

Editorial

When I first arrived at Hanoi airport in 1992, the waft of Good Morning Vietnam in the air caused goose bumps. This country had been the focus of student protests during my university years with protests against a war that changed Germany's attitude towards the United States of America.

At the time, we at GFA's Team Asia felt enthusiastic about helping Vietnam towards a better future. Little did we anticipate that our initial dedication was the starting point of a unique success story in the country's development cooperation. During the 20th anniversary of Vietnamese-German cooperation in 2010, the Vietnamese government expressed its appreciation for GFA's achievements in the country's forestry sector. Moreover, the Vietnamese government has honored eight GFA experts with national medals and awarded the implementation of large forestry sector projects based on ADB loans to GFA.

Even to date, the enthusiasm is still there because of the positive collaboration spirit of many of our counterparts in this unusual country. Collaboration is not meant to be easy. But based on tried and tested approaches and trustful relation building, changes could be achieved that take time to mature.

This newsletter's first article provides the full picture and summarizes key factors of GFA's exceptional success story in the forest sector in Vietnam. The second article covers in depth how lessons learnt were incorporated in the design of two more forestry projects that started in Vietnam in February 2015.



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GFA and the forest sector in Vietnam – an exceptional success story over 23 years

GFA Consulting Group looks back at a proud track record of more than 20 years in the forest sector in Vietnam. The success story covering both technical and financial cooperation stands out in international development cooperation. A critical mass of fine-tuned feasibility studies and projects managed by GFA in close cooperation with the Vietnamese government and, mostly, KfW Entwicklungsbank and GIZ contributed to an evolving national policy framework for the forest sector in the country.

The success factors were embedded interdependent corner stones: In the early 1990s, German development policy acted fast when Vietnam opened up. This provided a head start for a long-term trusted cooperation between the two countries. German technical and financial cooperation (TC & FC) have been complementing each other's role over time. The exceptional continuity of GFA as the only consultant to support both TC & FC projects on behalf of GIZ and KfW safeguarded the continuous development and transfer of innovations, methods and tools.

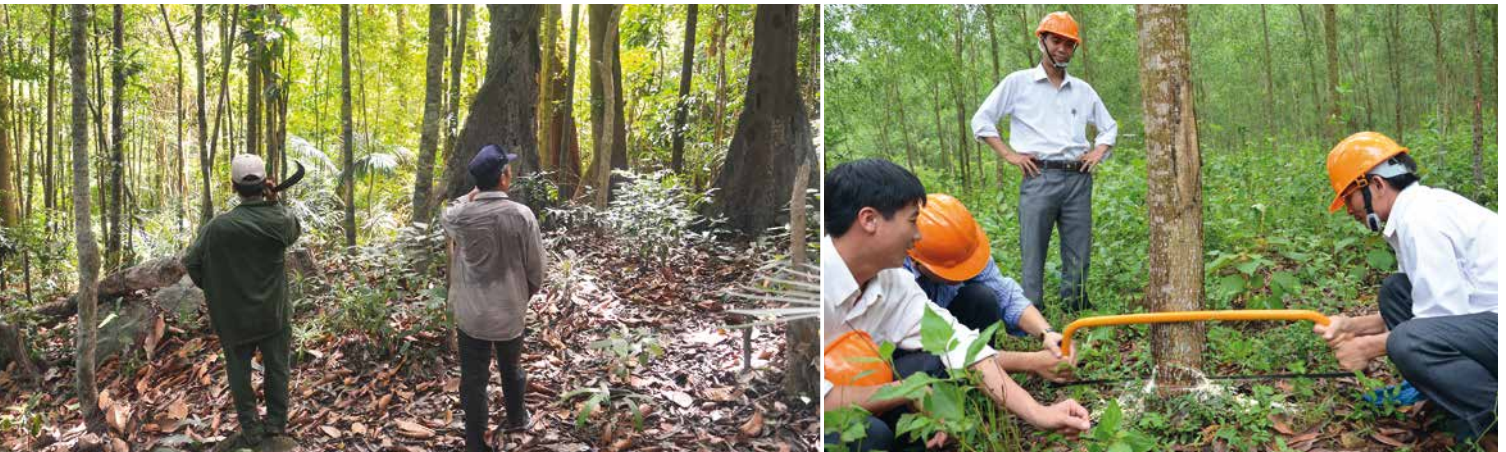
Historical perspective

After 1986, Vietnam's Doi Moi reform underwent a profound transformation from a centrally planned to a market-oriented

economy that yielded quick macro-economic success. This also implied the transition from collective to individual land use rights and to international funding, including German bilateral aid. Vietnam has a lot in common with Germany in terms of country size, population and recent history. Germany after 1990 capitalized on the longstanding scientific collaboration Vietnam had with the German Democratic Republic, which included the forestry sector. Thus, German development cooperation was jump-started in the early 1990's, ahead of other Western states, while Vietnam had immediate access to state-of-the-art German forestry know-how. German-Vietnamese cooperation truly was and is a win-win situation. All partners were aware that the transformation of land use rights, the increase of small private landowners and the establishment of a market economy would require a substantial transfer of finance, technology and know-how.

In 1993, GFA started implementing the 12-year Social Forestry Development Project (SFDP) on behalf of GIZ, then GTZ. The project reflected National Forestry Action Programme's requirements for decentralization, local participation, and local income generation from forest products. Since 1995, German technical





cooperation through GIZ has been complemented by a series of financial cooperation projects – KfW1 to KfW10 – with KfW9 currently in a preparatory stage.

From KfW1 to KfW10

GFA has been involved in all of the mentioned forestry projects, except for KfW9. German bilateral aid in the forestry sector thrived because it was embedded in the Vietnamese government's evolving policy framework by anticipating forthcoming developments and delivering on the related implications. Vietnam introduced a reforestation policy in the early 1990s to reverse the alarming trend of deforestation and land degradation. Therefore, the first five KfW-cofinanced projects implemented by GFA focused on introducing innovations raising the quality, efficiency and sustainability of reforestation schemes. For example, appropriate site classification, high quality nurseries and monitoring methods originated from KfW1 and KfW2 projects, whereas KfW3 and KfW4 successfully introduced diversification from common exotic species towards indigenous species in mosaic plantations accompanied by close-to-nature forest management concepts. Nowadays, these approaches are part of a proven set of measures that also feature in the most recent projects, KfW8 and KfW10, highlighted overleaf. Similarly, community forest management (CFM) as an integral project component was first introduced in KfW6 in 2006. In this case, several TC projects implemented by GFA on behalf of GIZ sowed the seed, e.g. SFDP in 1993-2005, Rural Development Dak Lak (RDDL) in 2003-2009, and Environmental Protection and Management of Natural Resources in Dak Nong Province (EPMNR) in 2008-2011. Innovative fea-

tures tested by these projects have been scaled up through KfW. CFM contributed to a set of objectives of the 2001 Vietnamese Comprehensive Poverty Reduction and Growth Strategy. Likewise, in collaboration with GIZ, a first biodiversity component was introduced in KfW7 that responded to the Law on Biodiversity enacted in 2008. Biodiversity conservation and climate protection relate to the 2012 Vietnamese Green Growth Strategy and the forthcoming Nationally Appropriate Mitigating Actions – a new dimension of the KfW8 and KfW10 projects highlighted overleaf.

Achievements and lessons learned

Change needs time, and people need time to learn and to change attitudes and practices. More than twenty years of German-Vietnamese cooperation have provided for time necessary to test and replicate long-term concepts, and to convince partners. Thus, German support helped national programs succeed in alleviating poverty in rural areas from 58% in 1993 to 20% in 2013 and in achieving a tremendous forest cover rehabilitation up to 43%, the level last measured in 1943. From a more detailed perspective, four significant fields of success come to mind. *Allocation of land use rights:* Area measurements and issuance of so called Red Books have become an integral task of forestry projects in Vietnam. Ownership guarantees inject confidence in the future and provide a solid foundation for investments so that thousands of land owners, bank customers and economic entities have been created along the line. *Deposit accounts:* Direct channeling of funds to smallholder forest farmers as beneficiaries has proved minimum transaction costs, high transparency and accountability, and provided a framework for performance-

oriented payments. The approach pioneered today's adaptation and mitigation payment mechanisms.

Micro-site matching and mixed indigenous species: This indispensable prerequisite for sustainable forest management enhances ecological stability and reduces strong market exposure risks of monoculture forest stands. The model was successfully demonstrated but is competing with fast growing industrial plantations, the economic and ecological sustainability of which remains to be proved.

Community forestry: CFM has evolved as an effective tool for natural forest protection. It is founded on new village deposit accounts, intensive local capacity building and quality monitoring. Proven techniques and processes are applied under a national CFM pilot program and will be scaled up in KfW 8 and KfW10.

GFA contributions to success

Through its commitment to core values such as innovation and excellence, GFA has always aimed at maximizing the client's satisfaction by providing additional value. A series of excellent feasibility studies, hard and honest work in project management, and courage regarding relevant innovation has helped lay the ground for winning project contracts. Moreover, personnel selection in line with these projects and establishing a GFA representative office in Hanoi in 1996 have played a crucial role. Most GFA-implemented projects had and have model character and built on each other so that both up-scaling and multi-level synergy impacts in the forestry sector in Vietnam could be created.

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GFA at work – biodiversity protection and community benefit sharing in forest ecosystems in Vietnam

Since early 2015, GFA has been implementing two major projects in Vietnam that are co-financed by KfW and aim at the maintenance of ecological integrity and biodiversity of natural forest ecosystems and their increased resilience to climate change while enhancing local communities' standards of living.

Both projects evolved from the mentioned series of forest projects co-financed by KfW that incorporate 20 years of GFA-supported field research, capacity building and large scale implementation of innovative natural resource management concepts. Although the two projects cover distinct cultural and ecological regions of the mountainous Northwest and the Central Highlands, a common impact monitoring and benefit sharing approach is envisioned as overarching policy advice for ongoing and planned public financing mechanisms in Vietnam and the region.

Biodiversity protection and rehabilitation in forest ecosystems

The first project, Sustainable Forest Management and Biodiversity as a Measure to Decrease CO₂ Emissions (KfW8), puts GFA's unique sector expertise to best practice in proven components towards a holistic biodiversity protection and climate change mitigation approach. GFA experts started in 2009 (KfW7) to assist the Ministry of Agriculture and Rural Development (MARD) in addressing key challenges related to the national biodiversity strategy through protecting biodiversity values in protected areas with a focus on participatory management concepts inside buffer zone communities. Targeted livelihood investments are directly linked to strict monitoring of community-based protected area patrolling efforts of village rangers and the entire community. As recent policy development resulted in a detailed buffer zone and protected area zoning concept. The project is among the first to support implementation through a participatory land use, land allocation and management planning exercise at the commune level. Planning will stipulate improved dialogue and coordination of a variety of stakeholders and will result in increased co-management efforts between rural communities and protected area staff.

In addition, production forests under private and state ownership are supported through close-to-nature forest management concepts. The objective is to balance economic viability with ecological sustainability while improving the climate mitigation potential of planted forests. Interventions are directed towards the gradual transfer of pure plantations into sustainably managed mixed indigenous tree stands. This will help avoid widely observed detrimental silvicultural practices.

Engaging local communities in forest monitoring and benefit sharing

The second project, Protection and Inclusive Management of Forest Ecosystems in Quang Nam, Kontum and Gia Lai Provinces (KfW10), seeks to promote sustainable forest management as a tool for forest ecosystem protection and livelihood development. While rural communities protect and traditionally manage a rich biodiversity and carbon sequestration potential in their village forest resources they often remain trapped in poverty. For nearly two decades, technical and financial cooperation projects in Vietnam have piloted planning procedures for community forestry with a strong focus on forest protection measures while neglecting financing mechanisms to sustain operations. As an additional challenge, Vietnam has decreed a national logging ban for natural timber as a response to forest degradation which replaced deforestation as a major forest threat. Therefore, a GFA team of experts will as-

sist MARD with piloting a feasible concept on how to link accountable and fair benefit distribution mechanisms for livelihood development with performance-based forest protection and monitoring at the grassroots level. Microfinance schemes are employed as an alternative to detrimental forest resource utilization. By 2017, this concept will allow for measurable impact that can be justified against program commissioners, future international donors and, ultimately, against the public and the state. Provincial authorities already articulated their interest that once a proven concept has been established on the ground, provincial funding under ongoing forest protection contracts will be made available to ensure a sustained financing after project termination. Local government would clearly benefit from reduced transaction costs and transparent monitoring. Promoting the ecosystem integrity of natural forests and their biodiversity values while at the same time ensuring forest services and sustainable produce for the livelihoods of forest-dependent people will require major shifts at all levels – national policy framework, market mechanisms and awareness of forest managers. Facilitating this process is seen as one of the biggest challenges for the Vietnamese forest sector for the next decade. Based on its longstanding sector experience, GFA is at the ready to come up with solution-oriented approaches.

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Irrigation scheme turns on income taps in Laos

In November 2014, The Vientiane Times in Laos reported on the handover ceremony for a new irrigation project in the Sangthong District. Donor representatives, district authorities, and local beneficiaries attended the ceremony. GFA supports the Government of Laos PDR in implementing the *Sustainable Management of Watersheds* in the Lower Mekong Basin project. The project, funded by the German government through KfW, aims at securing the watershed and improving livelihoods in the Nam Ton watershed by means of support to farmers in establishing and executing sustainable village-based land-use planning.
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GFA supports free trade in the SADC region

Since 2008 the Southern African Development Community (SADC) has become a free trade area except for three member states. This development provides for the elimination of import tariffs and non-tariff barriers (NTBs) to trade among SADC member states and aims at harmonizing customs procedures and technical standards, as well as the liberalization of trade in services. Intra-regional trade within the SADC region, however, has not kept pace with the growth of trade in the rest of the world due to challenges in implementing other aspects of the fundamental SADC Protocol on Trade (STP). Key problems are not only the still existing NTBs, but also the multiple and overlapping memberships of Regional Eco-

nomie Communities of most SADC member states. A split of SADC member states into four groupings that negotiate their Economic Partnership Agreements (EPAs) with the European Union (EU) further exacerbates the complexity of the regional economic integration agenda in the SADC region.

As of 2015, GFA experts have been addressing these issues under the Trade Related Facility (TRF) formulated by SADC and financed by the EU. They will strengthen the implementation of the international trade agreements to which SADC is a signatory and ensure the effective usage of these agreements in SADC member states. The project aims at contributing to increased trade and investment flows among SADC member states and other states all over the world. Between 2015 and 2019, GFA will strengthen the integration of SADC at regional level and in terms of its linkages with the global economy.
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A song for vocational training

In Ghana, working in the crafts and trade sector as a blue collar worker goes along with a low social status. Counteracting this attitude, the Council for Technical and Vocational Education and Training (COTVET) together with the GIZ project Ghana Skills Development Initiative (GSDI) and JT live, a local radio station, has produced a song and a video clip: "Adwuma-Pa" – good work. GFA in a consortium with PLANCO and the Hamburg Chamber of Commerce implements GSDI on behalf of GIZ. The young actors are not profes-

sional singers. They are completing apprenticeship trainings and occasionally sing and rap with friends. The song text and the video are strongly flavored by the young people's actual experience. With a high degree of authenticity, they share with their audience that learning a trade or skill is not only important for one's individual career but also for the economic stability of the whole country. The song's key message is on promoting the work and training environment of five sectors – hair and beauty, garment and dressmaking, automotive repair, electronics and welding.

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GFA continues to expand

GFA figures on 1,273 employees worldwide in 2015 which confirms the company's growth in recent years. Since 2010, the number of staff increased by 43 per cent. Most GFA staff members work in Asia, followed by Africa. In terms of their technical expertise, personnel working in projects related to labor markets, school education or vocational training have grown significantly – from 11 in 2010 to 69 in 2014. In the field of Health & HIV/AIDS, GFA has expanded its personnel by 50 per cent to 86 project employees worldwide within the last five years. GFA puts special emphasis on a careful selection of its experts and employees abroad and their respective project preparation. The company also invests a lot in the technical qualification of its staff in Germany. Only qualified and motivated personnel will implement ambitious projects successfully around the globe.

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GFA Consulting Group presently works in more than 90 countries.

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GFA mission – to improve the livelihood of beneficiaries through our professional services.

GFA core values – to offer high performance in service delivery, technical excellence in our main sectors, innovative approaches and products, and credibility with our clients when putting projects into practice.