

Procurement Notice

Institutional Capacity Assessment (ICA) of the Vietnam Forest Protection and Development Fund (VNFF)

2 October 2023

Emergent is seeking the services of a consultant/team of consultants to undertake an assessment of the Vietnam Forest Protection and Development Fund (VNFF), which is a candidate to serve as a Financial Intermediary (FI) for potential carbon transactions with the Lowering Emissions by Accelerating Forest Finance (LEAF) Coalition.

Purpose, scope and objectives

The purpose of the ICA (the “Assessment”) is to evaluate VNFF’s internal policies and procedures, institutional capacity and organisational structure, and capability to function as an effective manager of proceeds associated with a possible LEAF carbon credit transaction. The successful bidder (the “Consultant”) will provide an overall assessment of the suitability of VNFF as FI for potential carbon transactions with the LEAF program. The Assessment will focus on VNFF at the central level and include consideration of Provincial Forest Protection and Development Funds as a secondary focus. It will cover, at a minimum, an evaluation of VNFF’s three immediately prior years of operation. The specific objectives of the Assessment are to (i) assess institutional capacity in accordance with specified criteria and questions, as set forth in the attached Terms of Reference (ToR); (ii) provide findings, conclusions and clear recommendations related to VNFF’s competencies to perform the FI function for LEAF transactions; and (iii) make specific recommendations to address any identified gaps or areas for improvement.

Schedule and budget

The duration of the Assessment is estimated to approximately twelve weeks, with the assignment tentatively set to commence the first week of November 2023 and be completed by the end of January 2024. The Consultant shall quote a price not exceeding USD 70,000 (inclusive of applicable taxes and reimbursables).

Qualifications of the Consultant

The Assessment should be conducted by a team of (at least) two consultants, one of whom shall be a national consultant (the Consultant). The Consultant should (collectively) possess, amongst others, a minimum of four years’ experience (eight years for the team leader) with evaluation of institutional capacity in a public sector context, and with programmes related to climate change, low-carbon development, Jurisdictional REDD+, the Green Climate Fund, and/or the Green Environment Fund. Experience with the Voluntary Carbon Market, the Forest Carbon Partnership Facility, and Payment for Forest and Environment Services in the Vietnam context is desirable.

Tender submission and contact details

Tenders/offers to conduct the Assessment will be accepted from individual consultants as well as firms, NGOs or academics, and must be submitted electronically by CoB Eastern Standard Time (EST) **Monday, 16 October 2023** to Dion Ward, Director FMR (dion@emergentclimate.com). The bid must contain both a *technical proposal* and a *financial proposal* (single document is sufficient), with *attached CVs* of the proposed Assessment team. For further details or questions regarding the assignment, kindly contact Thor-Jürgen Greve Løberg, VP FMR (thorjurgen@emergentclimate.com), copy to Dion Ward, Director FMR, by CoB EST **Tuesday, 10 October 2023**. Questions and answers regarding the assignment will be shared with all registered bidders.



Terms of Reference

Institutional Capacity Assessment (ICA)

of

Vietnam Forest Protection and Development Fund (VNFF)

***Candidate Financial Intermediary under the Lowering Emissions by Accelerating Forest Finance
(LEAF) Coalition***

2 October 2023



Table of Contents

1	About Emergent and the LEAF Coalition	1
1.1	<i>LEAF architecture for carbon credit transactions and funds management.....</i>	<i>2</i>
1.2	<i>Role and responsibilities of the Financial Intermediary</i>	<i>3</i>
1.3	<i>Role and responsibilities of Emergent</i>	<i>3</i>
1.4	<i>Role and responsibilities of the Forest Government.....</i>	<i>4</i>
1.5	<i>FI selection policy</i>	<i>4</i>
2	Background and context.....	5
2.1	<i>Summary of dialogue with Vietnam and progress of the due diligence process.....</i>	<i>5</i>
2.2	<i>Brief description of the Vietnam Forest Protection and Development Fund (VNFF).....</i>	<i>5</i>
3	Purpose of the ICA	6
4	Scope and objectives.....	7
5	Assessment questions	7
6	Assessment methodology	11
7	Qualifications of Consultant(s)/Team	11
8	Award criteria	12
8.1	<i>Award of the assignment</i>	<i>12</i>
8.2	<i>Technical award criteria.....</i>	<i>12</i>
8.3	<i>Financial award criteria</i>	<i>12</i>
9	Schedule, deliverables and resourcing.....	12
9.1	<i>Deliverables.....</i>	<i>13</i>
10	Reference documents	14
11	Responsibilities	15
12	Tender submission and contact details.....	15
	Annex 1 – Draft Letter of Tender	1

1 About Emergent and the LEAF Coalition

Emergent Forest Finance Accelerator, Inc. (“Emergent”)

Emergent is a U.S.-registered non-profit corporation that serves as the administrative coordinator and transactions platform for the Lowering Emissions by Accelerating Forest Finance (LEAF) Coalition, a public private partnership launched in April 2021 to increase global financial flows to tropical forest protection by catalysing the growth of high-integrity forest carbon markets. The LEAF Coalition provides results-based payments for REDD+ carbon credits to tropical and sub-tropical Forest Governments combatting deforestation at a jurisdictional level (known as J-REDD+ credits).¹ LEAF transactions are designed to support climate, sustainable development, and biodiversity goals and deliver significant co-benefits, including supporting the livelihoods of Indigenous Peoples and forest communities who are at the forefront of the battle to halt deforestation.

Emergent structures LEAF transactions around 5 strategic objectives:

- *Create demand:* Build a pipeline of direct-to-corporate demand that will sustain high-volume, multi-year transactions of LEAF credits.
- *Create supply:* Build a pipeline of supply from Forest Governments to sustain high-volume, multi-year transactions of LEAF credits.
- *Buy:* Buy large volumes of high-quality carbon credits from Forest Governments, providing long-term finance to help them to carry out their jurisdictional programmes to support additional reductions in deforestation at scale.
- *Sell:* Sell large volumes of high-quality carbon credits to private companies looking to satisfy their voluntary obligations with cost-effective, high-integrity credits, raising global ambition for forest protection and catalysing private capital to drive greater forest protection.
- *Develop and implement Fund Management and Reporting (FMR):* Design and establish a robust fund management architecture, providing confidence to the market that funds will contribute to the continuation of programs that have successfully reduced deforestation.

The LEAF Coalition

The demand side of the LEAF Coalition is currently comprised of over 25 corporations and four donor governments that seek to accelerate climate action by catalysing private sector demand for J-REDD+ credits. To qualify for sale by LEAF, credits must meet the robust and independent ART/TREES standard, guaranteeing the highest levels of environmental integrity and social safeguards.²

Corporations that participate in the LEAF Coalition – **Corporate Purchasers (CPs)** – commit to pay for high quality carbon credits from tropical forests in addition to, not as a substitute for, deep emissions reductions in their value chains. They must publicly commit to targets under the science-based targets

¹ REDD stands for Reducing Emissions from Deforestation and Forest Degradation; REDD+ credits are those that encompass activities designed to enhance sustainable forest management and forest carbon stocks in developing countries. Jurisdictional REDD+ refers to projects at a jurisdictional (typically, national or state) level as distinguished from stand-alone (so-called “nested”) projects and smaller scale efforts.

² The Architecture for REDD+ Transactions (ART) is an independent global initiative that applies its REDD+ Environmental Excellence Standard (TREES) to quantify, monitor, and report greenhouse gas emission reductions and removals from J-REDD+ activities.

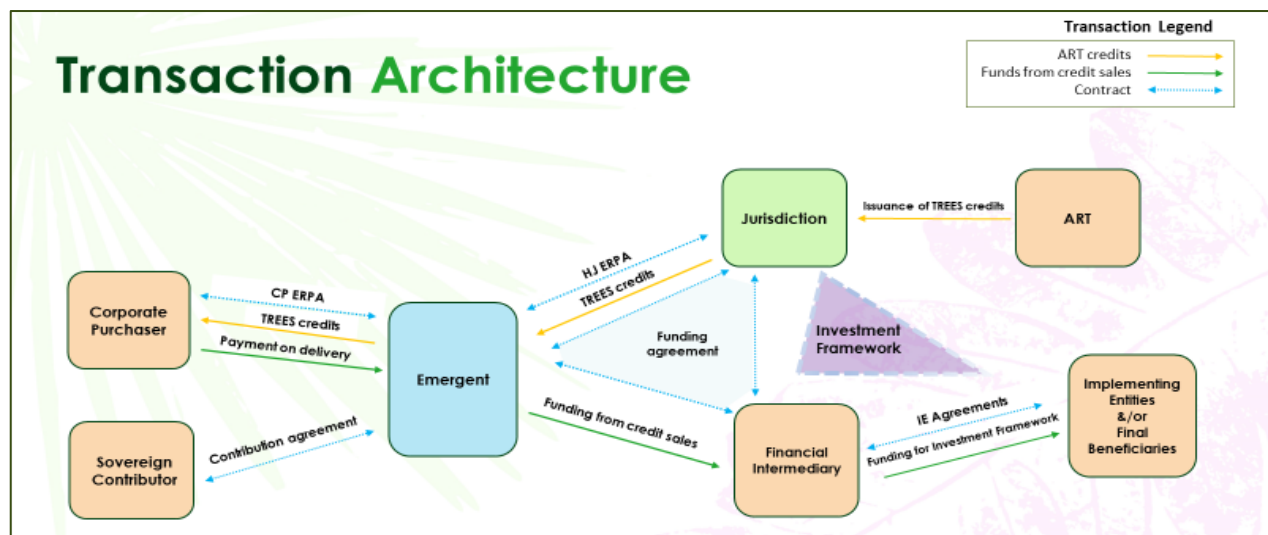
initiative (SBTi), or an equivalent quantified and independently verified decarbonization standard, and a mid-century net zero target and join the UN Race to Zero. In addition to CPs, Emergent also facilitates the purchase of ER credits by LEAF **Sovereign Contributors (SCs)** in the form of results-based payments funded by their Official Development Assistance budgets. Consolidated demand from CPs and SCs represents a reliable source of long-term funding for J-REDD+ credits delivered by Forest Governments to LEAF.³

On the supply side, **Forest Governments** that implement J-REDD+ programmes and sell credits issued under the ART/TREES standard play an essential role. They are required to curtail domestic emissions through Nationally Determined Contributions that represent their highest possible ambition, aligned with the Paris Agreement, in addition to credible strategies towards net zero emissions by 2050, including REDD+. To date, LEAF has received 26 proposals for transacting ART credits from Forest Governments across Africa, Asia, and Latin America with potential to protect half a billion hectares, storing one billion tonnes of CO₂e.

1.1 LEAF architecture for carbon credit transactions and funds management

As administrative coordinator for LEAF, Emergent’s architecture for transactions and FMR is consistent with international fiduciary standards for accountability and transparency. Fund management (**FMR**) is a transversal function at Emergent, integral to ensuring that proceeds from LEAF transactions are re-invested to support Forest Governments in deepening their climate ambition, sustainable development initiatives, and forest protection policies. Funds are channelled through **Financial Intermediaries (FIs)** and distributed in accordance with jurisdictions’ priorities and benefit sharing plans. Use of funds plans—called the **Investment Framework**—are transparently monitored and reported.

The Transactions Architecture (depicted below) illustrates the interaction among LEAF stakeholders. The contractual dependencies are represented by the **blue arrows**, while the **gold arrows** represent the flow of credits issued by ART. The **green arrows** demonstrate the funds flow from **Corporate Purchasers (CPs)** and **Sovereign Contributors (SCs)** to Emergent, from Emergent to the FI, and then from the FI to **Implementing Entities (IEs)**.



³ Subject to validation and verification procedures under ART TREES for the quantification, monitoring, and reporting of greenhouse gas emission reductions and removals from REDD+ activities at a jurisdictional scale.

1.2 Role and responsibilities of the Financial Intermediary

FIs are an essential part of Emergent's Transaction Architecture, providing oversight of funds management and implementation. The relationship between Emergent, FIs and Forest Governments are regulated by a Funding Agreement. The FI's responsibilities encompass:

- Assessing scope of activities in the Investment Framework and adherence to Approved Uses;⁴
- Confirming to the Forest Government and Emergent its level of accreditation under the [Green Climate Fund](#) (GCF) and institutional capacity to manage proceeds from LEAF transactions;
- Reviewing and agreeing with the Forest Government on the plan for executing the Investment Framework, including selection criteria of Implementing Entities and/or payments to final beneficiaries;
- Assessing technical capacity and expertise of Implementing Entities (IEs) to implement proposed activities, to comply with social and environmental safeguards, and to account for results;
- Agreeing on associated budgets, timelines, and reporting obligations, to be stipulated in Implementing Entity Agreements when applicable, consistent with FI's program management procedures and legal practices;
- Disbursing funds to IEs and/or final beneficiaries, based on the FI's internal rules and regulations;
- Applying fiduciary principles and monitoring procedures to prevent financial irregularities, verifying financial integrity in the use of funds;
- Applying its internal risk management framework for activities implemented by IEs; and
- Preparing annual progress reports on use of funds/Investment Framework, including financial statements related to the use of proceeds from LEAF transactions, accompanied by an independent auditor's report from an internationally reputable firm.

1.3 Role and responsibilities of Emergent

- Negotiate and adhere to terms of Contribution Agreements signed with SCs;
- Negotiate and enter into Emissions Reduction Purchase Agreements (ERPAs) with CPs for ART credits;
- Negotiate and enter into ERPAs with Forest Governments for the purchase and payment of ART credits;
- Negotiate and enter into Funding Agreements with FIs and Forest Governments;
- Support Forest Governments and FIs during development of the Investment Framework;
- Review Annual Progress Reports and audited financial statements submitted by FIs and participate in annual progress review meetings with Forest Governments and FIs; and
- Document and report on LEAF progress in publicly available Consolidated Annual Reports.

⁴ The activities in the Investment Framework that are eligible to be funded with proceeds from a LEAF transaction must be consistent with the "Approved Uses": (i) the Nationally Determined Contribution (NDC) of the Host Country; and (ii) sustainable economic development, with a priority for forest protection and forest restoration, including the Host Country's National REDD+ Strategy.

1.4 Role and responsibilities of the Forest Government

Forest Governments (also called Host Jurisdictions) are defined by TREES as tropical and subtropical forest countries or sub-national jurisdictions that successfully reduce emissions from deforestation and forest degradation. Forest Governments set their own priorities for the use of proceeds from LEAF transactions, consistent with Approved Uses. Their responsibilities include:

- Managing relevant REDD+ programs during issuance periods that result in verifiable reduction of deforestation;
- Meeting requirements under ART/TREES for issuance of high integrity emissions reductions and reversals;
- Selecting an FI within a designated framework for selection and accreditation;
- Defining an Investment Framework that stipulates the use of proceeds from LEAF transactions, ensuring alignment with Approved Uses;
- Designating preferred IEs, consistent with their Investment Framework, or collaborate with FI in defining the process for selection of Implementing Entities and/or final beneficiaries; and
- Contributing as necessary to annual reporting process of the FI.

1.5 FI selection policy

The current LEAF policy for selecting an FI requires that a Forest Government either select an FI accredited by the internationally recognized GCF, whose standards meet LEAF's fiduciary requirements⁵ or, on an exceptional basis, a non-GCF accredited entity that meets specific standards.

For GCF-accredited FIs, Emergent reviews documentation and information from that accreditation process that reflects the entity's capacity to manage the anticipated volume of transaction proceeds and effectively monitor and report on the implementation of activities.⁶ For non-GCF accredited FIs, Emergent engages a three-stage due diligence process: (i) formal request by the Forest Government; (ii) Eligibility Screening (ES), and, subject to approval, (ii) an Institutional Capacity Assessment (ICA).

In the sections below we will focus on the process related to non-GCF accredited entities.

Eligibility Screening for non-GCF accredited entities

Emergent conducts the ES in accordance with three criteria:

1. *Statutory or established policy mandate*: The nominated FI has a statutory mandate, or a mandate established by policy, that is integral to the Forest Government's strategy or framework for forest protection (e.g., under their National REDD+, Forest Carbon Partnership Facility (FCPF) or REDD Early Mover programs in which the entity has played a management role);
2. *Track record*: The nominated FI has a track record of managing projects and programs that in the context of LEAF would qualify as Approved Uses, with a preference for REDD+ and forest protection activities. Evidence of successful implementation of similar operations is required, including a portfolio

⁵ Subject to the appropriate accreditation classification level. Over the years, the GCF has developed a comprehensive process in assessing and working with [Accredited Entities](#) to channel funds to climate actions.

⁶ FI selection procedures are specified in Emergent's *FMR Operations Manual* and the *Host Jurisdiction Emissions Reduction Purchase Agreement* (HJ-ERPA) template and synchronised with the *Funding Agreement* template. Emergent routinely monitors accreditation status; FIs are obligated to promptly communicate changes in status.

of projects/programmes, funding volumes, financial instruments, and information about results (progress and financial reports, reviews and evaluations); and

3. *Comparable prior due diligence*: The nominated FI has been subject to due diligence carried out by a development cooperation or similar institution for a comparable initiative.

Institutional Capacity Assessment (ICA) of non-GCF accredited entities

If the nominated FI meets the ES criteria, Emergent will engage a consultant to perform the ICA. Emergent oversees the procurement process, manages the consulting assignment, and evaluates the *Final ICA Report* to develop a recommendation whether to engage the proposed FI. Special attention is given to recommendations and related risk assessment, as these identify any gaps in capacity and areas of improvement upon which final approval will depend. Adopted recommendations are then included in the Funding Agreement .

Emergent is seeking a consultant to carry out this process as outlined below.

2 Background and context

2.1 Summary of dialogue with Vietnam and progress of the due diligence process

In response to LEAF’s Call for Proposal in April 2021, the Government of Vietnam (GoV) submitted a proposal to provide credits for 11 contiguous provinces, which was deemed as eligible in August 2021. In October 2021, Emergent signed a Letter of Intent (LoI) with Vietnam’s Ministry of Agriculture and Rural Development (MARD), which was extended for 12 months in November 2022. In January 2023, Emergent and GoV began technical consultations as a step toward negotiating an ERPA and Funding Agreement (FA).

On June 2023, MARD submitted a formal request to apply Emergent’s non-GCF FI selection policy, nominating the Vietnam Forest Protection and Development Fund (VNFF) as its preferred FI for LEAF transactions. VNFF currently manages ERPA proceeds under the country’s FCPF facility administered by the World Bank. In August 2023, Emergent determined that VNFF met the ES criteria to proceed to an ICA.

As per the above, the next step is to engage a third-party consultant to conduct the ICA.

2.2 Brief description of the Vietnam Forest Protection and Development Fund (VNFF)

In 2020, Vietnam became the first country in the Asia-Pacific to sign an ERPA with the World Bank-administered FCPF for up to USD 51.5 million for efforts in six North Central Region provinces to reduce carbon emissions by 10.3 million tonnes between 2020 and 2025.⁷ VNFF is the designated mechanism to distribute ERPA payments under the FCPF.⁸

In November 2017, the National Assembly approved Forestry Law No. 16/2017/QH14, which recognises that VNFF “is a non-state budget financial fund; organized and operated in the form of public non-business units, established under decisions of competent authorities” (ref Article 95). VNFF was established in 2008 by Government Decree and Decision, respectively, which together set out scope of regulation, purpose,

⁷ [Press Release](#) from The World Bank, 22 October 2020.

⁸ According to the [Emissions Reduction Program](#) (ERD) from 2018, the program area covers 5.1 million hectares of land (16% of Vietnam’s land area), of which 3.1 million hectares are currently forested, and is home to 10.5 million people, nearly one third of whom live below the national poverty line.

operational principles, conditions for establishment, management and operations, and specific responsibilities.⁹

VNFF is mandated to (i) implement forest service payments; (ii) mobilize, receive and manage trust funds, ODA and voluntary contributions from domestic and international individuals and organizations under approved annual plans, including Payment for Forest Environmental Services (PFES); (ii) receive and manage replacement forest funds; (iii) appraise forestry project and non-project activities at national and provincial levels funded by VNFF and submit to relevant authorities for approval; (iv) direct, guide, inspect and supervise managers of funding provided by VNFF; (v) account for the use of funds and implementation outcomes through reporting and audits; (vi) suspend the operation of, or retrieve provided financial supports from organizations, households, individuals or village communities that breach fund use commitments or violate relevant laws; and (vii) provide guidance and exchange of operational experience.

VNFF is organised at the central level – located under the Vietnam Forestry Administration (VNFOREST) in the headquarters of MARD¹⁰ – and at the provincial level where VNFF is responsible for organising and supervising 45 Provincial Forest Protection and Development Funds (PFPDF). VNFF manages financial resources from a variety of sources, including Forest Environment Services (FES), grants, voluntary contributions, trust funds from domestic and overseas organizations and individuals.

VNFF's organizational structure comprises (i) the *Management Council*, chaired by the Vice Minister of MARD for Forestry Affairs, and composed of 9 representatives from departments for Forestry, Environment, Planning, Finance, Science and Technology and International Cooperation; (ii) the *Fund Control Board*, composed of 5 members elected by the Management Council; and (iii) the *Fund Administration Board*, based at the Forestry Department, comprising a director, deputy director, chief accountant and auxiliary division heads. The Board's tasks and powers are defined in the Fund's organization and operation charter and relevant laws.¹¹

VNFF has legal person status, its own seal, and is authorised to open state treasury and bank accounts. VNFF's organizational structure, procedures, monitoring and reporting, and supervision mechanism are in line with Vietnamese law and other applicable government regulations. Consistent with Vietnam's national REDD+ strategy, objectives, and defined benefits sharing plans, VNFF disburses Payment for Environmental Services (PFES) to designated beneficiaries.

3 Purpose of the ICA

The purpose of the ICA (the "Assessment") is to evaluate VNFF's internal policies and procedures, institutional capacity and organisational structure, and capability to function as an effective manager of proceeds associated with a possible LEAF credit transaction (ref section 1.2).¹² The successful bidder (the "Consultant") will provide an overall assessment of the suitability of VNFF as FI for the LEAF program, including identifying gaps in structure, governance, and other areas, and recommend improvements in accordance with the obligations of the independent assessment set forth in Emergent's non-GCF FI selection policy.

⁹ Decree 05/2008/ND-CP of 14 January 2008 and Decision No 114/2008/QĐ-BNN of 28 November 2008

¹⁰ Vietnam Forest Protection and Development Fund Address: Building A5, No. 10, Nguyen Cong Hoan Street, Ba Dinh District, Hanoi, Vietnam Phone: +(84) 04 37246771 Fax: +(84) 04 37246770 Website: www.vnff.mard.gov.vn

¹¹ Source: [Gazette of 2008 Decree](#)

¹² Tentatively, the LEAF credit transaction for which FI services are required is anticipated to be executed in Q4 2024.

4 Scope and objectives

The Assessment will primarily focus on VNFF at the central level – located under VNFOREST in the headquarters of MARD in Hanoi – and include consideration of Provincial Forest Protection and Development Funds as a secondary focus. It will cover, at a minimum, an evaluation of VNFF’s three immediately prior years of operation.

The specific objectives of the Assessment are to:

- i) Assess institutional capacity in accordance with the criteria and questions in Section 5 below;
- ii) Provide findings, conclusions and clear recommendations related to VNFF’s competencies to perform the FI function for LEAF transactions; and
- iii) Based on a *clearly defined risk assessment methodology*, make specific recommendations to address any identified gaps or areas for improvement, including their relative significance for LEAF and prioritisation in the form of an indicative action plan.

5 Assessment questions

The Assessment encompasses ten functional areas of organization and core competence in which the FI is required to demonstrate it can perform and meet the responsibilities associated with funds oversight and monitoring results-based payments from LEAF transactions.¹³ These areas span systems and routines for financial management, governance, and oversight of sub-grantees, amongst others, and are listed in the following table with corresponding specific questions, the answers to which shall inform findings, conclusions and recommendations. The questions posed here should be understood as the minimum level of enquiry and the Consultant is free to suggest additional lines of enquiry and/or reformulations as appropriate.

1) Organisational structure and governance

- a) Is there a clear separation of duties between a board/similar body and the VNFF management?
- b) Are the ethical rules/code of conduct satisfactory, including in respect of Conflict of Interest (CoI) code and procedures?
- c) Are the roles and responsibilities clearly defined within the organisation?

2) Procurement policies

- a) Does the procurement policy and corresponding anti-corruption policy/system comply with good practice standards, including a process for assessing capacity of subgrantees (provincial funds) to manage funds, and arrangements that govern funds management by the subgrantees (*e.g.*, entering into agreements)?

3) Policies on preventing financial irregularities that ensures zero tolerance to extortion, bribery, fraud, corruption and financial crime, anti-money laundering and counter-terrorist financing (AML/CFT)

- a) Does VNFF have procurement procedures, an anti-corruption policy and a financial management manual or similar document, including routines for internal control, internal audit and financial audit of projects and programmes? (*related to 2a*)

¹³ Ref Funding Agreement template, Annex D (Oversight policies, procedures and safeguards)

- b) How well are the procedures and policies communicated, understood and practiced in the organisation?
- c) Were any cases of financial irregularity over the past three years successfully resolved? How many cases – distribution of outcomes?

4) Payments/disbursement procedures and description of systems with clear provisions on transparency, and know-your-customer checks against fraud and corruption

- a) How do funds flow through different levels of VNFF and subgrantees (ie provincial level funds)?
- b) How often are funds transferred to sub-grantee level and what are the criteria and systems for the transfer to be initiated?
- c) Is there scope to improve the systems of integrity and accountability?¹⁴
- d) Are processes, organisation and responsibilities sufficiently documented and communicated to the organisation (*e.g.*, payment documentation and checklist, payment process description, list of authorities/Power of Attorney, etc.)?

Guidance: System and guidelines in relation to transfers to sub-grantees; samples of the KYC reports conducted on IEs , subcontractors and suppliers; samples of wire transfer reports to the approved IEs , subcontractors and suppliers; information on the accounting system, in particular, on how it is used to track transactions and procedures and implications of converting received USD funds to local currency.

5) Internal controls and procedures on the oversight of funded activities

- a) Does VNFF have adequate and timely procurement procedures, an anti-corruption policy and a financial management manual or similar document, including routines for internal control, internal audit and financial audit of projects and programmes? (*related to 3a*)
- b) Does VNFF have an internal audit function and policy with clear guidelines? How is it organised, what are the reporting lines, etc.?
- c) Have internal audits (if any have been conducted) uncovered weaknesses in financial management and, if so, were these successfully addressed?
- d) Does VNFF have stable and reliable sources of funding and sufficient capital to cover debts?
- e) Does VNFF have procedures for systematically conducting and documenting risk assessment of its operations that (i) identify risk factors that may have a negative effect on achievement of results, (ii) analyse probability of identified risk factors to occur and potential consequences, and (iii) determine mitigation/prevention measures and follow-up mechanisms, including responsibilities?
- f) What control functions are established (*e.g.*, controllers, compliance, risk management, internal audit) and what are their areas of responsibility?

6) Investigation procedures and Grievance Redress Mechanisms (GRMs), covering financial, environmental, and social safeguards incidents related to funded activities

- a) Is there an anonymous channel – *e.g.*, a GRM – for reporting cases of suspected misuse of funds, sexual harassment and other breaches of ethical guidelines? How visible, accessible and independent is this channel? How is it organised and what is VNFF’s track record?

¹⁴ This question relates to an ongoing program of PFM capacity building in the FCPF context, administered by the WB.

- b) Does VNFF have routines and guidelines in place to prevent or mitigate unintended negative effects related to the environment?
- c) Are routines and guidelines in place to prevent or mitigate unintended negative effects on women's rights and gender equality? How are these implemented?
- d) Have there been instances requiring investigation and, if so, how have they been addressed?¹⁵

Guidance: Investigation procedures containing the description of the investigations structure within the entity or within the government structure, if applicable, and guidelines for processing cases; standardized procedures for handling complaints received by the function and managing cases before, during and after the investigation process that will be applicable to the funded activities in the Investment Framework; evidence that the procedures are publicly available on the entities' website; and evidence of an established registry that would record data on the irregularities and incidents of fraud, corruption, financial mismanagement and other prohibited practices on a continuous basis.

Guidance on GRM: The entity shall ensure that it and its subgrantees establish grievance redress mechanisms at the funded activity level and have a centralized complaint mechanism at the institutional level to receive and facilitate the resolution of concerns and grievances regarding financial irregularities and breaches of environmental and social safeguards as defined by ART-TREES.¹⁶

7) External audit function that ensures an independent review of financial statements and internal control of the funded activities

- a) Have institution-level financial audit reports and management letters for the last few years been satisfactory? Who performed the audit (details of the company)?
- b) Is the auditor an independent chartered/certified or state-authorized public accountant that adheres to recognized international auditing standards, such as International Standards on Auditing (ISA)? How long has this auditor been contracted by VNFF? In addition, how long was the previous auditor's period?

Guidance: Description of the external audit function that ensures independent review of financial statements of funded activities implemented by subgrantees; examples of external audit reports; and examples of management letters prepared by the external auditor with regard to the managed activities.

8) Systems on monitoring and reporting on results of the funded activities, including managing potential risks of occurrence of financial irregularities in the funded activities and recovery mechanisms

- a) Is VNFF's approach to results planning and management in line with good practice (*e.g.*, results-based management)?
- b) Has VNFF documented (*e.g.*, in the form of an operational manual or programme cycle management manual) its system for monitoring, evaluation and learning? Does this include information on measuring results achievement (*e.g.*, indicators with baseline values and targets)?

¹⁵ Please provide a list and description of relevant instances, the process involved (including with relevant third parties) and their documented outcomes.

¹⁶ The ART-TREES [Safeguards Requirements](#) are aligned with the Cancun Safeguards for REDD+ agreed at COP16 to the UNFCCC in 2010, consisting of sixteen themes distributed across seven safeguards.

- c) Does VNFF conduct partner assessments/due diligence of its sub-grantees and enter into sub-grant agreements? *(related to 4 and 5d)*
- d) What capability and authority does VNFF have to effectively monitor and manage the activities of sub-grantees, including methods of responding to poor performance or non-compliance?
- e) What reporting requirements and routines are in place for sub-grantees?

Guidance: The FI should have in place procedures for defining project/program results, including goals (impact), effects on target groups (outcomes), and planned deliverables (outputs), as well as information on measurement of results achievement (*e.g.*, indicators with baseline values and targets); system/software for storage and management of results data; information about VNFF's experience and results achieved in managing the REDD+ projects/FCPF programme – track record (progress/monitoring reports); information on the roles and responsibilities for project/programme management and monitoring defined within VNFF.

Information about the number, qualifications and competence of staff for undertaking REDD+/FCPF programs management, including risk management and monitoring; brief description on how often and in what context the entity conducts site visits; brief description of the content and format of monitoring reports, including frequency; description of indicators of baselines and targets; examples of the monitoring reports for two separate activities managed by the entity; and provisions for recovery/remedial actions.

9) Environmental and Social (E&S) policies and procedures to identify E&S risks and impacts of funded activities

- a) Does VNFF have an E&S policy and procedures in place to identify and prevent/mitigate negative impacts of funded activities? Are such procedures also in place for supported initiatives under sub-grantees? Does project documentation show that these procedures are systematically applied?
- b) Are procedures in place to prevent or mitigate negative consequences on its surroundings? If relevant, are such procedures also in place for supported initiatives under sub-grantees? Does project documentation show that these procedures have been applied?
- c) Are routines and guidelines in place to prevent or mitigate unintended negative effects on the climate and environment?

Guidance: The FI should have in place Environmental and social policy, institutional processes and procedures to identify E&S risks and impacts, including the risks categorization system; indication of who ensures compliance and execution of the E&S policy (position / department at the entity); examples of monitoring reports that contain the information about the E&S risk identification, categorization monitoring and mitigation.

10) Policy on prevention of sexual harassment and exploitation

- a) Does VNFF have routines and guidelines addressing sexual harassment? Does this include an anonymous channel for reporting cases of sexual harassment? *(related to 6a)*

Guidance: Policy on prevention of sexual harassment and exploitation. SEAH policy can be part of the Code of Ethics, Code of Conduct or a Gender policy applied at the central level and applicable to all contracted implemented entities/subgrantees.

6 Assessment methodology

An effective assessment approach and methodology should be developed by the Consultant in consideration of the information outlined in this ToR to ensure accuracy and rigour. The evaluation methodology, process and outputs must adhere to the OECD Development Quality Standards for Development Evaluation. The detailed methodology included in the proposal, including data collection methods, may be further improved in consultation with Emergent.

7 Qualifications of Consultant(s)/Team

The Assessment should be conducted by a team of (at least) two consultants, one of whom shall be a national consultant (the Consultant). The team leader will have overall responsibility vis-à-vis Emergent. The Consultant should (collectively) possess the following set of competencies and experience:

- a) A minimum of four years' experience (eight years for the team leader) with evaluation of institutional capacity in a public sector context;
 - Expertise in Public Financial Management (PFM) is a distinct advantage;¹⁷
 - Experience with organisational development and providing institutional capacity building will be an advantage;
- b) A minimum of four years' experience (eight years for the team leader) with programmes related to climate change, low emissions and climate-resilient development, *e.g.*, Jurisdictional REDD+ (including Benefit Sharing Plans), the Green Climate Fund (GCF), and/or the Green Environment Facility (GEF);
 - Knowledge of the Voluntary Carbon Market (VCM), the Forest Carbon Partnership Facility (FCPF) and Payment for Forest and Environment Services (PFES) in the Vietnam context is desirable;
- c) A minimum of four years' experience (eight years for the team leader) with programming and/or project cycle management;¹⁸
 - Familiarity with international quality and accountability standards;
- d) Relevant experience from development cooperation and/or climate initiatives via multilateral, bilateral and/or NGOs and/or relevant work experience from emerging market or low-income countries, including in-depth knowledge and understanding of the Vietnam context;
- e) Knowledge and experience with gender, Indigenous Peoples, human rights & anti-corruption policies;
- f) Strong analytical and conceptual skills to clearly synthesize and present findings, draw practical conclusions, make recommendations and to prepare well-written reports in a timely manner; and
- g) Advanced degree in economics, development finance, public administration, social sciences or related discipline (at least Masters level for the team leader);
- h) Excellent communication, analytical, drafting and document presentation skills in English; and
 - At least one member of the consulting team shall be fluent in Vietnamese.

¹⁷ Public Financial Management (PFM) expertise relates in particular to questions 2 – 7 in Section 5.

¹⁸ Programming and project cycle management relate in particular to questions 5, 8 and 9 under Section 5.

8 Award criteria

8.1 Award of the assignment

Emergent will award the ICA assignment to the bidder having submitted the highest scoring Proposal based on the award criteria defined below. The final score shall be calculated through summation of the obtained technical score (maximum 80 points) and the obtained financial score (maximum 20 points). All bidders will be notified in writing of the results of the selection process. If bids do not meet the objectives of the Assessment or are otherwise unacceptable, Emergent may retender.

8.2 Technical award criteria

Emergent will evaluate bids according to the technical award criteria and their respective weights.

Technical score (max 80 points)	Points
1. Methodology for service delivery: Quality of proposed methodology and approach	40
1.1 Understanding of the Assessment purpose and objectives	10
1.2 Description of the proposed approach and methodology	15
1.3 Organisation, distribution of tasks, coordination within the team and with Emergent for the successful completion of the Assessment	5
1.4 Identification of challenges & mitigation measures for successful completion	10
2. Proposed team	40
2.1 Relevance of qualification and experience of Team Leader, as indicated in section 7	15
2.2 Relevance of qualification and experience of national expert	15
2.3 Adequate coverage of the expertise that team must provide as a whole (evidence to be provided by compliant CV(s))	10
Financial score (max 20 points)	
Price	20
Total score	100

To qualify, bids need to score at least 50% on each of the two technical criteria (*i.e.*, min 40 points in total).

8.3 Financial award criteria

The formula for determining the financial score (Fs) is the following: $F_s = 20 \times F_m / F$, in which Fs is the financial score, Fm is the lowest financial proposal among the bids and F the financial proposal under consideration.

9 Schedule, deliverables and resourcing

The duration of the Assessment is estimated to approximately twelve weeks, with the assignment tentatively set to commence the first week of November 2023 and be completed by the end of January 2024. The Consultant shall quote a price not exceeding USD 70,000 (inclusive of applicable taxes and reimbursables).

The table below sets out the tentative timeline for Assessment activities and delivery of expected outputs:

Activity	Dates
Start-up – Contract signing/Start-up meeting/Preparatory	1 st week of November 2023 (tentative)
<u>Phase 1 – Inception / desk study</u>	
○ Submission of Draft Inception Report	1 week after signing
○ Emergent review and comment	1 week from receipt
○ Submission of Final Inception Report	2 days from receipt of Emergent’s comments
<u>Phase 2 – Data collection</u>	
○ Mission kick-off/brief Emergent [and VNFF]	3 rd week of November
○ Data collection	3 rd week of November – 1 st week of December
○ Validation workshop	(tbd)
<u>Phase 3 – Synthesis, analysis and reporting</u>	
○ Submission of Draft ICA Report	No later than 8 January 2024
○ Report presentation	2 nd week of January
○ Emergent review and comment	2 weeks after receipt
○ Submission of Final ICA Report	No later than end-January 2024

The Consultant may suggest adjustments *while preserving the final delivery date (end-January 2024)*.

9.1 Deliverables

Inception Report: The Inception Report will not exceed 15 pages in length and will comprise detailed methodology, including data collection tools, indicative survey questions and interview protocol; initial findings based on a desk study (document/literature review); a work plan and list of stakeholders and key informants (KIs); list of documents and references; and any other issue of importance.

Validation workshop: Taking place after the data collection phase, but before synthesis and analysis is completed, a validation workshop has potential to enhance ownership and the quality of findings and recommendations. The Consultant shall ensure participation of VNFF representatives, Emergent’s local representative, and any other relevant stakeholder.

Draft ICA Report: The Draft ICA Report shall be delivered in *both English and Vietnamese* and shall not exceed 30 pages, including the executive summary and excluding annexes, with the following sections (illustrative, not exhaustive):

- Executive Summary presenting main findings, conclusions and recommendations
- Introduction and background, including purpose, objectives and scope
- Description of methodology
- Limitations

- Findings, conclusions and recommendations (to include an indicative action plan for resolution of priority capacity issues)¹⁹
- Annexes (to include Assessment ToR, Inception Report, maps, list of KII/stakeholders, documents/literature reviewed, etc.
 - Lists of key informants/interviewees shall only include personal data if deemed relevant (*i.e.*, when it is contributing to the credibility of the Assessment). The inclusion of personal data in the report must always be based on written consent.

Assessment findings shall flow logically from the data, showing a clear line of evidence to support the conclusions. Conclusions should be substantiated by findings and analysis. Assessment questions shall be clearly stated and answered in the Executive Summary and in the conclusions. Recommendations should flow logically from conclusions and be specific, directed to relevant intended users and categorised as short-term, medium-term and long-term. They must be clear, relevant, targeted and actionable so that the Assessment can be used to achieve its intended learning and accountability objectives.

The structure will be agreed at the inception stage. The report will be presented in an electronic version and be presented in a way that enables publication without further editing.

Report presentation: Shortly after submission of the Draft ICA Report, and prior to receipt of Emergent's comments, the Consultant shall present key findings and recommendations in a video conference call.

Final ICA Report: The Final ICA Report in English and Vietnamese, in digital copy, shall incorporate Emergent's comments and shall not exceed 30 pages, including the executive summary and excluding annexes.

10 Reference documents

Emergent will furnish the Consultant with all available documentation upon signing of the contract. The Consultant is encouraged to identify any other sources of additional information that may be required. Relevant documents include:

- Eligibility Screening Assessment of VNFF (Emergent, 24 August 2023) and supporting documentation
- Draft Funding Agreement template with attached detailed operational guidelines
- Emergent's Fund Management and Reporting (FMR) Operations Manual (applicable sections)
- Vietnam Forestry Law (2017)
- Decrees and Decisions issued by the GoV relevant to VNFF
- Annual Reports published by VNFF and associated independent audit reports (tbc)
- Relevant operational and organisational policies and guidelines of VNFF (tbc)
- Documentation and links related to the World Bank-administered FCPF, including the Project Appraisal Document (PAD)
- Implementation progress reports and work plans prepared by VNFF under the FCPF (tbc)
- Any other appropriate additional information that may be required to supplement what is provided by Emergent and VNFF, including assessments and evaluation reports by other stakeholders

¹⁹ Ref chapter 4 (scope and objectives), the Consultant shall provide recommendations to address any identified gaps of areas for improvement, including clarity as to their relative significance and prioritisation in the form of an indicative action plan.

11 Responsibilities

The division of responsibility for the Assessment is defined according to the following table.

Party/stakeholder	Responsibilities
Consultant team	Full implementation of the assessment: (i) lead development and implementation of evaluation methods and write-up, (ii) organise appointments, interviews, and travels/logistics, (iii) conduct fieldwork and synthesize findings, (iv) organise validation workshop; (v) ensure timely submission of Inception Report, Draft ICA Report, and Final ICA Report), (vi) timely incorporation of Emergent’s comments, (vii) and presentation of findings and recommendations to Emergent.
Emergent	<p>Contract management: (i) facilitate good communication among parties, including MARD and VNFF, (ii) in consultation with VNFF, assist in providing relevant reference material and documentation and contact details for key informants and relevant stakeholders, as well as in planning fieldwork, (iii) review of deliverables, including the Inception Report and the Draft ICA Report; and (iv) approval of the final ICA report.</p> <p>The Consultant will report to the Vice President, FMR. Modalities of communication, feedback mechanisms and contact with stakeholders will be agreed during the inception phase. During the mission to Vietnam, the Consultant will also liaise with Emergent’s Country Representative.</p>
VNFF	Provide inputs and any requested documentation to the Consultant and, as appropriate, logistical assistance with field trips. Assist in arranging meetings with VNFF staff and relevant stakeholders as and when necessary.

12 Tender submission and contact details

Tenders/offers to conduct the Assessment will be accepted from individual consultants as well as firms, NGOs or academics, and must be submitted electronically by CoB Eastern Standard Time (EST) **Monday, 16 October 2023** to Dion Ward, Director FMR (dion@emergentclimate.com).

The bid must contain both a *technical proposal* and a *financial proposal* (single document is sufficient), with *attached CVs* of the proposed Assessment team. In addition, bidders should complete and sign the attached *Letter of Tender*, which shall be submitted simultaneously with their proposals (ref Annex 1).

For further details or questions regarding this ToR, kindly contact Thor-Jürgen Greve Løberg, VP FMR (thorjurgen@emergentclimate.com), copy to Dion Ward, Director FMR, by CoB EST **Tuesday, 10 October 2023**. Questions and answers regarding the assignment will be shared with all registered bidders.

Annex 1 – Draft Letter of Tender

Emergent Forest Finance Accelerator, Inc.

156 5th Avenue
New York, 10010
United States

Supplier:

[complete address of consultant/firm]
[Organisation number/firm registration number]

Re. Letter of tender: “Institutional Capacity Assessment (ICA) of the Vietnam Forest Protection and Development Fund (VNFF)”

We/I hereby confirm that:

- We/I have fulfilled our obligations concerning payment of taxes and social contributions to the countr(ies) of legal registration for our organisation/firm (or nationality in the case of an individual consultant) and identify our country(ies) of registration as: _____.
- Our organisation/firm has not/I have not been convicted of participation in a criminal organisation, corruption, fraud, or money laundering; do not use or make use of forced labour or child labour; and do not intentionally engage in discriminatory employment practices; and respect the respect the right of individuals to organize and engage in collective bargaining.
- We/I have not been convicted of any criminal offence related to our/my business conduct and has/have not in the pursuit of its business activities committed any serious breach of professional or ethical standards in the industry concerned.
- We/I confirm financial solvency and declare that our/my financial status will not in any way impair my ability to fully perform and complete this assignment if selected.
- We/I have experience from performing similar assignments.
- The tender is in compliance with the minimum requirements specified in section 7 of the ToR.
- No potential conflicts of interest exist or are foreseen, nor are we/am I aware of any factors that potentially could create a conflict of interest in connection with carrying out the assignment.
- The individual consultants who have been proposed for this assignment, and who will be travelling to high-risk areas, possess sufficient knowledge and training prior to travel to high-risk areas.

We have *[please select]*:

- No deviations** to the ToR
- Deviations** to the ToR:

We/I confirm that the tender is binding for 2 months calculated from 16 October 2023 (bid submission deadline).

Contact person for the tender: *[name / email / telephone]* _____

Signed by authorised representative:

Signature: _____
(Name and Position)

Date: _____