTRE: que le Fonds accordera à la République socialiste du Viet Nam un prêt à des conditions ordinaires d'un montant de sept millions quatre cent trente-quatre mille dollars des États-Unis (7 434 000 USD), qui sera régi par des modalités et conditions conformes en substance aux modalités et conditions indiquées dans le présent rapport.

Le Président
Alvaro Lario

Negotiated financing agreement

FINANCING AGREEMENT

Loan No (PBAS): 2000005743
Loan No. (BRAM): 2000005363
Grant No: 2000005705

Project name: *Achieving emission reduction in the Central Highlands and South Central Coast of Viet Nam to support National REDD+ Action Programme goals* in Gia Lai province ("RECAF"/ the "Project")

The Socialist Republic of Viet Nam (the "Borrower/Recipient")⁶

and

The International Fund for Agricultural Development (the "Fund" or "IFAD")

(each a "Party" and together the "Parties")

WHEREAS, the Borrower/Recipient has requested through its Ministry of Finance, a loan and a grant from the Fund for the purpose of financing the Project described in Schedule 1 to this Agreement;

WHEREAS, the Project shall be co-financed by the Green Climate Fund ("GCF"),

- A. On 24 September 2018, IFAD and the GCF concluded a Master Accreditation Agreement (the "AMA"), that entered into force on 09 November 2018 pursuant to which a Funding Activity Agreement was executed on 17 June 2025, and amended on 11 August 2025 (the "FAA") setting out the terms and conditions under which the GCF will transfer the GCF Funding to IFAD for the purposes of the implementation of the Project by the Borrower/Recipient. For the avoidance of doubt, any obligation of the Borrower/Recipient stemming from the AMA or the FAA shall be specifically provided in this Agreement;
- B. By its decision GCF/B.40/02/Add.12 of 22 October 2024: Consideration of funding proposals, the GCF Board approved the Funding Proposal to finance *RECAF* as contained in GCF doc No. GCF/B.40/02/Add.12; and
- C. IFAD, in its capacity as trustee, opened a bank account to receive the GCF funds and hold them in trust (the "GCF Trust Account") and IFAD's liability in connection with this Agreement is limited to the assets of the GCF Trust Account.

WHEREAS, the Borrower/Recipient has undertaken to provide additional resources, financially or in kind that may be needed to the Project;

WHEREAS, the Borrower/Recipient shall cause the Gia Lai Provincial People's Committee ("PPC") to carry out the Project;

⁶ For the avoidance of doubt, The Socialist Republic of Viet Nam shall be identified as Borrower specifically in the context of the Loan and as Recipient specifically in the context of the Grant. If the context entails both the Loan and Grant together, the term Borrower/Recipient shall be used accordingly.

WHEREAS, the Fund has agreed to provide financing for the Project;

NOW THEREFORE, the Parties hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: the main document including the preamble, recitals, and Sections A through E; the Project Description and Implementation Arrangements ("Schedule 1"); the Allocation Table ("Schedule 2"); and the Special Covenants ("Schedule 3").
2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2022, (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein, unless the Parties shall otherwise agree in this Agreement.
3. The Fund shall provide two Loans and a Grant from the GCF (the "Financing") to the Borrower/Recipient, which the Borrower/Recipient shall use to implement the Project in accordance with the terms and conditions of this Agreement.
4. In the event of a conflict between the General Conditions, if any, and the Financing Agreement, the latter shall prevail.

Section B

1.
 - A. The amount of the IFAD loan is fourteen million United States dollars (USD 14 000 000) composed of: (i) a loan of six million five hundred and seventy thousand United States Dollars (USD 6 570 000) from the Performance Based Allocation System ("PBAS loan"); and (ii) a loan of seven million four hundred and thirty thousand United States dollars (USD 7 430 000) from the Borrowed Resource Access Mechanism ("BRAM") (together, the "Loans");
 - B. The amount of the GCF grant is six million United States dollars (USD 6 000 000) (the "Grant").
2. The Fund shall credit the amount of the Grant into the Grant Account only when the funds have been received from the GCF, at which point the Fund will inform the Recipient. Any withdrawals from the Grant Account shall be subject to the condition that sufficient funds for the Project shall have been received by the Fund from the GCF and deposited in the Grant Account to cover the withdrawal and that the Fund shall have been notified of such transfer and deposit in writing. The Fund shall have no obligation to extend the Grant to the Recipient under this Agreement for the purpose of the Project if no funds are available in the Grant Account for the Project.
3. The Loans are granted on ordinary terms and shall be subject to interest on the principal amount outstanding at a rate equal to the IFAD Reference Interest Rate with variable spread, payable semi-annually in the Loan Service Payment Currency, and shall have a maturity period of twenty-five (25) years, including a grace period of five (5) years starting from the date that the Fund has determined that all General Conditions precedent to withdrawal have been fulfilled in accordance with Section 4.02(b) of the General Conditions.
4. The Loan Service Payment Currency shall be in USD.

5. The first day of the applicable Fiscal Year shall be 1 January.
6. Payments of principal and interest shall be payable on each 15 June and 15 December.
7. There shall be three Designated Accounts in USD, one for each Loan and one for the Grant, for the exclusive use of the Project opened in a commercial bank. The Borrower/Recipient shall inform the Fund of the officials authorized to operate the Designated Accounts.
8. The Borrower/Recipient shall cause the PPC to provide sufficient counterpart financing for the Project as indicated in the GCF Funding Proposal.

Section C

1. The expected Project Completion Date is 31 December 2028, and the Financing Closing Date shall be aligned with the Project Completion Date, or such other date agreed upon by both Parties.
2. Pursuant to Section 7.05 of the General Conditions, procurement of goods, works, and services financed by the Loans/Grant shall be carried out in accordance with the provisions of the Borrower/Recipient's procurement regulations. The Borrower/Recipient shall ensure that IFAD is promptly notified of any changes to Borrower/Recipient's procurement regulations and policies which the Borrower/Recipient, determines, in good faith, could have an effect on the Project.

Section D

1. The Fund will administer the Loans and the Grant and supervise the Project.
2. As of the date of entry into force of this Agreement, the Borrower/Recipient represents and warrants that, with respect to the Grant:
 - a. during the implementation of the Project, it complied with all the applicable legislative and regulatory provisions with regards to the fight against money laundering and the financing of terrorism and the identification of customers, and carried out other similar verifications to which it may be required with regard to its legislative and regulatory provisions;
 - b. during the implementation of the Project, it has complied with its applicable anti-corruption laws;
 - c. it understands and accepts that IFAD may invite representatives of the GCF to participate in the supervision and other similar missions carried out by IFAD subject to applicable Vietnamese laws and regulations;
 - d. it understands and accepts that the GCF, in coordination with IFAD, may, at its own expense, i) carry out occasional audits on the use of the Grant Financing, ii) conduct ex post impact assessments; and/or iii) request the inclusion of impact assessment requirements subject to applicable Vietnamese laws and regulations;
 - e. it shall cooperate with IFAD and GCF in the event that GCF or a third party appointed by GCF assumes the contractual role of IFAD based on the terms of this Agreement;

- f. it understands and accepts that an independent auditor selected by IFAD shall conduct interim and final independent audit reports for the purposes of measuring the performance of the Project subject to applicable Vietnamese laws and regulations;
- g. it understands and accepts that a major restructuring of the Project may result in the GCF or IFAD requesting a new letter of no objection or new approvals from the relevant authority, or both, as applicable;
- h. any branding activity, including the use of either IFAD or GCF's name, mark, symbol or logo in any reports, publications, news media or related publicity materials as well as any other form of public information must be agreed in writing by IFAD and GCF;
- i. it is duly authorized, and has the capacity to enter into this Agreement and that this Agreement is legally binding on and enforceable against the Recipient in accordance with its governing law;
- j. it shall have no right of action, whether in contract, tort or under statute to the extent permitted by law, against the GCF, including Board members, alternate Board members, the Executive Director, Staff and Experts, and/or any other person acting on behalf of the GCF in respect of the GCF Trust Account, the Grant or any loss or damage arising out of IFAD's acts or omissions, or the acts or omissions of its officers, employees, agents or consultants under or in connection with the implementation of the Grant; and
- k. it shall cause the province to implement the Project (only with respect to the Grant portion) in accordance with the Implementation Manual, which provides the relevant guidelines for Project implementation and is approved by the PPC subject to applicable laws.

Section E

1. The following is designated as an additional ground for cancellation of the Loans/Grant by IFAD:
 - (a) In the event that the Borrower/Recipient did not request a disbursement of the Financing for a period of at least twelve (12) consecutive months without justification subsequent to the first eighteen (18) months from the Entry into Force of the Agreement.
2. The following are designated as additional grounds for suspension of the Grant by IFAD:
 - (a) The GCF has decided to suspend payments to IFAD, including but not limited to the GCF portion of the Financing; and
 - (b) The GCF has terminated the AMA or FAA.
3. The following is designated as an additional condition precedent to withdrawal:
 - (a) The Provincial Project Management Unit ("PPMU") shall have been established and the key Project staff (i.e. Project Director and Chief Accountant) shall have been selected.
4. This Agreement is subject to ratification by the Borrower/Recipient.

5. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Borrower/Recipient:

Deputy Minister of Finance
28 Tran Hung Dao street
Hanoi Viet Nam

For the Fund:

The President
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

Copy to:

Reehana Raza
Regional Director
Asia and the Pacific Region (APR)
IFAD Regional Office APR c/o UNESCAP
United Nations Building,
Rajadamnern Nok Avenue,
Bangkhunprom, Pranakorn,
Bangkok 10200
Thailand

Frew Behabtu
Acting Country Director
IFAD Office in Cambodia
15th Floor, Exchange Square
106 corner st.61
Sangkat Wat Phnom
Phnom Penh
Cambodia

This Agreement has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Borrower/Recipient.

SOCIALIST REPUBLIC OF VIET NAM

Tran Quoc Phuong
Deputy Minister of Finance

Date: _____

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Alvaro Lario
President

Date: _____

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Project area.* The geographic area of the Project in Gia Lai comprises sixteen communes including Ia Lau, Ia Boong, Ia Pia, Ia Bang, Dak Somei, KDang, Kon Gang, SRo, Dak Song, Ia Rsai, Ia Dreh, Phu Tuc, Kon Chieng, Ayun, Hra and Lo Pang (the "Project Area").
2. *Goal.* The goal of the Project is to reduce Greenhouse Gas ("GHG" emissions from deforestation and forest degradation through addressing the drivers in the agriculture-forestry sector, promoting strategic and effective investments for restoration and sustainable management of forest area, empowering and improving the adaptability of the target communities and institutions for livelihood improvement, poverty reduction in communities and better response to climate change.
3. *Objectives.* The objective of the Project is to:
 - (i) support provincial authorities at all levels to develop policies to institutionalize national strategies and to concretize them into the development and implementation of plans to reduce emissions from deforestation, forest degradation and forest restoration efforts to create opportunities for improving livelihoods and raising community awareness.
 - (ii) studying an impact strategy and supporting the development of policies to address difficulties in the use of forest land for production;
 - (iii) supporting the development and promotion of value chains for deforestation-free products to ensure income from agricultural production for people in the Project area, reducing pressure for cultivation expansion which is the main cause of deforestation and forest degradation, and encouraging afforestation and increasing carbon stocks; and
 - (iv) renovating and upgrade public infrastructure for production, enhancing climate resilience and forest protection activities.
4. *Components.* The Project shall consist of the following Components:
 - 4.1 **Component 1: Viet Nam's REDD+ design pillars are fully upgraded and integrated into provincial policies & institutional frameworks with improved public-private-producer partnerships (4Ps: Product – Price – Distribution channels - Marketing) to operationalize REDD+:**
 - 4.1.1 *Sub-Component 1.1:* National REDD+ policies and mechanism upgraded to fulfil all required functions, including result-based payments ("RBP").
 - 4.1.2 *Sub-Component 1.2:* Provincial policies, legal and institutional frameworks, and stakeholder coordination mechanisms integrated with National REDD+ Action Plan ("NRAP").
 - 4.2 **Component 2: Emissions reductions from the Agriculture, Forestry and Other Land Use ("AFOLU") consequently to 4Ps' deforestation-free value chains & performance-based finance.**
 - 4.2.1 *Sub-Component 2.1:* Deforestation free value chains developed by 4Ps and increased access to finance.
 - 4.2.2 *Sub-Component 2.2:* Deforestation-free value chains and forest restoration infrastructure upgraded and established.
 - 4.2.3 *Sub-Component 2.3:* Collaborative Forest management capacity enhanced through performance-based incentives.

4.3 Component 3: Project management.

II. Implementation Arrangements

5. Project Management Unit.

The Gia Lai PPMU is established under and reports directly to the Department of Finance. The PPMU is led by a Provincial Project Director. The PPMU is composed of three technical sections: (i) Strategic Management including dedicated staff for planning and monitoring/evaluation the Project activities and the social (gender, youth, ethnic minorities ("EM")) and environmental safeguards and REDD+ and climate adaptation activities, (ii) Infrastructure Management including a Non-deforestation Engineer to ensure adherence to social and environmental safeguards; and (iii) Financial Management.

6. Monitoring and Evaluation.

The Project's Monitoring and Evaluation "M&E" system will be designed to track and verify the levels of achievement of Project outputs, the associated outcomes, and the success in achieving the Project objective and its development goal.

Schedule 2*Allocation of Loans and Grant Proceeds*

(a) Table 1 sets forth the Outcomes of Eligible Expenditures to be financed by the Loan/Grant and the allocation of the amounts to each Outcome of the Financing and the percentages of expenditures for items to be financed for each Outcome:

Table 1

Outcome	IFAD-BRAM Loan Amount Allocated (expressed in USD)	IFAD-PBAS Loan Amount Allocated (expressed in USD)	GCF Grant Amount Allocated (expressed in USD)	Percentage*
Outcome 1: Viet Nam's REDD+ Design Pillars Upgraded & Integrated (Outputs 1.1 & 1.2)			1 400 000	100%
Outcome 2: Deforestation Free VCs (Outputs 2.1&2.3)			4 350 000	100%
Outcome 2 Infrastructure (output 2.2)	7 430 000	6 570 000		
Project Management			250 000	100%
TOTAL	7 430 000	6 570 000	6 000 000	

* The Percentage is applied to Project expenditures, excluding taxes and shares of other financiers.

(b) Table 2 presents eligible output expenditures for each Outcome shown in Table 1.

Table 2

Outcome	BRAM Loan	PBAS Loan	GCF grant
Outcome 1: Viet Nam's REDD+ Design Pillars Upgraded & Integrated	-	-	Output 1.1, 1.2
Outcome 2: Deforestation Free VCs	Output 2.2	Output 2.2	Output 2.1, 2.3
Project Management	-	-	Output 3

Schedule 3

Special Covenants

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Borrower/Recipient to request withdrawals from the Loan/Grant Account if the Borrower/Recipient has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Project:

1. *Planning, Monitoring and Evaluation.* The PPMU shall ensure that (i) a Planning, Monitoring and Evaluation ("PM&E") system shall be established within twelve (12) months from the date of entry into force of this Agreement.
2. *Compliance with IFAD's Social Environmental and Climate Assessment Procedures ("SECAP 2021").* The Borrower/Recipient, through the Project, shall ensure that all Project activities are implemented in compliance with Viet Nam's Environmental Law and Land Law; and relevant Vietnamese and IFAD policies, including the IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations, and the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse. The Borrower/Recipient shall ensure that IFAD is promptly notified of any changes to its environmental and social policies or regulations that could, in good faith, affect project implementation.

FINANCING AGREEMENT

Loan No (PBAS): 2000005742
Grant No: 2000005706

Project name: *Achieving emission reduction in the Central Highlands and South Central Coast of Viet Nam to support National REDD+ Action Programme goals* in Khanh Hoa province ("RECAF"/ the "Project")

The Socialist Republic of Viet Nam (the "Borrower/Recipient")⁷

and

The International Fund for Agricultural Development (the "Fund" or "IFAD")

(each a "Party" and together the "Parties")

WHEREAS, the Borrower/Recipient has requested through its Ministry of Finance a loan and a grant from the Fund for the purpose of financing the Project described in Schedule 1 to this Agreement;

WHEREAS, the Project shall be co-financed by the Green Climate Fund ("GCF")

- A. On 24 September 2018, IFAD and the GCF concluded a Master Accreditation Agreement (the "AMA"), that entered into force on 09 November 2018 pursuant to which a Funding Activity Agreement was executed on 17 June 2025, and amended on 11 August 2025 (the "FAA") setting out the terms and conditions under which the GCF will transfer the GCF Funding to IFAD for the purposes of the implementation of the Project by the Borrower/Recipient. For the avoidance of doubt, any obligation of the Borrower/Recipient stemming from the AMA or FAA shall be specifically provided in this Agreement;
- B. By its decision GCF/B.40/02/Add.12 of 22 October 2024: Consideration of funding proposals, the GCF Board approved the Funding Proposal to finance *RECAF* as contained in GCF doc No. GCF/B.40/02/Add.12; and
- C. IFAD, in its capacity as trustee, opened a bank account to receive the GCF funds and hold them in trust (the "GCF Trust Account") and IFAD's liability in connection with this Agreement is limited to the assets of the GCF Trust Account.

WHEREAS, the Borrower/Recipient has undertaken to provide additional resources, financially or in kind that may be needed to the Project;

WHEREAS, the Borrower/Recipient shall cause the Khanh Hoa Provincial People's Committee ("PPC") to carry out the Project;

WHEREAS, the Fund has agreed to provide financing for the Project;

NOW THEREFORE, the Parties hereby agree as follows:

⁷ For the avoidance of doubt, The Socialist Republic of Viet Nam shall be identified as Borrower specifically in the context of the Loan and as Recipient specifically in the context of the Grant. If the context entails both the Loan and Grant together, the term Borrower/Recipient shall be used accordingly.

Section A

1. The following documents collectively form this Agreement: the main document including the preamble, recitals, and Sections A through E; the Project Description and Implementation Arrangements ("Schedule 1"); the Allocation Table ("Schedule 2"); and the Special Covenants ("Schedule 3").
2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2022, (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein, unless the Parties shall otherwise agree in this Agreement.
3. The Fund shall provide a Loan and a Grant from the GCF (the "Financing") to the Borrower/Recipient, which the Borrower/Recipient shall use to implement the Project in accordance with the terms and conditions of this Agreement.
4. In the event of a conflict between the General Conditions, if any, and the Financing Agreement, the latter shall prevail.

Section B

1.
 - A. The amount of the IFAD loan is nine million nine hundred and seventy thousand United States dollars (USD 9 970 000) (the "Loan").
 - B. The amount of the GCF grant is five million five hundred thousand United States dollars (USD 5 500 000) (the "Grant").
2. The Fund shall credit the amount of the Grant into the Grant Account only when the funds have been received from the GCF, at which point the Fund will inform the Recipient. Any withdrawals from the Grant Account shall be subject to the condition that sufficient funds for the Project shall have been received by the Fund from the GCF and deposited in the Grant Account to cover the withdrawal and that the Fund shall have been notified of such transfer and deposit in writing. The Fund shall have no obligation to extend the Grant to the Recipient under this Agreement for the purpose of the Project if no funds are available in the Grant Account for the Project.
3. The Loan is granted on ordinary terms and shall be subject to interest on the principal amount outstanding at a rate equal to the IFAD Reference Interest Rate with variable spread, payable semi-annually in the Loan Service Payment Currency, and shall have a maturity period of twenty-five (25) years, including a grace period of five (5) years starting from the date that the Fund has determined that all General Conditions precedent to withdrawal have been fulfilled in accordance with Section 4.02(b) of the General Conditions.
4. The Loan Service Payment Currency shall be in USD.
5. The first day of the applicable Fiscal Year shall be 1 January.
6. Payments of principal and interest shall be payable on each 15 June and 15 December.
7. There shall be two Designated Accounts in USD for the Grant and the Loan, respectively, for the exclusive use of the Project opened in a commercial bank. The Borrower/Recipient shall inform the Fund of the officials authorized to operate the Designated Accounts.

8. The Borrower/Recipient shall cause the PPC to provide sufficient counterpart financing as indicated in the GCF Funding Proposal.

Section C

1. The expected Project Completion Date is 31 December 2027 and the Financing Closing Date shall be aligned with the Project Completion Date, or such other date agreed upon by both Parties.

2. Pursuant to Section 7.05 of the General Conditions, procurement of goods, works and services financed by the Loan/Grant shall be carried out in accordance with the provisions of the Borrower/Recipient's procurement regulations. The Borrower/Recipient shall ensure that IFAD is promptly notified of any changes to Borrower/Recipient's procurement regulations, and policies which the Borrower/Recipient, determines, in good faith, could have an effect on the Project.

Section D

1. The Fund will administer the Loan and the Grant and supervise the Project.
2. As of the date of entry into force of this Agreement, the Borrower/Recipient represents and warrants that, with respect to the Grant:
 - a. during the implementation of the Project, it complied with all the applicable legislative and regulatory provisions with regards to the fight against money laundering and the financing of terrorism and the identification of customers, and carried out other similar verifications to which it may be required with regard to its legislative and regulatory provisions;
 - b. during the implementation of the Project, it has complied with its applicable anti-corruption laws;
 - c. it understands and accepts that IFAD may invite representatives of the GCF to participate in the supervision and other similar missions carried out by IFAD subject to applicable Vietnamese laws and regulations;
 - d. it understands and accepts that the GCF, in coordination with IFAD, may, at its own expense, i) carry out occasional audits on the use of the Grant Financing; ii) conduct ex post impact assessments; and/or iii) request the inclusion of impact assessment requirements subject to applicable Vietnamese laws and regulations;
 - e. it shall cooperate with IFAD and GCF in the event that GCF or a third party appointed by GCF assumes the contractual role of IFAD based on the terms of this Agreement;
 - f. it understands and accepts that an independent auditor selected by IFAD shall conduct interim and final independent audit reports for the purposes of measuring the performance of the Project subject to applicable Vietnamese laws and regulations;
 - g. it understands and accepts that a major restructuring of the Project may result in the GCF or IFAD requesting a new letter of no objection or new approvals from the relevant authority, or both, as applicable;

- h. any branding activity, including the use of either IFAD or GCF's name, mark, symbol or logo in any reports, publications, news media or related publicity materials as well as any other form of public information must be agreed in writing by IFAD and GCF;
- i. it is duly authorized, and has the capacity to enter into this Agreement and that this Agreement is legally binding on and enforceable against the Recipient in accordance with its governing law;
- j. it shall have no right of action, whether in contract, tort or under statute to the extent permitted by law, against the GCF, including Board members, alternate Board members, the Executive Director, Staff and Experts, and/or any other person acting on behalf of the GCF in respect of the GCF Trust Account, the Grant or any loss or damage arising out of IFAD's acts or omissions, or the acts or omissions of its officers, employees, agents or consultants under or in connection with the implementation of the Grant; and
- k. shall cause the province to implement the Project (only with respect to the Grant portion) in accordance with the applicable Implementation Manual, which provides the relevant guidelines for Project implementation and is approved by the PPC subject to applicable laws and regulations.

Section E

1. The following is designated as an additional ground for cancellation of the Loan/Grant by IFAD:
 - (a) In the event that the Borrower/Recipient did not request a disbursement of the Financing for a period of at least twelve (12) consecutive months without justification subsequent to the first eighteen (18) months from the Entry into Force of the Agreement.
2. The following are designated as additional grounds for suspension of the Grant by IFAD:
 - (a) the GCF has decided to suspend payments to IFAD, including but not limited to the GCF portion of the Financing; and
 - (b) the GCF has terminated the AMA or FAA.
3. The following is designated as an additional condition precedent to withdrawal:
 - (a) The Provincial Project Management Unit ("PPMU") shall have been established and the key Project staff (i.e., Project Director and Chief Accountant) shall have been selected.
4. This Agreement is subject to ratification by the Borrower/Recipient.

5. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Borrower/Recipient:

Deputy Minister of Finance
28 Tran Hung Dao street
Hanoi Viet Nam

For the Fund:

The President
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

Copy to:

Reehana Raza
Regional Director
Asia and the Pacific Region (APR)
IFAD Regional Office APR c/o UNESCAP
United Nations Building,
Rajadamnern Nok Avenue,
Bangkhunprom, Pranakorn,
Bangkok 10200
Thailand

Frew Behabtu
Acting Country Director
IFAD Office in Cambodia
15th Floor, Exchange Square
106 corner st.61
Sangkat Wat Phnom
Phnom Penh
Cambodia

This Agreement has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the [Borrower/Recipient].

SOCIALIST REPUBLIC OF VIET NAM

Tran Quoc Phuong
Deputy Minister of Finance

Date: _____

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Alvaro Lario
President

Date: _____

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Project area.* The geographic area of the Project in *Khanh Hoa* comprises twelve communes including Bac Ai Tay, Bac Ai, Bac Ai Dong, My Son, Anh Dung, Lam Son, Ninh Son, Vinh Hai, Xuan Hai, Cong Hai, Thuan Bac and Ninh Hai (the "Project Area").

2. *Goal.* The goal of the Project is to reduce Greenhouse Gas ("GHG") emissions from deforestation and forest degradation through addressing the drivers in the agriculture-forestry sector, promoting strategic and effective investments for restoration and sustainable management of forest area, empowering and improving the adaptability of the target communities and institutions for livelihood improvement, poverty reduction in communities and better response to climate change.

3. *Objectives.* The objective of the Project is to:

- (i) support provincial authorities at all levels to develop policies to institutionalize national strategies and to concretize them into the development and implementation of plans to reduce emissions from deforestation, forest degradation and forest restoration efforts to create opportunities for improving livelihoods and raising community awareness.
- (ii) Studying an impact strategy and supporting the development of policies to address difficulties in the use of forest land for production;
- (iii) Supporting the development and promotion of value chains for deforestation-free products to ensure income from agricultural production for people in the Project area, reducing pressure for cultivation expansion which is the main cause of deforestation and forest degradation, and encouraging afforestation and increasing carbon stocks; and
- (iv) New investment, renovating and upgrading public infrastructure for production, enhancing climate resilience and forest protection activities.

4. *Components.* The Project shall consist of the following Components:

4.1 Component 1: Promoting policies and institutional environment for planning and implementing emissions reductions.

4.1.1 *Sub-Component 1.1:* Improving provincial policies and coordination mechanism for deforestation reduction and climate change adaptation.

4.1.2 *Sub-Component 1.2:* Improving national policies and implementation capacity, investing in REDD+.

4.2 Component 2: Developing deforestation-free and climate resilient rural economics

4.2.1 *Sub-Component 2.1:* Developing and promoting deforestation-free product value chains taking into account commodity and nutrition sensitiveness through improvement of access to credit.

4.2.2 *Sub-Component 2.2:* Establishing and operating climate resilient infrastructure for the value chains and forest protection activities.

4.2.3 *Sub-Component 2.3:* Strengthening cooperation on forest management with effective benefit sharing.

4.3 Component 3: Project management.

II. Implementation Arrangements

5. *Project Management Unit.*

The Khanh Hoa PPMU is established under and reports directly to the Provincial People's Committee. The PPMU is led by a Provincial Project Director. The PPMU is composed of three technical sections: (i) Strategic Management including dedicated staff for planning and monitoring/evaluation the Project activities and the social (gender, youth, ethnic minorities ("EM")) and environmental safeguards and REDD+ and climate adaptation activities, (ii) Infrastructure Management including a Non-deforestation Engineer to ensure adherence to social and environmental safeguards; and (iii) Financial Management.

6. *Monitoring and Evaluation.*

The Project's Monitoring and Evaluation ("M&E") system will be designed to track and verify the levels of achievement of Project outputs, the associated outcomes, and the success in achieving the Project objective and its development goal.

Schedule 2

Allocation of Loan and Grant Proceeds

(a) Table 1 sets forth the Outcomes of Eligible Expenditures to be financed by the Loan/Grant and the allocation of the amounts to each Outcome of the Financing and the percentages of expenditures for items to be financed for each Outcome:

Table 1

Outcome	IFAD Loan Amount Allocated (expressed in USD)	GCF Grant Amount Allocated (expressed in USD)	Percentage*
Outcome 1: Viet Nam's REDD+ Design Pillars Upgraded & Integrated		2 110 000	100%
Outcome 2: Deforestation Free VCs (outputs 2.1 & 2.3)		3 140 000	100%
Outcome 2: Infrastructure (output 2.2)	9 970 000		
Project Management		250 000	100%
TOTAL	9 970 000	5 500 000	

* The Percentage is applied to Project expenditures, excluding taxes and shares of other financiers.

(b) Table 2 presents eligible output expenditures for each Outcome shown in Table 1.

Table 2

Outcome	IFAD Loan	GCF grant
Outcome 1: Viet Nam's REDD+ Design Pillars Upgraded & Integrated	-	Output 1.1, 1.2
Outcome 2: Deforestation Free VCs	Output 2.2	Output 2.1, 2.3
Project Management	-	Output 3

Schedule 3

Special Covenants

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Borrower/Recipient to request withdrawals from the Loan/Grant Account if the Borrower/Recipient has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Project:

1. *Planning, Monitoring and Evaluation.* The PPMU shall ensure that (i) a Planning, Monitoring and Evaluation ("PM&E") system shall be established within twelve (12) months from the date of entry into force of this Agreement.
2. Compliance with IFAD's Social Environmental and Climate Assessment Procedures ("SECAP 2021"). The Borrower/Recipient, through the Project, shall ensure that all Project activities are implemented in compliance with Viet Nam's Environmental Law and Land Law; and relevant Vietnamese and IFAD policies, including the IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations, and the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse. The Borrower/Recipient shall ensure that IFAD is promptly notified of any changes to its environmental and social policies or regulations that could, in good faith, affect project implementation.

FINANCING AGREEMENT

Loan No (PBAS): 2000005744

Grant No: 2000005707

Project name: *Achieving emission reduction in the Central Highlands and South Central Coast of Viet Nam to support National REDD+ Action Programme goals* in Dak Lak province ("RECAF"/ the "Project")

The Socialist Republic of Viet Nam (the "Borrower/Recipient")⁸

and

The International Fund for Agricultural Development (the "Fund" or "IFAD")

(each a "Party" and together the "Parties")

WHEREAS, the Borrower/Recipient has requested through its Ministry of Finance, a loan and a grant from the Fund for the purpose of financing the Project described in Schedule 1 to this Agreement;

WHEREAS, the Project shall be co-financed by the Green Climate Fund ("GCF").

- A. On 24 September 2018, IFAD and the GCF concluded a Master Accreditation Agreement (the "AMA"), that entered into force on 09 November 2018 pursuant to which a Funding Activity Agreement was executed on 17 June 2025, and amended on 11 August 2025 (the "FAA") setting out the terms and conditions under which the GCF will transfer the GCF Funding to IFAD for the purposes of the implementation of the Project by the Borrower/Recipient. For the avoidance of doubt, any obligation of the Borrower/Recipient stemming from the AMA or the FAA shall be specifically provided in this Agreement;
- B. By its decision GCF/B.40/02/Add.12 of 22 October 2024: Consideration of funding proposals, the GCF Board approved the Funding Proposal to finance *RECAF* as contained in GCF doc No. GCF/B.40/02/Add.12; and
- C. IFAD, in its capacity as trustee, opened a bank account to receive the GCF funds and hold them in trust (the "GCF Trust Account") and IFAD's liability in connection with this Agreement is limited to the assets of the GCF Trust Account.

WHEREAS, the Borrower/Recipient has undertaken to provide additional resources, financially or in kind that may be needed to the Project;

WHEREAS, the Borrower/Recipient shall cause the Dak Lak Provincial People's Committee ("PPC") to carry out the Project;

WHEREAS, the Fund has agreed to provide financing for the Project;

NOW THEREFORE, the Parties hereby agree as follows:

⁸ For the avoidance of doubt, The Socialist Republic of Viet Nam shall be identified as Borrower specifically in the context of the Loan and as Recipient specifically in the context of the Grant. If the context entails both the Loan and Grant together, the term Borrower/Recipient shall be used accordingly.

Section A

1. The following documents collectively form this Agreement: the main document including the preamble, recitals, and Sections A through E; the Project Description and Implementation Arrangements ("Schedule 1"); the Allocation Table ("Schedule 2"); and the Special Covenants ("Schedule 3").
2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2022, (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein, unless the Parties shall otherwise agree in this Agreement.
3. The Fund shall provide a Loan and a Grant from the GCF (the "Financing") to the Borrower/Recipient, which the Borrower/Recipient shall use to implement the Project in accordance with the terms and conditions of this Agreement.
4. In the event of a conflict between the General Conditions, if any, and the Financing Agreement, the latter shall prevail.

Section B

1.
 - A. The amount of the IFAD loan is eight million four hundred and sixty thousand United States dollars (USD 8 460 000) (the "Loan").
 - B. The amount of the GCF grant is six million four hundred thousand United States dollars (USD 6 400 000) (the "Grant").
2. The Fund shall credit the amount of the Grant into the Grant Account only when the funds have been received from the GCF, at which point the Fund will inform the Recipient. Any withdrawals from the Grant Account shall be subject to the condition that sufficient funds for the Project shall have been received by the Fund from the GCF and deposited in the Grant Account to cover the withdrawal and that the Fund shall have been notified of such transfer and deposit in writing. The Fund shall have no obligation to extend the Grant to the Recipient under this Agreement for the purpose of the Project if no funds are available in the Grant Account for the Project.
3. The Loan is granted on ordinary terms and shall be subject to interest on the principal amount outstanding at a rate equal to the IFAD Reference Interest Rate with variable spread, payable semi-annually in the Loan Service Payment Currency, and shall have a maturity period of twenty-five (25) years, including a grace period of five (5) years starting from the date that the Fund has determined that all General Conditions precedent to withdrawal have been fulfilled in accordance with Section 4.02(b) of the General Conditions.
4. The Loan Service Payment Currency shall be USD.
5. The first day of the applicable Fiscal Year shall be 1 January.
6. Payments of principal and interest shall be payable on each 15 June and 15 December.
7. There shall be two Designated Accounts in USD, for the Loan and the Grant, respectively, for the exclusive use of the Project opened in a commercial bank. The Borrower/Recipient shall inform the Fund of the officials authorized to operate the Designated Accounts.

8. The Borrower/Recipient shall cause the PPC to provide sufficient counterpart financing as indicated in the GCF Funding Proposal.

Section C

1. The expected Project Completion Date is 31 December 2028 and the Financing Closing Date shall be aligned with the Project Completion Date, or such other date agreed upon by both Parties.

2. Pursuant to Section 7.05 of the General Conditions, procurement of goods, works, and services financed by the Loan/Grant shall be carried out in accordance with the provisions of the Borrower/Recipient's procurement regulations. The Borrower/Recipient shall ensure that IFAD is promptly notified of any changes to the Borrower/Recipient's procurement regulations and policies, which the Borrower/Recipient determines, in good faith, could have an effect on the Project.

Section D

1. The Fund will administer the Loan and the Grant and supervise the Project.

2. As of the date of entry into force of this Agreement, the Borrower/Recipient represents and warrants that, with respect to the Grant:

- a. during the implementation of the Project, it complied with all the applicable legislative and regulatory provisions with regards to the fight against money laundering and the financing of terrorism and the identification of customers, and carried out other similar verifications to which it may be required with regard to its legislative and regulatory provisions;
- b. during the implementation of the Project, it has complied with its applicable anti-corruption laws;
- c. it understands and accepts that IFAD may invite representatives of the GCF to participate in the supervision and other similar missions carried out by IFAD, subject to applicable Vietnamese laws and regulations;
- d. it understands and accepts that the GCF, in coordination with IFAD, may, at its own expense, i) carry out occasional audits on the use of the Grant Financing; ii) conduct ex post impact assessments; and/or iii) request the inclusion of impact assessment requirements, subject to applicable Vietnamese laws and regulations;
- e. it shall cooperate with IFAD and GCF in the event that GCF or a third party appointed by GCF assumes the contractual role of IFAD based on the terms of this Agreement;
- f. it understands and accepts that an independent auditor selected by IFAD shall conduct interim and final independent audit reports for the purposes of measuring the performance of the Project, subject to applicable Vietnamese laws and regulations;
- g. it understands and accepts that a major restructuring of the Project may result in the GCF or IFAD requesting a new letter of no objection or new approvals from the relevant authority, or both, as applicable;

- h. any branding activity, including the use of either IFAD or GCF's name, mark, symbol or logo in any reports, publications, news media or related publicity materials as well as any other form of public information must be agreed in writing by IFAD and GCF;
- i. it is duly authorized, and has the capacity to enter into this Agreement and that this Agreement is legally binding on and enforceable against the Recipient in accordance with its governing law;
- j. it shall have no right of action, whether in contract, tort or under statute to the extent permitted by law, against the GCF, including Board members, alternate Board members, the Executive Director, Staff and Experts, and/or any other person acting on behalf of the GCF in respect of the GCF Trust Account, the Grant or any loss or damage arising out of IFAD's acts or omissions, or the acts or omissions of its officers, employees, agents or consultants under or in connection with the implementation of the Grant; and
- k. shall cause the province to implement the Project (only with respect to the Grant portion) in accordance with the applicable Implementation Manual, which provides the relevant guidelines for Project implementation and is approved by the PPC and subject to applicable laws and regulations.

Section E

1. The following is designated as an additional ground for cancellation of the Loan/Grant by IFAD:
 - (a) In the event that the Borrower/Recipient did not request a disbursement of the Financing for a period of at least twelve (12) consecutive months without justification subsequent to the first eighteen (18) months from the Entry into Force of the Agreement.
2. The following are designated as additional grounds for suspension of the Grant by IFAD:
 - (a) the GCF has decided to suspend payments to IFAD, including but not limited to the GCF portion of the Financing; and
 - (b) the GCF has terminated the AMA or FAA.
3. The following is designated as an additional condition precedent to withdrawal:
 - (a) The Provincial Project Management Unit ("PPMU") shall have been established and the key Project staff (i.e., Project Director and Chief Accountant) shall have been selected.
4. This Agreement is subject to ratification by the Borrower/Recipient.
5. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Borrower/Recipient:

Deputy Minister of Finance
28 Tran Hung Dao street

Hanoi Viet Nam

For the Fund:

The President
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

Copy to:

Reehana Raza
Regional Director
Asia and the Pacific Region (APR)
IFAD Regional Office APR c/o UNESCAP
United Nations Building,
Rajadamnern Nok Avenue,
Bangkhunprom, Pranakorn,
Bangkok 10200
Thailand

Frew Behabtu
Acting Country Director
IFAD Office in Cambodia
15th Floor, Exchange Square
106 corner st.61
Sangkat Wat Phnom
Phnom Penh
Cambodia

This Agreement has been prepared in the English language in two (2) original copies, one (1) for the Borrower/Recipient and one (1) for the Fund.

SOCIALIST REPUBLIC OF VIET NAM

Tran Quoc Phuong
Deputy Minister of Finance

Date: _____

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Alvaro Lario
President

Date: _____

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Project area.* The geographic area of the Project in Dak Lak comprises eleven communes including Ea O, Cu Yang, Ea Pal, Krong A, Ea Trang, Yang Mao, Cu Pui, Lien Son Lak, Nam Ka, Dak Phoi and Krong No (the "Project Area").
2. *Goal.* The goal of the Project is to reduce Greenhouse Gas ("GHG") emissions from deforestation and forest degradation through addressing the drivers in the agriculture-forestry sector, promoting strategic and effective investments for restoration and sustainable management of forest area, empowering and improving the adaptability of the target communities and institutions for livelihood improvement, poverty reduction in communities and better response to climate change.
3. *Objectives.* The objective of the Project is to:
 - (i) support provincial authorities at all levels to develop policies to institutionalize national strategies and to concretize them into the development and implementation of plans to reduce emissions from deforestation, forest degradation and forest restoration efforts to create opportunities for improving livelihoods and raising community awareness.
 - (ii) studying an impact strategy and supporting the development of policies to address difficulties in the use of forest land for production;
 - (iii) supporting the development and promotion of value chains for deforestation-free products to ensure income from agricultural production for people in the Project area, reducing pressure for cultivation expansion which is the main cause of deforestation and forest degradation, and encouraging afforestation and increasing carbon stocks; and
 - (iv) renovating and upgrading public infrastructure for production, enhancing climate resilience and forest protection activities.
4. *Components.* The Project shall consist of the following Components:
 - 4.1 **Component 1: Viet Nam's REDD+ design pillars are fully upgraded and integrated into provincial policies & institutional frameworks with improved public-private-producer partnerships (4Ps: Product – Price – Distribution channels – Marketing) to operationalize REDD+.**
 - 4.1.1 *Sub-Component 1.1:* National REDD+ policies and mechanism upgraded to fulfil all required functions, including result-based payments ("RBP") (Refining national policies and REDD+ mechanism to implement *all required functions, including afforestation*).
 - 4.1.2 *Sub-Component 1.2:* Provincial policies, legal and institutional frameworks, and stakeholder coordination mechanisms integrated with National REDD+ Action Plan ("NRAP").
 - 4.2 **Component 2: Emissions reductions from the Agriculture, Forestry and Other Land Use ("AFOLU") consequently to 4Ps' deforestation-free value chains & performance-based finance.**
 - 4.2.1 *Sub-Component 2.1:* Deforestation free value chains developed by 4Ps and increased access to finance.
 - 4.2.2 *Sub-Component 2.2:* Establish and upgrade deforestation-free value chains and forest restoration infrastructure.
 - 4.2.3 *Sub-Component 2.3:* Collaborative Forest management capacity enhanced through performance-based incentives.

4.3 Component 3: Project management.

II. Implementation Arrangements

5. Project Management Unit.

The Dak Lak PPMU is established under and reports directly to the Department of Agriculture and Environment. The PPMU is led by a fulltime or seconded part-time Provincial Project Director. In case the Provincial Project Director has specific expertise or specialization, the Deputy Provincial Project Director should be qualified to support the Provincial Project Director to ensure effective Project implementation. The PPMU is composed of three technical sections: (i) Strategic Management including dedicated staff for planning and monitoring/evaluation the Project activities and the social (gender, youth, ethnic minorities ("EM")) and environmental safeguards and REDD+ and climate adaptation activities, (ii) Infrastructure Management including a Non-deforestation Engineer to ensure adherence to social and environmental safeguards; and (iii) Financial Management.

6. Monitoring and Evaluation.

The Project's Monitoring and Evaluation ("M&E") system will be designed to track and verify the levels of achievement of Project outputs, the associated outcomes, and the success in achieving the Project objective and its development goal.

Schedule 2

Allocation of Loan and Grant Proceeds

(a) Table 1 sets forth the Outcomes of Eligible Expenditures to be financed by the Loan/Grant and the allocation of the amounts to each Outcome of the Financing and the percentages of expenditures for items to be financed for each Outcome:

Table 1

Outcome	IFAD Loan Amount Allocated (expressed in USD)	GCF Grant Amount Allocated (expressed in USD)	Percentage*
Outcome1: Viet Nam's REDD+ Design Pillars Upgraded & Integrated (output 1.1 & 1.2)		1 900 000	100%
Outcome2: Deforestation Free VCs(output 2.1 & 2.3)		4 250 000	100%
Outcome 2: Infrastructure (output2.2)	8 460 000		100%
Project Management		250 000	100%
TOTAL	8 460 000	6 400 000	

* The Percentage is applied to Project expenditures, excluding taxes and shares of other financiers.

(b) Table 2 presents eligible output expenditures for each Outcome shown in Table 1.

Table 2

Outcome	IFAD Loan	GCF grant
Outcome1: Viet Nam's REDD+ Design Pillars Upgraded & Integrated	-	Output1.1, 1.2
Outcome2: Deforestation Free VCs	Output2.2	Output2.1, 2.3
Project Management	-	Output3

Schedule 3

Special Covenants

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Borrower/Recipient to request withdrawals from the Loan/Grant Account if the Borrower/Recipient has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Project:

1. *Planning, Monitoring and Evaluation.* The PPMU shall ensure that (i) a Planning, Monitoring and Evaluation ("PM&E") system shall be established within twelve (12) months from the date of entry into force of this Agreement.
2. *Compliance with IFAD's Social Environmental and Climate Assessment Procedures ("SECAP 2021").* The Borrower/Recipient, through the Project, shall ensure that all Project activities are implemented in compliance with Viet Nam's Environmental Law and Land Law; and relevant Vietnamese and IFAD policies, including the IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations, and the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse. The Borrower/Recipient shall ensure that IFAD is promptly notified of any changes to its environmental and social policies or regulations that could, in good faith, affect project implementation.

FINANCING AGREEMENT

Grant No: 2000005708

Project name: *Achieving emission reduction in the Central Highlands and South Central Coast of Viet Nam to support National REDD+ Action Programme* goals in Lam Dong province (the "RECAF"/the "Project")

The Socialist Republic of Viet Nam (the "Recipient")

and

The International Fund for Agricultural Development (the "Fund" or "IFAD")

(each a "Party" and together the "Parties")

WHEREAS, the Recipient has requested a grant from the Fund for the purpose of financing the Project described in Schedule 1 to this Agreement;

WHEREAS, the Project shall be financed by the Green Climate Fund ("GCF").

- A. On 24 September 2018, IFAD and the GCF concluded a Master Accreditation Agreement (the "AMA"), that entered into force on 09 November 2018 pursuant to which a Funding Activity Agreement was executed on 17 June 2025, and amended on 11 August 2025 (the "FAA") setting out the terms and conditions under which the GCF will transfer the GCF Funding to IFAD for the purposes of the implementation of the Project by the Recipient. For the avoidance of doubt, any obligation of the Recipient stemming from the AMA or the FAA shall be specifically provided in this Agreement;
- B. By its decision GCF/B.40/02/Add.12 of 22 October 2024: Consideration of funding proposals, the GCF Board approved the Funding Proposal to finance *RECAF* as contained in GCF doc No. GCF/B.40/02/Add.12; and
- C. IFAD, in its capacity as trustee, opened a bank account to receive the GCF funds and hold them in trust (the "GCF Trust Account") and IFAD's liability in connection with this Agreement is limited to the assets of the GCF Trust Account.

WHEREAS the Recipient has undertaken to provide additional resources, financially or in kind that may be needed to the Project;

WHEREAS, the Recipient shall cause the Lam Dong Provincial People's Committee ("PPC") to carry out the Project;

WHEREAS, the Fund has agreed to provide financing for the Project;

NOW THEREFORE, the Parties hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: the main document including the preamble, recitals, and Sections A through E; the Project Description and Implementation Arrangements ("Schedule 1"); the Allocation Table ("Schedule 2"); and the Special Covenants ("Schedule 3").
2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2022, (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein, unless the Parties shall otherwise agree in this Agreement.
3. The Fund shall provide a Grant from the GCF (the "Financing") to the Recipient, which the Recipient shall use to implement the Project in accordance with the terms and conditions of this Agreement.
4. In the event of a conflict between the General Conditions, if any, and the Financing Agreement, the latter shall prevail.

Section B

1. The amount of the GCF grant is nine million six hundred thousand United States dollars (USD 9 600 000).⁹
2. The Fund shall credit the amount of the Grant into the Grant Account only when the funds have been received from the GCF, at which point the Fund will inform the Recipient. Any withdrawals from the Grant Account shall be subject to the condition that sufficient funds for the Project shall have been received by the Fund from the GCF and deposited in the Grant Account to cover the withdrawal and that the Fund shall have been notified of such transfer and deposit in writing. The Fund shall have no obligation to extend the Grant to the Recipient under this Agreement for the purpose of the Project if no funds are available in the Grant Account for the Project.
3. The first day of the applicable Fiscal Year shall be 1 January.
4. There shall be two Designated Accounts in USD, operated by the Provincial Project Management Units (PPMU1 and PPMU2), for the Grant, for the exclusive use of the Project opened in a commercial bank. The Recipient shall inform the Fund of the officials authorized to operate the Designated Accounts.
5. The Recipient shall cause the Province People Committee ("PPC") to provide sufficient counterpart financing as indicated in the GCF Funding Proposal.

Section C

1. The Project Completion Date shall be 31 December 2030, and the Financing Closing Date shall be aligned with the Project Completion Date, or such other date agreed upon by both Parties.
2. Pursuant to Section 7.05 of the General Conditions, procurement of goods, works, and services financed by the Grant shall be carried out in accordance with the provisions

⁹ This amount includes the GCF grant initially allocated to the former Dak Nong Province and the former Lam Dong Province in the amounts of USD 5,100,000 and USD 4,500,000, respectively.

of the Recipient's procurement regulations. The Recipient shall ensure that IFAD is promptly notified of any change to the Recipient's procurement regulations and policies, which the Recipient determines, in good faith, could have an effect on the Project.

Section D

1. The Fund will administer the Grant and supervise the Project.
2. As of the date of entry into force of this Agreement, the Recipient represents and warrants that, with respect to the Grant:
 - a. during the implementation of the Project, it complied with all the applicable legislative and regulatory provisions with regards to the fight against money laundering and the financing of terrorism and the identification of customers, and carried out other similar verifications to which it may be required with regard to its legislative and regulatory provisions;
 - b. during the implementation of the Project, it has complied with the applicable anti-corruption laws;
 - c. it understands and accepts that IFAD may invite representatives of the GCF to participate in the supervision and other similar missions carried out by IFAD subject to applicable Vietnamese laws and regulations;
 - d. it understands and accepts that the GCF, in coordination with IFAD, may, at its own expense, i) carry out occasional audits on the use of the Financing, ii) conduct ex post impact assessments; and/or iii) request the inclusion of impact assessment requirements, subject to applicable Vietnamese laws and regulations;
 - e. it shall cooperate with IFAD and GCF in the event that GCF or a third party appointed by GCF may assume the contractual role of IFAD based on the terms of this Agreement;
 - f. it understands and accepts that an independent auditor selected by IFAD shall conduct interim and final independent audit reports for the purposes of measuring the performance of the Project, subject to applicable Vietnamese laws and regulations;
 - g. it understands and accepts that a major restructuring of the Project may result in the GCF or IFAD requesting a new letter of no objection or new approvals from the relevant authority, or both, as applicable;
 - h. any branding activity, including the use of either IFAD or GCF's name, mark, symbol or logo in any reports, publications, news media or related publicity materials as well as any other form of public information must be agreed in writing by IFAD and GCF;
 - i. it is duly authorized, and has the capacity to enter into this Agreement and that this Agreement is legally binding on and enforceable against the Recipient in accordance with its governing law;
 - j. it shall have no right of action, whether in contract, tort or under statute to the extent permitted by law, against the GCF, including Board members, alternate Board members, the Executive Director, Staff and Experts, and/or any other person acting on behalf of the GCF in respect of the GCF Trust Account, the

Funded Activity or any loss or damage arising out of IFAD's acts or omissions, or the acts or omissions of its officers, employees, agents or consultants under or in connection with the implementation of the Grant; and

- k. it shall cause the province to implement the Project in accordance with the applicable Implementation Manual, which provides the relevant guidelines for Project implementation and is approved by the PPC subject to applicable laws and regulations.

Section E

1. The following is designated as an additional ground for cancellation of the Financing by IFAD:

- (a) In the event that the Recipient did not request a disbursement of the Financing for a period of at least twelve (12) consecutive months without justification subsequent to the first eighteen (18) months from the Entry into Force of the Agreement.

2. The following are designated as additional grounds for suspension of the Grant by IFAD:

- (a) The GCF has decided to suspend payments to IFAD, including but not limited to GCF Financing; and
- (b) The GCF has terminated the AMA or FAA.

3. The following is designated as an additional condition precedent to withdrawal:

- (a) The Provincial Project Management Units ("PPMUs") shall have been established and the key Project staff (i.e. Project Director and Chief Accountant) shall have been selected.

4. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Recipient:

Deputy Minister of Finance
28 Tran Hung Dao street
Hanoi
Viet Nam

For the Fund:

Reehana Raza
Regional Director
Asia and the Pacific Region (APR)
IFAD Regional Office APR
c/o UNESCAP
United Nations Building,
Rajadamnern Nok Avenue,
Bangkhunprom, Pranakorn,
Bangkok 10200 Thailand

Copy to:

Ambrosio Barros
Country Representative and Director, Viet Nam
Mekong Multi-country Office
Room 205-206, Building 2G
Van Phuc Diplomatic Compound
298 Kim Ma street
Hanoi, Viet Nam

This Agreement has been prepared in the English language in two (2) original copies, one (1) for the [Recipient] and one (1) for the Fund.

SOCIALIST REPUBLIC OF VIET NAM

Tran Quoc Phuong
Deputy Minister of Finance

Date: _____

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Juan Carlos Mendoza Casadiegos
Director
Environment, Climate, Gender and Social Inclusion Division

Date: _____

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Project area.* The geographic area of the Project in Lam Dong comprises thirty seven communes (the "Project Area") including:

- The communes of Dinh Van Lam Ha, Phu Son Lam Ha, Nam Ha Lam Ha, Nam Ban Lam Ha, Tan Ha Lam Ha, Phuc Tho Lam Ha, Dam Rong 1, Dam Rong 2, Dam Rong 3, Dam Rong 4, Di Linh, Hoa Ninh, Hoa Bac, Dinh Trang Thuong, Bao Thuan, Son Dien, Gia Hiep, Bao Lam 1, Bao Lam 2, Bao Lam 3, Bao Lam 4 and Bao Lam 5 in the former Lam Dong province.
- The communes of Nam Da, Krong No, Nam Nung, Quang Phu, Dak Song, Thuan Hanh, Duc An, Truong Xuan, Quang Truc, Quang Tan, Tuy Duc, Quang Son, Quang Khe, Ta Dung and Quang Hoa under former Dak Nong province.

2. *Goal.* The goal of the Project is to reduce Greenhouse Gas ("GHG") emissions from the Agriculture, Forestry and Other Land Use sector ("AFOLU"), contributing to the sustainable and climate-resilient development of forest-dependent communities.

3. *Objectives.* The objective of the Project is to:

- (i) Improve capacity, knowledge and techniques in implementation of the state policies on National REDD+ Action Plan ("NRAP"), integrating in provincial social-economic development plan, creating a premise to increase income, reduce vulnerability to climate change, promote payment for forest environmental services and forest management cooperation;
- (ii) Increase income from value chain activities without harming forests, provide low-carbon credit services to reduce deforestation from agricultural encroachment in combination with forest protection; and
- (iii) Promote payment mechanism for forest environmental service and aim at strengthening carbon storage and deforestation-free supply chains in order to conserve forests combined with sustainable poverty reduction.

4. *Components.* The Project shall consist of the following Components:

4.1 Component 1: Viet Nam's REDD+ design pillars are fully upgraded and integrated into provincial policies & institutional frameworks with improved public-private-producer partnerships (4Ps: Product – Price – Distribution channels – Marketing) to operationalize REDD+.

4.1.1 *Sub-Component 1.1:* National REDD+ policies and mechanism upgraded to fulfil all required functions, including afforestation.

4.1.2 *Sub-Component 1.2:* Provincial policies, legal and institutional frameworks, and stakeholder coordination mechanisms integrated with National REDD+ Action Plan ("NRAP").

4.2 Component 2: Emissions reductions from the AFOLU consequently to 4Ps' deforestation-free value chains & performance-based finance.

4.2.1 *Sub-Component 2.1:* Deforestation free value chains developed by 4Ps and increased access to finance.

4.2.2 *Sub-Component 2.2:* Collaborative Forest management capacity enhanced through performance-based incentives.

4.3 Component 3: Project management, monitoring and evaluation.

II. Implementation Arrangements

5. *Project Management Unit.*

The Lam Dong Provincial Project Management Units (PPMUs) includes PPMU1 (composed of PPMU in the former Lam Dong province) and PPMU2 (composed of PPMU in the former Dak Nong province).

PPMU1 and PPMU2 report directly to the Provincial Department of Agriculture and Environment. Each PPMU is led by a full-time or part-time Provincial Project Director. The PPMU is led by a Provincial Project Director. The PPMU is composed of three technical sections: (i) Strategic Management including dedicated staff for planning and monitoring/evaluation the Project activities and the social (gender, youth, ethnic minorities ("EM")) and environmental safeguards and REDD+ and climate adaptation activities, (ii) Infrastructure Management including a Non-deforestation Engineer to ensure adherence to social and environmental safeguards; and (iii) Financial Management.

6. *Monitoring and Evaluation.*

The Project's Monitoring and Evaluation "M&E" system will be designed to track and verify the levels of achievement of Project outputs, the associated outcomes, and the success in achieving the Project objective and its development goal.

Schedule 2*Allocation of Grant Proceeds*

(a) Table 1 sets forth the Outcomes of Eligible Expenditures to be financed by the Grant and the allocation of the amounts to each Outcome of the Financing and the percentages of expenditures for items to be financed for each Outcome:

Table 1

Outcome	GCF Grant Amount Allocated (in USD)	GCF Grant for former Lam Dong (in USD)	GCF Grant for former Dak Nong (in USD)	Percentage*
Outcome 1: Viet Nam's REDD+ Design Pillars Upgraded & Integrated	2 280 000	1 400 000	880 000	100%
Outcome 2: Deforestation Free VCs output 2.1 & 2.3)	6 820 000	2 850 000	3 970 000	100%
Project Management	500 000	250 000	250 000	100%
TOTAL	9 600 000	4 500 000	5 100 000	

* The Percentage is applied to Project expenditures, excluding taxes and shares of other financiers.

(b) Table 2 presents eligible output expenditures for each Outcome shown in Table 1.

Table 2

Outcome	GCF grant
Outcome 1: Viet Nam's REDD+ Design Pillars Upgraded & Integrated	Output 1.1, 1.2
Outcome 2: Deforestation Free VCs	Output 2.1, 2.2, 2.3
Project Management	Output 3

Schedule 3

Special Covenants

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Recipient to request withdrawals from the Grant Account if the Recipient has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Project:

1. *Planning, Monitoring and Evaluation.* The PPMU shall ensure that a Planning, Monitoring and Evaluation ("PM&E") system shall be established within twelve (12) months from the date of entry into force of this Agreement.
2. *Compliance with IFAD's Social Environmental and Climate Assessment Procedures ("SECAP 2021").* The Borrower/Recipient, through the Project, shall ensure that all Project activities are implemented in compliance with Viet Nam's Environmental Law and Land Law; and relevant Vietnamese and IFAD policies, including the IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations, and the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse. The Borrower/Recipient shall ensure that IFAD is promptly notified of any changes to its environmental and social policies or regulations that could, in good faith, affect project implementation.

FINANCING AGREEMENT

Grant No: 2000005709

Project name: *Achieving emission reduction in the Central Highlands and South Central Coast of Viet Nam to support National REDD+ Action Programme goals* (the "RECAF"/the "Project")

The Socialist Republic of Viet Nam through the Ministry of Agriculture and Environment (the "Recipient")

and

The International Fund for Agricultural Development (the "Fund" or "IFAD")

(each a "Party" and together the "Parties")

WHEREAS, the Recipient has requested a grant from the Fund for the purpose of financing the Project described in Schedule 1 to this Agreement;

WHEREAS, the Project shall be financed by the Green Climate Fund ("GCF").

- A. On 24 September 2018, IFAD and the GCF concluded a Master Accreditation Agreement (the "AMA"), that entered into force on 09 November 2018 pursuant to which a Funding Activity Agreement was executed on 17 June 2025, and amended on 11 August 2025 (the "FAA") setting out the terms and conditions under which the GCF will transfer the GCF Funding to IFAD for the purposes of the implementation of the Project by the Recipient. For the avoidance of doubt, any obligation of the Recipient stemming from the AMA or the FAA shall be specifically provided in this Agreement;
- B. By its decision GCF/B.40/02/Add.12 of 22 October 2024: Consideration of funding proposals, the GCF Board approved the Funding Proposal to finance *RECAF* as contained in GCF doc No. GCF/B.40/02/Add.12; and
- C. IFAD, in its capacity as trustee, opened a bank account to receive the GCF funds and hold them in trust (the "GCF Trust Account") and IFAD's liability in connection with this Agreement is limited to the assets of the GCF Trust Account.

WHEREAS, the Recipient has undertaken to provide additional resources, financially or in kind that may be needed to the Project;

WHEREAS, the Fund has agreed to provide financing for the Project;

NOW THEREFORE, the Parties hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: the main document including the preamble, recitals, and Sections A through E; the Project Description and Implementation Arrangements ("Schedule 1"); the Allocation Table ("Schedule 2"); and the Special Covenants ("Schedule 3").

2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2022, (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of

this Agreement the terms defined in the General Conditions shall have the meanings set forth therein, unless the Parties shall otherwise agree in this Agreement.

3. The Fund shall provide a Grant from the GCF (the "Financing") to the Recipient, which the Recipient shall use to implement the Project in accordance with the terms and conditions of this Agreement.

4. In the event of a conflict between the General Conditions, if any, and the Financing Agreement, the latter shall prevail.

Section B

1. The amount of the GCF grant is seven million five hundred thousand United States dollars (USD 7 500 000) (the "Grant").

2. The Fund shall credit the amount of the Grant into the Grant Account only when the funds have been received from the GCF, at which point the Fund will inform the Recipient. Any withdrawals from the Grant Account shall be subject to the condition that sufficient funds for the Project shall have been received by the Fund from the GCF and deposited in the Grant Account to cover the withdrawal and that the Fund shall have been notified of such transfer and deposit in writing. The Fund shall have no obligation to extend the Grant to the Recipient under this Agreement for the purpose of the Project if no funds are available in the Grant Account for the Project.

3. The first day of the applicable Fiscal Year shall be 1 January.

4. There shall be one Designated Account in USD, for the Grant, for the exclusive use of the Project opened in a commercial bank. The Recipient shall inform the Fund of the officials authorized to operate the Designated Account.

5. The Recipient shall cause the Province People Committee ("PPC") to provide sufficient counterpart financing as indicated in the GCF Funding Proposal.

Section C

1. The Project Completion Date shall be 31 December 2030, and the Financing Closing Date shall be aligned with the Project Completion Date, or such other date agreed upon by both Parties.

2. Pursuant to Section 7.05 of the General Conditions, procurement of goods, works, and services financed by the Grant shall be carried out in accordance with the provisions of the Recipient's procurement regulations. The Recipient shall ensure that IFAD is promptly notified of any change to the Recipient's procurement regulations and policies, which the Recipient determines, in good faith, could have an effect on the Project.

Section D

1. The Fund will administer the Grant and supervise the Project.

2. As of the date of entry into force of this Agreement, the Recipient represents and warrants that, with respect to the Grant:

- a. during the implementation of the Project, it complied with all the applicable legislative and regulatory provisions with regards to the fight against money

- laundering and the financing of terrorism and the identification of customers, and carried out other similar verifications to which it may be required with regard to its legislative and regulatory provisions;
- b. during the implementation of the Project, it has complied with the applicable anti-corruption laws;
 - c. it understands and accepts that IFAD may invite representatives of the GCF to participate in the supervision and other similar missions carried out by IFAD subject to applicable Vietnamese laws and regulations;
 - d. it understands and accepts that the GCF, in coordination with IFAD, may, at its own expense, i) carry out occasional audits on the use of the Financing, ii) conduct ex post impact assessments; and/or iii) request the inclusion of impact assessment requirements, subject to applicable Vietnamese laws and regulations;
 - e. shall cooperate with IFAD and GCF in the event that GCF or a third party appointed by GCF may assume the contractual role of IFAD based on the terms of this Agreement;
 - f. it understands and accepts that an independent auditor selected by IFAD shall conduct interim and final independent audit reports for the purposes of measuring the performance of the Project, subject to applicable Vietnamese laws and regulations;
 - g. it understands and accepts that a major restructuring of the Project may result in the GCF or IFAD requesting a new letter of no objection or new approvals from the relevant authority, or both, as applicable;
 - h. any branding activity, including the use of either IFAD or GCF's name, mark, symbol or logo in any reports, publications, news media or related publicity materials as well as any other form of public information must be agreed in writing by IFAD and GCF;
 - i. it is duly authorized, and has the capacity to enter into this Agreement and that this Agreement is legally binding on and enforceable against the Recipient in accordance with its governing law;
 - j. it shall have no right of action, whether in contract, tort or under statute to the extent permitted by law, against the GCF, including Board members, alternate Board members, the Executive Director, Staff and Experts, and/or any other person acting on behalf of the GCF in respect of the GCF Trust Account, the Funded Activity or any loss or damage arising out of IFAD's acts or omissions, or the acts or omissions of its officers, employees, agents or consultants under or in connection with the implementation of the Grant;
 - k. shall cause the MAE to implement the Project in accordance with the applicable Implementation Manual, which provides the relevant guidelines for Project implementation and is approved by the PPC subject to applicable laws and regulations.

Section E

1. The following is designated as an additional ground for cancellation of the Financing by IFAD:

- (b) In the event that the Recipient did not request a disbursement of the Financing for a period of at least twelve (12) consecutive months without justification subsequent to the first eighteen (18) months from the Entry into Force of the Agreement¹⁰.

2. The following are designated as additional grounds for suspension of the Grant by IFAD:

- (c) The GCF has decided to suspend payments to IFAD, including but not limited to GCF Financing; and
- (d) The GCF has terminated the AMA or FAA.

3. The following is designated as an additional condition precedent to withdrawal:

- (c) The Project Management Unit ("PMU") shall have been established and the key Project staff (i.e. Project Director and Chief Accountant) shall have been selected.

4. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Recipient:

Deputy Minister of Agriculture and Environment
No. 10 Ton That Thuyet street
Hanoi, Viet Nam

For the Fund:

The President
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

¹⁰ For the avoidance of doubt, this ground for cancellation shall apply only if the Recipient fails to submit a disbursement request in accordance with paragraph 1(a) of Section E. It shall not be triggered if the Recipient has submitted a timely request for disbursement, but IFAD is unable to process it due to insufficient GCF funds in the Grant Account as provided under Section B, paragraph 2.

This Agreement has been prepared in the English language in two (2) original copies, one (1) for the [Recipient] and one (1) for the Fund.

SOCIALIST REPUBLIC OF VIET NAM

Nguyen Quoc Tri
Deputy Minister of Agriculture and Environment

Date: _____

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Juan Carlos Mendoza Casadiegos
Director
Environment, Climate, Gender and Social Inclusion Division

Date: _____

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Project area.* The geographic area of the Project comprises the city of Hanoi, the provinces of Dak Lak, Lam Dong, Gia Lai, Khanh Hoa, and other provinces as may be added during the course of Project implementation (the "Project Area").
2. *Goal.* The goal of the Project is to reduce Greenhouse Gas emissions from the Agriculture, Forestry and Other Land Use sector (AFOLU), contributing to the sustainable and climate-resilient development of forest-dependent communities.
3. *Objectives.* The objectives of the Project include:
 - (i) Support to refining of national mechanisms and policies in sustainable forestry economic development towards reducing greenhouse gas emissions from deforestation and forest degradation, promoting strategic, integrated and effective investment in the fields of agriculture and forestry, improving livelihoods for communities and adapting to climate change;
 - (ii) Support to capacity building of provinces to integrate REDD+ plans into the development and implementation of provincial socio-economic development plan as well as to expand stakeholders' participation in REDD+ implementation; and
 - (iii) Support to provinces in expanding of the application of payment for forest environmental services (PFES), results-based payments (RBP), development of deforestation-free infrastructure and supply chains, forest conservation in combination with livelihood improvement and sustainable poverty reduction
4. *Components.* The Project shall consist of the following Components:
 - 4.1 **Component 1:** Viet Nam's REDD+ design pillars are upgraded and integrated into provincial policies & institutional frameworks with improved public-private-stakeholders partnerships to operationalize REDD+.
 - 4.1.1 *Sub-Component 1.1:* Support to refining and updating of national REDD+ policies and mechanism to meet the requirements of RBP.
 - 4.1.2 *Sub-Component 1.2:* Provincial policies, legal and institutional frameworks, and stakeholder coordination mechanisms integrated with National REDD+ Action Plan (NRAP).
 - 4.2 **Component 2:** Management of Project implementation, monitoring and evaluation.

II. Implementation Arrangements

5. *Project Management Unit.* The Project Management Unit (PMU) is established under and reports directly to the Department of Forestry and Protection, Ministry of Agriculture and Environment (MAE). The PMU is responsible for coordinating with relevant agencies to implement the Project, overseeing progress, quality, utilization, and use of the Project's outputs in accordance with its objectives. The PMU will comprise a number of part-time officers and some full-time staff dedicated to the Project.

6. *Monitoring and Evaluation.* The Project's Monitoring and Evaluation "M&E" system will be designed to track and verify the levels of achievement of Project outputs, the associated outcomes, and the success in achieving the Project objective and its development goal.

Schedule 2

Allocation of Grant Proceeds

(a) Table 1 below sets forth the Outcomes of Eligible Expenditures to be financed by the Grant and the allocation of the amounts to each Outcome of the Financing and the percentages of expenditures for items to be financed for each Outcome:

Table 1

Outcome	GCF Grant Amount Allocated (expressed in USD)	Percentage*
Outcome 1: Viet Nam's REDD+ Design Pillars Upgraded & Integrated	7 253 000	100 %
Project Management	247 000	100 %
TOTAL	7 500 000	

* The Percentage is applied to Project expenditures, excluding taxes and shares of other financiers.

(d) Table 2 presents eligible outputs expenditures-for each Outcome shown in Table 1.

Table 2

Outcome	GCF grant
Outcome 1: Viet Nam's REDD+ Design Pillars Upgraded & Integrated	Output 1.1, 1.2
Project Management	Output 3 (PM)

Schedule 3

Special Covenants

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Recipient to request withdrawals from the Grant Account if the Recipient has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Project:

1. *Planning, Monitoring and Evaluation.* The PPMU shall ensure that (i) a Planning, Monitoring and Evaluation ("PM&E") system shall be established within twelve (12) months from the date of entry into force of this Agreement.
2. *Compliance with IFAD's Social Environmental and Climate Assessment Procedures ("SECAP 2021").* The Borrower/Recipient, through the Project, shall ensure that all Project activities are implemented in compliance with Viet Nam's Environmental Law and Land Law; and relevant Vietnamese and IFAD policies, including the IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations, and the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse. The Recipient shall ensure that IFAD is promptly notified of any changes to its environmental and social policies or regulations that could, in good faith, affect project implementation.

Logical framework

Results Hierarchy	Indicators				Means of Verification			Assumptions				
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility					
Outreach	1 Persons receiving services promoted or supported by the project				MIS	Annual	PMU					
	Males - Males	0	24000	60000								
	Females - Females	0	56000	140000								
	Young - Young people	0	64000	160000								
	Indigenous people - Indigenous people	0	24000	60000								
	Total number of persons receiving services - Number of people	0	80000	200000								
	Poor persons receiving services promoted or supported by the project								MIS	Annual	PMU	
	Poor - Number of people	0	33600	84000								

Near poor - Number of people	0	16800	42000			
Vulnerable - Number of people	0	16800 0	420000			
1.a Corresponding number of households reached				MIS	Annual	PMU
Women- headed households - Households	0	24000	60000			
Non-women- headed households - Households	0	16000	40000			
Households - Households	0	40000	100000			
Corresponding number of poor households reached				MIS	Annual	PMU
Poor - Households	0	16000	40000			
Near-poor - Households	0	8000	20000			
Indigenous - Households	0	32000	80000			
Vulnerable - Households	0	40000	100000			
1.b Estimated corresponding total number of households members				MIS	Annual	PMU

	Household members - Number of people	0	16800 0	420000				
Project Goal Reduce GHG emissions from deforestation and forest degradation associated with major agricultural export commodity crops while enhancing livelihoods and reducing poverty in communities.	Decrease in provincial multi-dimensional poverty incidence for four provinces				Outcome & Impact survey, DOLISA report	Benchmark, Mid-term, Final	PMU, DOLISA	Vietnamese Government continues to show its high commitment to international conventions and strategies in REDD+ implementation. Socioeconomic conditions remain reasonably stable in the Project area. Extreme weather and natural disasters are manageable. Macro-economy continues to improve. Business regulatory environment improves. Law and policies on gender, EM are strongly enforced at all levels
	Decrease - Percentage (%)	0	10	20				
	Enhance carbon stocks through forest protection and absorption of CO2				Outcome & EX-ACT, MIS	Benchmark, Mid-term, Final	PMU	
	Forest protection - Area (ha)	0	80000	140000				
Absorption (MtCO2e) - Tons	0	2	6					
Development Objective Empower and strengthen adaptive capacity of target communities and institutions to better contend with climate change.	Smallholder households report increased resilience to climate, environmental and economic shocks of > 20% by P, V, S, A, EM				Outcome & Impact survey, DOLISA report	Benchmark, Mid-term, Final	PMU, DOLISA	Provincial governments committed to PRAP, SEDP. Law and policies on gender and EM are strongly enforced at all levels
	% - Percentage (%)		20	50				
	Number - Number		15000	30000				

Development Objective Mainstream REDD+ into the Agricultural, Forestry and Other Land Use (AFOLU) sector relevant policies, planning, and investment at national, provincial and local levels for enhancement of livelihoods and resilience of communities.	NRAP updated by the project mid-term addressing benefit sharing and PFES, land tenure, private sector involvement, and effective emission monitoring and evaluation.			Outcome survey based on score card indicators adapted to project intervention	Benchmark, Mid-term, Final	PMU	Provincial governments committed to PRAP, SEDP. Law and policies on gender and EM are strongly enforced at all levels
	Number	- 0	1				
Outcome 1. Creating an enabling environment to reduce emissions from deforestation, enhance carbon stocks and adapt to climate change	Policy 3 Existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment			Outcome survey	Annual at mid-term	PMU	Provincial governments committed to prov. & regional participatory integrated market-led socio-economic development planning and RAP. Provincial authorities maintain ARD and forestry development as priority sector for Provincial investment
	Number	- 0	2				
	SF.2.1 Households satisfied with project-supported services			Outcome survey	Benchmark, Mid-term, Final	PMU	
	Household members - Number of people	0	160000				

	Indigenous households - Households	0	32000	56000				
	Households (%) - Percentage (%)	0	40	70				
	Households (number) - Households	0	40000	70000				
	SF.2.2 Households reporting they can influence decision-making of local authorities and project-supported service providers				Outcome/MIS	Benchmark, Mid-term, Final	PMU	
	Indigenous households - Households	0	24000	56000				
	Households (%) - Percentage (%)	0	30	70				
	Households (number) - Households	0	30000	70000				
	3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices				Outcome survey	Annual at Mid term	PMU	
	Total number of household members -	0	120000	280000				

Number of people							
Households - Percentage (%)	0	30	70				
Women-headed households - Households	0	18000	42000				
Households - Households	0	30000	70000				
3.2.1 Tons of Greenhouse gas emissions (tCO2e) avoided and/or sequestered							
Hectares of land - Area (ha)	0		144805				
tCO2e/20 years - Number	0		-6684338				
tCO2e/ha - Number	0		46.16				
tCO2e/ha/year - Number	0		-3.85				
1.2.9 Households with improved nutrition Knowledge Attitudes and Practices (KAP)							
Indigenous households - Households							

	Women-headed households - Households							
	Households (number) - Households							
	Households (%) - Percentage (%)							
	Household members - Number of people							
Output 1.1. Improved provincial policies and coordination to reduce deforestation and adapt to climate change.	Policy 1 Policy-relevant knowledge products completed				MIS	Annual	PPCs/PMU	Provincial governments committed to prov. & regional participatory integrated market-led socio-economic development planning and RAP. Provincial authorities maintain ARD and forestry development as priority sector for Provincial investment.
	Number - Knowledge Products	0	8	10				
	Policy 2 Functioning multi-stakeholder platforms supported				MIS	Annual	PMU	
	Number - Platforms	0	5	5				
Output 1.2. Improved national policies and capacity to implement and	Policy 1 Policy-relevant knowledge products completed				MIS	Annual	PMU	Provincial governments committed to prov. & regional participatory integrated market-led socio-economic development planning and RAP. Provincial authorities maintain ARD and forestry
	Number - Knowledge Products	0	5	5				
	REDD+ MIS with community engagement operational and meeting				MIS	Annual	PMU	

invest REDD+ in	requirements of international forest financing mechanisms							development as priority sector for Provincial investment.
	Number of MIS - Number	0		1				
	REDD+ Safeguard Information System operational				MIS	Annual	PMU	
	Number of system - Number	0	0	1				
	NRAP updated by the project-mid-term addressing benefit sharing and PFES, land tenure, private sector involvement and effective emission monitoring and evaluation				MIS	Annual	PMU	
	Number of NRAP - Number	0	0	1				
Outcome 2. Measures to reduce deforestation, promote sustainable agriculture and enhance climate resilience & nutrition implemented	1.2.8 Women reporting minimum dietary diversity (MDDW)				MIS	Annual	PMU	Government completes the regulatory framework for private sector involvement in REDD+. NRAP, Project financing is disbursed in time to support field implementation. Co-financed beneficiaries capable of providing their contribution. Adequate skills base amongst local service providers. Private investors are interested in investing in business opportunities in smallholders agriculture along
	Women (%) - Percentage (%)	0	20	50				
	Women (number) - Females	0	40000	100000				
	Households (%) - Percentage (%)	0	20	50				

Households (number) - Households	0	20000	50000				conditions promoted by the programme. Local enterprises are able to finance their part of the investment facility. Valid agricultural innovations available from research institutions and private sector.
Household members - Number of people	0	80000	200000				
Indigenous - Indigenous people	0	32000	80000				
Women-headed households - Households							
Smalholder households report increased resilience of climate, environmental and economic shocks of >20% disaggregated by P, V, S, A, EM				Outcome survey	Annual at Mid-term	PMU	
Households - Number	0	20000	50000				
2.2.3 Rural producers' organizations engaged in formal partnerships/agreements or contracts with public or private entities				MIS	Annual	PMU	
Number of POs - Organizations	0	300	704				
1.2.5 Households reporting using rural financial services				Outcome survey/MIS	Annual	PMU	

	Total number of household members - Number of people	0	80000	160000				
	Households - Percentage (%)	0	20	40				
	Households - Households	0	20000	40000				
Output 2.1. Deforestation free commodities and nutritive sensitive niche product value chains developed with improved access to credit.	Number of district and commune-level 4P platforms implementing VC action plans				MIS	Annual	PMU	Policies on CFM and PFES are strongly enforced at all levels. Provincial Governments are committed to implement CFM and PFES. Communities and households are interested in CFM and PFES.
	Number of platforms - Number	0	48	72				
	1.1.8 Households provided with targeted support to improve their nutrition				MIS		PMU	
	Total persons participating - Number of people	0	40000	100000				
	Males - Males	0	16000	40000				
	Females - Females	0	24000	60000				
	Households - Households	0	20000	60000				

	Household members benefitted - Number of people	0	80000	240000				
	Indigenous people - Indigenous people	0	40000	120000				
	Young - Young people	0	32000	96000				
Output 2.2. Climate resilient infrastructure established and operated for deforestation-free value chains and forest protection activities	1.1.2 Farmland under water-related infrastructure constructed/rehabilitated				MIS	Annual	PMU	Government completes the regulatory framework for private sector involvement in REDD+. NRAP, Project financing is disbursed in time to support field implementation. Co-financed beneficiaries capable of providing their contribution. Adequate skills base amongst local service providers. Private investors are interested in investing in smallholders agriculture along conditions promoted by the programme. Local enterprises are able to finance their part of the investment facility. Valid agricultural innovations available from research institutions and private sector.
	Hectares of land - Area (ha)	0	8000	12000				
	2.1.5 Roads constructed, rehabilitated or upgraded				MIS	Annual	PMU	
	Length of roads - Km	0	80	170				

Output 2.3. Collaborative forest conservation and management enhanced with effective benefit sharing	# hectares for which performance-based PFES provides incentives to conserve or restore forest			MIS	Annual	PMU	Policies on CFM and PFES are strongly enforced at all levels. Provincial Governments are committed to implement CFM and PFES. Communities and households are interested in CFM and PFES.
	Hectares of land - Area (ha)	0	0	40000			
	# hectares of forestland under effective and sustainable community or collaborative forest management			MIS	Annual	PMU	
	Hectares of land - Area (ha)	0	0	15000			

Integrated Project Risk Matrix

Risk Category / Subcategory	Inherent risk	Residual risk
Country Context	Moderate	Low
Political Commitment	Substantial	Substantial
Governance	Low	Low
Macroeconomic	Moderate	Moderate
Fragility and Security	Moderate	Moderate
Sector Strategies and Policies	Moderate	Moderate
Policy alignment	Moderate	Moderate
Policy Development and Implementation	Low	Low
Environment and Climate Context	Substantial	Substantial
Project vulnerability to environmental conditions	Moderate	Moderate
Project vulnerability to climate change impacts	Substantial	Substantial
Project Scope	Moderate	Moderate
Project Relevance	Low	Low
Technical Soundness	Substantial	Substantial
Institutional Capacity for Implementation and Sustainability	Low	Low
Implementation Arrangements	Low	Low
Monitoring and Evaluation Arrangements	Low	Low
Project Financial Management	Substantial	Substantial
Project Organization and Staffing	Substantial	Substantial
Project Budgeting	Substantial	Substantial
Project Funds Flow/Disbursement Arrangements	High	High
Project Internal Controls	Substantial	Substantial
Project Accounting and Financial Reporting	Substantial	Substantial
Project External Audit	Moderate	Moderate
Project Procurement	Moderate	Moderate
Legal and Regulatory Framework	Moderate	Moderate
Accountability and Transparency	Low	Low
Capability in Public Procurement	Moderate	Moderate
Public Procurement Processes	Moderate	Moderate
Environment, Social and Climate Impact	Moderate	Moderate
Biodiversity Conservation	Moderate	Moderate
Resource Efficiency and Pollution Prevention	Moderate	Moderate
Cultural Heritage	Low	Low
Indigenous People	Low	Low
Labour and Working Conditions	Low	Low
Community health, safety and security	Low	Low
Physical and Economic Resettlement	Moderate	Moderate
Greenhouse Gas Emissions	Moderate	Moderate
Vulnerability of target populations and ecosystems to climate variability and hazards	Substantial	Substantial
Stakeholders	Low	Low
Stakeholder Engagement/Coordination	Low	Low
Stakeholder Grievances	Low	Low
Overall	Substantial	Substantial

Country Context	Moderate	Moderate
Political Commitment	Substantial	Substantial
<p>Risk:</p> <p>At the project main objective/goal level, there is risk of external shocks to the macro-economy increasing world commodity prices as a consequence of the Ukraine conflict and Middle East crises. This risk of external shocks is always present in a relative open economy such as that of Viet Nam, particularly with the high proportion of income being derived from export revenue. These shocks could influence the Government's commitment to provide the resources for implementation of the NTPs and the climate change adaptation and mitigation policies and risk the transition to deforestation-free value chains that target international markets .</p>	Substantial	Substantial
<p>Mitigations:</p> <p>At the national level, sound macro-economic policies, including smart governance are the main means of mitigating the risk . The main mitigation measures at the project and enterprise levels are the emphasis on sound financial analysis of project investments, with emphasis on quality and high productivity and low cost per unit of output value. Agreements on funding targets and modality are included in the design report and financing agreement will include explicit text in the Financing Agreement on counterpart funding, including district levels and loan recovery.</p>		
Governance	Medium	Medium
<p>Risk:</p> <p>Governance systems are in place and function relatively well in Vietnam but the relatively weak private business environment in the project provinces that might exclude agribusinesses from participating in the zero deforestation value chains.</p>	Medium	Medium
<p>Mitigations:</p> <p>Provincial governments (PPCs) have agreed to work with the project to create more favorable business environment, including benchmarking their provincial performance against provinces having high competitiveness indices.</p>		
Macroeconomic	Moderate	Moderate
<p>Risk:</p> <p>The external shocks to the macro-economy have important prominence. This risk is ever present in a relatively open economy such as that of Viet Nam, particularly with the high proportion of income being derived from export revenue. This is a significant risk for RECAF since the project is dealing with zero-deforestation value chains that target international markets.</p>	Moderate	Moderate
<p>Mitigations:</p> <p>At the national level, sound macro-economic policies, including market determined exchange rates are the main means of mitigation of this risk. The main mitigation measures at the Project and enterprise levels are the emphasis on sound financial analysis of Projects, with emphasis on quality and high productivity and low cost per unit of output value.</p>		
Fragility and Security	Moderate	Moderate
<p>Risk:</p> <p>Key risks are associated with that of the maintenance of stable socio-economic conditions in the project area and with business regulatory systems. The five provinces targeted by RECAF are enjoying economic growth leading to reduced poverty, with the biggest socio-economic risk associated with climate change.</p>	Moderate	Moderate

Mitigations: RECAF will advance the national agenda for NRAP and will ensure that all project-financed interventions are based on adaptation and mitigation. Government institutions are also well organized and experienced in mitigating disasters. RECAF integrated mitigation and adaptation approach will also help address various economic and environmental shocks.		
Sector Strategies and Policies	Moderate	Moderate
Policy alignment	Moderate	Moderate
Risk: Viet Nam has become a lower middle-income country, graduating to less concessionally in ODA in-flows from IDA-terms in 2017. The Government has put in place new policies on ODA financing (Decree 114/2021) that reflect the new context but that require that IFAD can adapt its investment approach in the country.	Moderate	Moderate
Mitigations: Project design is fully aligned with the Vietnam’s Agricultural Restructuring Plan, the New Rural Development Programme and the NTP for Ethnic Minorities to which non-lending resources will be significantly mobilized from these programmes. RECAF will be the second project negotiated with the Government of Vietnam under the new ODA policies following EB approval of CSAT in December 2021.		
Policy Development and Implementation	Low	Low
Risk: A key risk for project implementation is weak coordination for implementing key policies such as NTPs, REDD+, and others. In addition, there are insufficient skilled and efficient contractors and service providers to implement the project in a cost-effective manner, especially in the context of REDD+ related activities.	Low	Low
Mitigations: RECAF promotes strong institutional linkages through the integrated NRAP – SEDP (Socio Economic Development Planning) process in the project areas which is instrumental to coordinate, mobilize, and converge both capacity and resources for implementation of the project and achievement of the project’s goals and objectives. Rigorous screening and investigation of potential contractors prior to engagement can tackle this risk adequately. The experience gained by IFAD in Viet Nam and the project provinces in this respect remains vital.		
Environment and Climate Context	Substantial	Substantial
Project vulnerability to environmental conditions	Substantial	Substantial
Risk: The proposed environmental and social risk assignment for the project is “Category B”. This risk rating is proposed based on the screening of ES risks and impacts associated with the: (i) type, nature and scale of proposed project activities; (ii) project’s affected stakeholders and results from stakeholder consultations; and (iii) socio-economic and environmental settings (covering inherent risks) of the potential project sites.	Substantial	Substantial
Mitigations: Based on the screening, the project design team prepared a(n): (i) Environmental and Social Management Framework (ESMF, Annex 6A); (ii) Indigenous Peoples Plan (IPP, Annex 6B); (iii) Gender Assessment (including the accompanying Gender Action Plan, Annex 8); and (iv) Stakeholder Engagement Plan (SEP, Annex 7). The instruments describe and respond to the assessed environmental and social impacts/risks, as well as related feedback obtained during field visits, household surveys, key informant interviews, and focus group discussions with project stakeholders (Annex 7). Quantitative and qualitative data collected through primary and secondary sources were used to assist the analysis.		
Project vulnerability to climate change impacts	Substantial	Substantial

Risk: Climate change adaptation and mitigation measures are urgently required in the five provinces targeted by RECAF with a focus on inclusion of ethnic minorities.	Substantial	Substantial
Mitigations: RECAF will support the implementation of the policies and measures which have been prioritized in the National Action Program on REDD+ 2011-2020 (NRAP) approved in 2012 and updated in 2017 for the period up to 2030, and which provides the country's framework for REDD+ implementation, in line with UNFCCC decisions and guidance. The project aims to facilitate an economically viable transition to sustainable forest management, deforestation-free value chains and climate resilient livelihoods, with specific focus on forest dependant communities and ethnic minorities.		
Project Scope	Moderate	Moderate
Project Relevance	Low	Low
Risk: RECAF is not responding adequately to key challenges and related, recent policies on the climate change and REDD+.	Low	Low
Mitigations: RECAF is aligned with the NDC through the land use planning activities, better capacity for forest protection, protection through the jurisdictional approach to deforestation-free supply chain management of major commodities, and development of agroforestry and through enhancing the resilience of the target beneficiaries.		
Technical Soundness	Moderate	Moderate
Risk: RECAF aims to facilitate an economically viable transition to sustainable forest management, deforestation-free value chains, agroforestry systems and climate resilient livelihoods. This transition faces a number constraints, such as (i) policy and institutional gaps for implementing REDD+ at provincial level, e.g. lack of interdepartmental, cross-sectoral and public-private coordination and lack of a monitoring system to report emission reduction results (ii) inequitable distribution of costs and benefits of forest protection and conservation (iii) lack of secured land tenure and (iv) lack of incentives for private sector action and lack of access to long-term credit products for mitigation and adaptation investments.	Substantial	Substantial
Mitigations: RECAF has integrated lessons learned from the REDD+ in the design: (i) the core of a successful REDD+ strategy is effective planning and investment; with clearly defined, locally agreed objectives, (ii) provide appropriate incentives for better forest management (or disincentives for forest destruction); and (iii) incentives come in various forms, including through access to more secure tenure over land and resources, assistance for market and financial access and/or through benefits from domestic PES schemes. In addition, management and coordination structures in the provinces are well established and capable of drawing attention and commitment of PPC to the sufficient allocations of IFAD project funds, and pre-financing of eligible project expenditures.		
Institutional Capacity for Implementation and Sustainability	Low	Low
Implementation Arrangements	Low	Low
Risk: Lack of adequate inter-provincial and inter-sectoral coordination to implement some of project proposed activities, such as the Regional integrated planning, Convergent Value Chain planning. The instruments are new to various departments/agencies which may not have the required capacity.	Low	Low

Mitigations: Project design includes a strategy for implementation arrangements with MOU/contract signed with relevant agencies/departments to fulfil their obligations to the project activities. RECAF implementation arrangements follow the Government Decree 114/2021 on ODA management in Viet Nam and the proven structure used in all IFAD-funded projects in the country. It takes on board a number of additional functions in order to respond to the Government, IFAD and GCF policies, including risk management, policy engagement, facilitating private sector linkages and partnerships, M&E and knowledge management.		
Monitoring and Evaluation Arrangements	Low	Low
Risk: Inadequate M&E system for planning and monitoring.	Low	Low
Mitigations: M&E system is embedded in the project management information system (MIS). It integrates information on project management, financial management, procurement and physical progress. It allows reporting in real time and serves as a platform for the large number of co-implementing agencies.		
Project Financial Management	Substantial	Substantial
Project Organization and Staffing	Substantial	Substantial
Risk: All provinces have identified FM staff who will work on RECAF, most of whom are experienced in IFIs-funded operations. However, FM staff does not have adequate exposure to new IFAD FMD rules, including report-based disbursement requirements.		
Mitigations: IFAD will provide additional hands-on training and support before the project implementation start and during the implementation.		
Project Budgeting	Substantial	Substantial
Risk: Separate AWPB for each province and MAE must be prepared and approved. In addition, internal government budget regulations are not flexible in introducing amendments to the approved budget during the year when needed.		
Mitigations: Local consultants will be recruited to handle the increased workload. The project will have dedicated staff at the Coordination Unit (CU) with the required skills to address all challenges.		
Project Funds Flow/Disbursement Arrangements	Substantial	Substantial
Risk: PMUs do not have enough experience in IFAD's new report-based disbursement requirements. Local regulations on payment processing and approval are complex and time-consuming.		
Mitigations: IFAD will provide additional hands-on training and support before the project implementation start and during the implementation. PMUs will develop special rules for payment processing and approvals with specific deadlines for each payment processing step and monitor their practical implementation.		
Project Internal Controls	Substantial	Substantial
Risk: The project must comply with internal government, IFAD, and GCF regulations. Internal audit practices within government institutions are not in compliance with international best practice standards.		
Mitigations: PIM will be developed to consolidate all relevant policies and procedures. Private consultants will be recruited to assess the internal control framework of the PMUs.		
Project Accounting and Financial Reporting	Substantial	Substantial

Risk: PMUs do not have readily available accounting software for the project. • All PMUs will need to meet reporting requirements of the government, IFAD, and GCF		
Mitigations: All provinces will procure and customize accounting software for the project needs. The software will need to maintain accounting records on double-entry bookkeeping principles. The accounting systems will be customized to generate GCF (expenditures split by funding source, expense category, components, subcomponents, and activities), IFAD, and government-required reports		
Project External Audit	Moderate	Moderate
Risk: SAI of the country do not audit IFAD-funded project.		
Mitigations: Private sector auditors will be selected for the annual audit of the project financial statements.		
Project Procurement	Moderate	Moderate
Legal and Regulatory Framework	Moderate	Moderate
Risk: The Borrower's regulatory and institutional capacity and practices (including compliance with the laws) are adequate to conduct the procurement in a manner that optimizes value for money with integrity. There are some constraints on applicable procurement methods for consulting service (particularly CQS) and thresholds for applying direct contracting, and regulations on sustainable procurement.	Moderate	Moderate
Mitigations: Periodically review the application of procurement procedures inference to the law and regulations. Review and clear project procurement plan (consolidated) encouraging the use of competitive procurement methods. Provide consolidated procurement information on project website (opportunities and awards). Mainstream SECAP requirements and ESCMF into project/sub-projects implementation.		
Accountability and Transparency	Low	Low
Risk: There are some constraints on engagement of civil society in the consultative process for procurement policy development, provisions on fraud, corruption and other prohibited practices in consistence with IFAD policies.	Low	Low
Mitigations: Apply e-Procurement for goods/work/service packages where applicable. Request bidders and contractors signing the Self-Certification Forms on anticorruption, sexual harassment, sexual exploitation and abuse as a part of bids/proposals and contract documents. Conduct prior and ex-post reviews to strengthen enforcement of the debarment system. Enforcing legal protection or whistle-blower protection.		
Capability in Public Procurement	Moderate	Moderate
Risk: Limited English skills of project staff including procurement staff. Newly recruited project staff might not be familiar with IFAD procurement policies and procedures.	Moderate	Moderate

<p>Mitigations: Retain procurement professionals to support full time and intermittently. Interpreters will be recruited for each PMU at the project provinces. Provide training and periodic coaching to project staff (IFAD project procurement guidelines and manual, ICP, the Law and regulations on public procurement, e-Procurement, BUILDPROC procurement training program). Encourage participation of the procurement officers in certification courses offer by MPI</p>		
Public Procurement Processes	Moderate	Moderate
<p>Risk: There are often constraints in budget allocation against the AWPB that budget funds are not always appropriated in a timely manner and cover the full amount of the annual planned activities. Procurement processes (planning, bidding, contract award and contract implementation) are often delayed.</p>	Moderate	Moderate
<p>Mitigations: Monitor and update regularly the AWPB and the procurement plan, and their implementation progress with both planned and actual data. Monitoring closely contract implementation progress with periodic progress reports and follow-up actions which includes management of physical and financial progress through ICP CMT</p>		
Environment, Social and Climate Impact	Moderate	Moderate
Biodiversity Conservation	Moderate	Moderate
<p>Risk: Encroachment on protected forest areas</p>	Moderate	Moderate
<p>Mitigations: This risk is being mitigated directly through the project design, as one of the risks inherent to the project area which the project aims to address. Specifically, local communities will be provided with community forest management opportunities that respect and encourage biodiversity and forest health through deforestation free value chains (particularly under Component 2, Activities 2.1, 2.2, and 2.3). Thus, the mitigation strategy is the project's support to community-based land use planning and allocation process, including: (i) collection of information & secondary data; (ii) definition of the present land use situation; (iii) assessment of land capability and vulnerability to natural disaster; (iv) preparation of the land use plan and proposed land use maps; and (v) submission of the proposed land use plan to commune and District People's Committees (DPC) for approval.</p>		
<p>Risk: Disruption to ecological flows (migratory fish, water) with the development of small reservoirs</p>	Moderate	Moderate
<p>Mitigations: Prior to construction and/or implementation, an assessment of biodiversity in the area and reliance of upstream/downstream water users must be conducted to identify instances when/where fish ladders need to be included and/or communities need to be consulted on changes in timing and flow of the water.</p>		
Resource Efficiency and Pollution Prevention	Moderate	Moderate
<p>Risk: 1) Erosion and run-off to water bodies during earthworks & construction; 2) Temporary pollution from construction; specifically: dust, noise, vibrations, waste & wastewater generation from workers' campsites, etc.; 3) Potential water pollution from sourcing aggregates and construction materials like soil and gravels; 4) Increased water consumption during construction activities; 5) Potential increase in pesticide use</p>	Moderate	Moderate

<p>Mitigations:</p> <p>1) Site specific ESMPs – or an Environmental Code of Practice (ECOP) – will include water & wastewater management protocols, including interventions to divert or slow the movement of water (reducing erosion), and construction contracts will include clauses on safeguards compliance (particularly the development and implementation of related ESMPs).</p> <p>2) ESMPs (or ECOPs) must include a section on waste management (as well as water & wastewater management protocols) to minimize waste production & ensure efficient and safe handling for proper transfer and eventual disposal. The ESMP (or ECOP) will also include mitigation measures for site-specific concerns, for example:</p> <ul style="list-style-type: none"> - occasional spraying of the area to reduce dust; - limiting hours of construction to reduce unfavourable noise and/or vibration(s) experienced by neighbouring communities - waste management & water/wastewater management protocols <p>3) Where possible, utilize silt fencing or filter socks to control sediment and reduce water pollution; define, within the ESMP (or ECOP) and construction proposal measures to separate and either (i) treat; or (ii) safely dispose of polluted water (e.g. transfer to a treatment facility)</p> <p>4) Within the water/wastewater section of the ESMP (or ECOP) and related construction proposal, specify the expected water requirements and water sourcing plans, with an effort to keep consumption at a minimum; sensitize workers on the need to conserve water where possible and on frugal management of water during the construction activities;</p> <p>5) The risk of increased pesticide use will be minimized through the project’s training for farmers on good production/good agricultural practices and utilizing integrated pest management (which improve the market price of produce at market).</p>		
Cultural Heritage	Low	Low
<p>Risk:</p> <p>Project’s construction activities might physically affect ethnic minorities’ sites of archaeological, historical, cultural, artistic, and religious significance, and/or unique environmental features, cultural knowledge, as well as intangible forms of culture embodying traditional lifestyles.</p>	Low	Low
<p>Mitigations:</p> <p>Construction activities are managed by project’s contractors through environmental and social management procedures set forth in project’s ESMF. A Chance Finds Procedure is in place for contractors to address the possibility of archaeological deposits becoming exposed during ground altering activities within the project area. ESMF has a protocol to follow in the case of a chance archaeological find to ensure unknown archaeological sites are not disturbed until an assessment by a competent specialist is made and actions consistent with the requirements are implemented.</p>		
Indigenous People	Low	Low
<p>Risk:</p> <p>Risk of social, or economic impacts on the non-Kinh ethnic group, including threats to or the loss of resources of historical or cultural significance.</p>	Low	Low

<p>Mitigations: The approach to the non-Kinh ethnic groups is consistent with IFAD's policy on ethnic minorities. FPIC consultation will be adopted for targeting of ethnic minority groups. Cultural differences will dictate the approach adopted. Local languages will be used in all village meetings, planning and extension sessions. Community meetings will be organized in a manner that is appropriate culturally to each of ethnic minority groups being affected by potential project activities. District teams responsible for implementation will reflect gender balance, and their members will have command of ethnic languages. Capacity building tools will be developed in the languages of the main ethnic groups that have written characters and take into consideration cultural differences. Ethnic verbal languages will be used during project planning, discussions, trainings, etc. as preferred by affected ethnic minority groups. Special efforts will be made to recruit project extension agents speaking ethnic groups languages and in mobilizing and mentoring students from the ethnic schools.</p>		
<p>Risk: Exclusion of disadvantaged/ vulnerable groups from project planning, implementation and receiving socioeconomic benefits from the project. For instance vulnerable/disadvantaged people, such the poor, ethnic minority peoples, women, elderlies, etc., may be excluded from accessing temporary employment opportunities, such as those offered by construction contractors. People with disabilities may be excluded from appropriate access to road facilities. The road is not designed for safe crossing at intersections by local people with limited eyesight or difficulties with walking.</p>	Low	Low
<p>Mitigations: An IP Plan has been prepared for the project (Annex 6B). This aims to ensure ethnic minorities, including vulnerable groups within the ethnic minority community such as women, elderlies, are included in project planning and implementation to receive project benefit. A template for annual IPP (to be used by provincial PMUs) is included in IPP to facilitate annual IPP planning, including monitoring target achievement. See also the Gender Assessment (including the accompanying Gender Action Plan (Annex 8) and the Stakeholder Engagement Plan (Annex 7).</p>		
<p>Labour and Working Conditions</p>	Low	Low
<p>Risk: Child labour, forced labour</p>	Low	Low
<p>Mitigations: All contractors, subcontractors are required, as part of the work contracts, to ensure peoples under 18 years of age will not be hired for sub-project's construction works. In all contracts between PMU and contractors, there shall be provisions that require compliance with the minimum age requirements, including penalties for non-compliance. Contractors will be required to maintain a labour registry for all contracted workers with supporting documents confirming workers' age. Actions by contractors and subcontractor for child labour and forced labour prevention will be reflected in contractors' site-specific ESMPs and will be reviewed and approved by PMU prior to contractor's mobilization to sub-project site.</p>		
<p>Risk: Overtime working, poor working conditions, temporary workers (e.g. local workers, including IP workers, engaged by contractors are underpaid for the nature, scope, and quantity of work that they undertake).</p>	Low	Low

<p>Mitigations: All contractors and subcontracts will be required (in Work Contract) to observe the regulations specified in Vietnam Code of Labour (2019) on labour management and labor working condition. These will include, among others, requirements for contractors as employers to observe requirements of working conditions for their workers, such as work time, overtime, leaves, compensation, compensation for overtime, and mode of compensation. Contract with workers that is at least one month long is subject to registration for social insurance (in accordance with the Law of Social Insurance 2014). Contractors will be required to sign contracts with all seasonal IP workers, if any, as if they work more than one month. This aims to protect seasonal IP workers from about mentioned risks due to lack of a working contract.</p>		
<p>Risk: Occupational Health and Safety (OHS): Labour related accidents on the part of persons, especially vulnerable persons, who worked for project contracted construction companies</p>	Moderate	Moderate
<p>Mitigations: 1) The requirements for contractors to identify Occupational Health and Safety (OHS) risks and provide remedies for non-compliance will be included in all procurement documents of PMU. 2) All contractors are required to conduct OHS training to raise awareness of OHS and promote application of good OHS practices prior to mobilizing all workers to construction sites. 3) Where required, based on risk assessment at activity level, contractors will be required to engage qualified OHS staff to be in charge of OHS issues, including provision of training of workers, monitoring of OHS risks and proposed updated preventative measures.</p>		
<p>Community health, safety and security</p>	Low	Low
<p>Risk: Overuse of agrochemicals such as chemical pesticides and fertilizers for enhanced agricultural production which affects farmers' health, water resources, soil, and food safety.</p>	Moderate	Moderate
<p>Mitigations: Trainings on good agricultural practices, including appropriate use of agrochemicals and pesticide residual management will be provided. Traditional pest management practices that are environmentally benign and have been adopted by local IPs and are appropriate for select value chains will be encouraged/leveraged. Food safety and international standards/certification are included from value chain planning with strict monitoring and evaluation. Awareness raising activities will be conducted regularly to inform IPs of project's social risks, including mitigation measures that project and affected IPs will take to minimize such risks, or address/resolve if such risks happen.</p>		
<p>Risk: Presence of unexploded ordinances (UXOs) at project sites (mostly construction sites, but could include any areas not regularly traversed).</p>	Low	Low
<p>Mitigations: For UXOs, in particular, identification and removal (if any) would be done by experts as part of site clearance prior to commencing any activities on the project sites. Safety risks related to UXOs are considered low to moderate, since most of the construction subprojects will not occur on previously untouched/undeveloped land; however, a UXO risk assessment will be conducted for all the subproject sites where UXOs are considered a potential hazard, and UXO clearance (if needed) will be carried out by qualified agencies. Construction activities will not be allowed prior to UXO clearance.</p>		
<p>Risk: Temporary traffic blocks and related safety issues during construction and operation.</p>	Low	Low

Mitigations: Clear signage will be installed around the project site for safety, with a reasonable notice period (e.g. 24h or more) based on the local regulations/requirements. A detour will be made available for local traffic.		
Risk: Sexual Abuse and Exploitation/Sexual (SEA/SH)	Low	Low
Mitigations: Conduct annual awareness raising events to sensitise a) provincial PMUs, b) contractors, c) local community and authorities, d) local health care services and SEA/SH service providers. This will be mainstreamed to relevant annual meetings at community level to reduce cost and time. All project contractors will be required to have a Contractors' Labour Management Procedures in place – as part of their site-specific ESMP. Contractors must have a social Code of Conducts for their workers and managers and train their staff and workers. To facilitate monitoring, performance indicators will be set to enable contractors and provincial PMUs to monitor social Code of Conducts implementation. Local government will also help disclose the social code of conduct at commune and village's public billboard in local language(s) to promote wide access to community members in subproject areas, particularly vulnerable group such as women, children and youth.		
Risk: Health risks such as risks of contracting of, and spreading of communicable diseases (e.g. COVID-19, STD), and other non-communicable diseases associated with labour influx.	Low	Low
Mitigations: Contractors, including subcontractors, shall be required to undertake health related measures – as specified in Contractors' Work Contract, to reduce the risk of contracting/spreading communicable diseases among contractors' workers and between contractor and local people.		
Risk: Malfunction of small reservoirs	Moderate	Moderate
Mitigations: This risk will be mitigated through proper environmental and social assessment prior to design, and involvement of experienced irrigation engineers during the design and construction of the proposed small reservoirs, including reference to IFAD's guidance on dam safety, as needed.		
Physical and Economic Resettlement	Moderate	Moderate
Risk: Involuntarily displaced households due to infrastructure construction.	Moderate	Moderate
Mitigations: RECAF invests in small and climate resilient infrastructure and will avoid any investments that may cause physical resettlement. Exclusion criteria to be used include exclusion of any infrastructure scheme that requires physical resettlement of more than 20 people per scheme, or affect more than 10 percent (in value term) of assets of an individual household. There will be no forced displacement. FPIC and Grievance Redress are included in the ESMF and site-specific ESMP will be formulated for sub-projects to ensure communities are encouraged to raise their voices and complaints in a fashion that is timely and culturally appropriate.		
Greenhouse Gas Emissions	Moderate	Moderate
Risk: Inherent risk associated with changing climate in the project area, introducing more extreme events, floods, droughts, and saline intrusion, specifically the sustainability and resiliency of project activities/interventions (e.g. infrastructure).	Moderate	Moderate

Mitigations: To address issues of climate-induced risks and impacts, RECAF has been designed to mitigate climate change through improved forest management and adapt to climate change through climate-resilient infrastructure and agricultural/agroforestry practices. To accomplish this, infrastructure design and forest management/agricultural and agroforestry practices must be informed by climate projection and not only immediate needs.		
Vulnerability of target populations and ecosystems to climate variability and hazards	Substantial	Substantial
Risk: The project's target groups such as the poor and those whose livelihoods are highly vulnerable to climate, and therefore may face problems resulting from increasing climate variability and hazards (i.e., sea level rise, SWI, storms, long-lasting/heavy rains, and landslides, etc.).	Substantial	Substantial
Mitigations: The project is designed to explicitly address climate vulnerabilities and improve resilience of climate-vulnerable communities through improved agricultural and agroforestry practices and more climate-resilient livelihoods, supporting both in terms of climate mitigation (reducing future risks) and adaptation (responding to existing/expected risks).		
Stakeholders	Low	Low
Stakeholder Engagement/Coordination	Low	Low
Risk: Selected value change commodities exclude poor households; lack of consultation/ inclusion of perspectives of rural households, especially vulnerable/disadvantaged households (ethnic minorities, women, youth, elderly, people with disabilities, children).	Low	Low
Mitigations: Project-level strategic investment planning process, (i) pre-identification of potential for involving vulnerable/ disadvantaged rural households in incremental production & job creation; (ii) analysis of conditions and requirements to optimize participation of vulnerable/ disadvantaged rural households; Process integrating strong "bottom-up" commune and district-level participatory processes to capture local knowledge and understanding of impacts, risks, vulnerabilities, and development priorities, particularly development preferences that are culturally appropriate. A Stakeholder Engagement Plan (SEP, Annex 7) was prepared during project design and provides guidance on how to conduct stakeholder engagement throughout the project cycle. During implementation, stakeholder engagement will continue to depend on the target communities and is designed to be, therefore, sensitive to ethnic minority community needs and preferences (as well as differentiated to the needs of vulnerable persons in the project area). All provincial PMUs will maintain FPIC consultations with ethnic minorities and Kinh in the target project communes. FPIC consultations will be factored into the annual Indigenous Peoples' Plans which each provincial PMU will prepare to ensure ethnic minorities are included in project activities. Gender and youth targets are also mainstreamed into the annual IPPs to ensure that targets are achieved over the project's life cycle and monitored and evaluated at the project's midterm and conclusion.		
Stakeholder Grievances	Low	Low
Risk: Affected person(s), particularly affected ethnic minorities, may not know how to lodge their complaints/grievances/concerns to PMU team who is responsible for receiving grievance and process for grievance redress mechanisms.	Low	Low

<p>Mitigations: The project has designed a GRM to provide complainants, including affected ethnic minorities, with redress procedures that are accessible, easily used, and free of charge to enable affected people to raise project related concerns and grievances. The project GRM guide how complaints are lodged, including forms, channels, particularly steps and time-limit for each step, notification of resolution decision, and prescriptive period, etc. GRM also considers local practices of grievance redress that local ethnic minorities prefer, including use of local ethnic minority language. During the grievance resolution progress, where necessary, dialogues will be hold between the project's designated GRM unit/personnel and the aggrieved people to promote mutual understanding and collaboration among relevant parties for effective resolution.</p>		
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