

**JOINT VENTURE OF VIETNAM AUDITING AND EVALUATION COMPANY LIMITED AND
NEXIA STT COMPANY LIMITED**



**Ministry of Agriculture and Rural
Development**

**Project "Forest Sector Modernization and Coastal
Resilience Enhancement"**

**Portions implemented by the Project Management Unit of
Component 1**

Under Financing Agreement – Credit number 6079-VN
between the International Development Association and
the Government of the Socialist Republic of Vietnam

Audited Financial Statements

Period from 1 January 2023 to 30 April 2024

MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

Project "Forest Sector Modernization and Coastal Resilience Enhancement"

Under Financing Agreement – Credit number 6079-VN between the International Development Association and the Government of the Socialist Republic of Vietnam

PORTIONS IMPLEMENTED BY THE PROJECT MANAGEMENT UNIT OF COMPONENT 1

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MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

Project "Forest Sector Modernization and Coastal Resilience Enhancement"

Under Financing Agreement – Credit number 6079-VN between the International Development Association and the Government of the Socialist Republic of Vietnam

PORTIONS IMPLEMENTED BY THE PROJECT MANAGEMENT UNIT OF COMPONENT 1

STATEMENT OF THE PROJECT MANAGEMENT UNIT

The Project Management Unit of Component 1 under the Project "Forest Sector Modernization and Coastal Resilience Enhancement" ("the Project Management Unit") submits this report together with the audited Financial Statements of the Project "Forest Sector Modernization and Coastal Resilience Enhancement" – Portions implemented by the Project Management Unit of Component 1 ("the Project") for the period from 1 January 2023 to 30 April 2024.

The Project Management Unit

Members of the Project Management Unit responsible for the project management for the period from 1 January 2023 to 30 April 2024 and at the date of this report were as follows:

Mr. Trieu Van Luc	Director (<i>appointed on 20/6/2023</i>)
Mr. Nguyen Quoc Tri	Director (<i>resigned on 20/6/2023</i>)
Mr. Nguyen Trong Bang	Deputy Director
Mr. Nguyen Duy Thanh	Accountant in charge

Auditors

The Financial Statements of the Project for the period from 1 January 2023 to 30 April 2024 have been audited by Joint venture of Vietnam Auditing and Evaluation Company Limited and NEXIA STT Company Limited.

Responsibility of the Project Management Unit in respect of the Financial Statements

The Project Management Unit is responsible for preparing the Financial Statements of the Project, which comprise the Statement of Financial Position as at 30 April 2024, the Statement of Income and Expenditures, the Statement of Sources and Uses of Funds, the Statement of Disbursements by Category, the Statement of Designated Account, and the Statement of Withdrawals for the period from 1 January 2023 to 30 April 2024 and the Notes to the Financial Statements, including a summary of significant accounting policies which give a true and fair view of the financial position of the Project and its designated account balance as at 30 April 2024, as well as of the income and expenditures, sources and uses of funds of the Project, designated account movements and fund withdrawals of the Project for the period from 1 January 2023 to 30 April 2024, in accordance with the accounting policies and the covenants contained in Financing Agreement – Credit number 6079-VN. In preparing the Financial Statements, the Project Management Unit is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Project will continue in operation; and
- Design and maintain an effective internal control over compliance with requirements that could have a direct and material financial effect on the Financial Statements, as well as over financial reporting for the purpose of properly preparing and presenting the Financial Statements so as to minimise errors and frauds; and take responsibility for its assertion as to the effectiveness of such internal control.

MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

Project "Forest Sector Modernization and Coastal Resilience Enhancement"

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PORTIONS IMPLEMENTED BY THE PROJECT MANAGEMENT UNIT OF COMPONENT 1

STATEMENT OF THE PROJECT MANAGEMENT UNIT (CONTINUED)

The Project Management Unit is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Project and that the Financial Statements comply with the accounting policies set out in Note 2 to the Financial Statements. The Project Management Unit is responsible for ensuring that the funds have been used as intended for the Project and for complying with Financing Agreement – Credit number 6079-VN as well as laws and regulations applicable to the Project. The Project Management Unit is also responsible for safeguarding the assets of the Project and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Project Management Unit confirms that they have complied with the above requirements in preparing the Financial Statements.

For and on behalf of the Project Management Unit,



Trieu Van Luc
Director

Hanoi, 23 May 2024

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MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

Project "Forest Sector Modernization and Coastal Resilience Enhancement"

Under Financing Agreement – Credit number 6079-VN between the International Development Association and the Government of the Socialist Republic of Vietnam

PORTIONS IMPLEMENTED BY THE PROJECT MANAGEMENT UNIT OF COMPONENT 1

STATEMENT OF THE PROJECT MANAGEMENT UNIT ON COMPLIANCE

The Project Management Unit is responsible for complying with Financing Agreement – Credit number 6079-VN, laws and regulations applicable to the Project.

The Project Management Unit confirms the following:

- An effective internal control has been designed and maintained over compliance with Financing Agreement – Credit number 6079-VN, laws and regulations applicable to the Project; and
- The Project has complied with laws, regulations, bidding processes as well as other regulations under Financing Agreement – Credit number 6079-VN, that could have a direct and material financial effect on the Project's Financial Statements for the period from 1 January 2023 to 30 April 2024.

For and on behalf of the Project Management Unit,



Trieu Van Luc
Director

Hanoi, 23 May 2024



Joint venture of Vietnam Auditing and Evaluation Company Limited and NEXIA STT Company Limited

Vietnam Auditing and Evaluation Company Limited
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INDEPENDENT AUDITORS' REPORT
on the Project Financial Statements

**To: The Management Board for Forestry Projects
The Project Management Unit of Component 1 of the Project "Forest Sector
Modernization and Coastal Resilience Enhancement"**

Audit opinion

We have audited the accompanying Statement of Financial Position as at 30 April 2024, and the Statement of Income and Expenditures, the Statement of Sources and Uses of Funds, the Statement of Disbursements by Category for the period from 1 January 2023 to 30 April 2024 ("the Financial Statements"), and a summary of significant accounting policies with the Notes to the Financial Statements of the Project "Forest Sector Modernization and Coastal Resilience Enhancement" – Portions implemented by the Project Management Unit of Component 1 ("the Project") using counterpart funds.

In our opinion, in all material respects, the Statement of Financial Position, the Statement of Income and Expenditures, the Statement of Sources and Uses of Funds, and the Statement of Disbursements by Category give a true and fair view of the financial position of the Project as at 30 April 2024, and of its income and expenditures, receipts and disbursements for the period from 1 January 2023 to 30 April 2024 in conformity with the accounting policies set out in Note 2 to the Financial Statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Project in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in accordance with International Ethics Standards, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Responsibilities of the Project Management Unit for the Financial Statements

The Project Management Unit is responsible for the preparation and fair presentation of the Financial Statements in accordance with the accounting policies set out in Note 2 to the Financial Statements, and for such internal control as the Project Management Unit determines is necessary to enable the preparation of the Financial Statements that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and related disclosures made by the Project Management Unit.
- Evaluate the overall presentation, structure, and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern.

We communicate with those charged with governance and the Project Management Unit regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with Project Management Unit with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Project Management Unit, we determine those matters that of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



NEXIA STT Company Limited
PhD. Nguyen Thanh Trung
General Director
Audit Practising Registration Certificate
No. 0518-2023-225-1

Luong Thi Mai Thanh
Auditor
Audit Practising Registration Certificate
No. 4561-2023-225-1

Audit Report No.: 111/2024/HN-AUD/WB FMCR PMU1

Hanoi, 23 May 2024

Joint venture of Vietnam Auditing and Evaluation Company Limited and NEXIA STT Company Limited

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INDEPENDENT AUDITORS' REPORT

On compliance with Applicable Laws, Regulations, Procurement Procedures and Other Provisions of the Financing Agreement

**To: The Management Board for Forestry Projects
The Project Management Unit of Component 1 under the Project "Forest Sector Modernization and Coastal Resilience Enhancement"**

Audit opinion

We have audited the compliance with the Applicable Laws, Regulations, Procurement Procedures and Other Provisions of Financing Agreement – Credit number 6079-VN of the Project "Forest Sector Modernization and Coastal Resilience Enhancement" – Portions implemented by the Project Management Unit of Component 1 ("the Project") implemented by counterpart funds for the period from 1 January 2023 to 30 April 2024.

In our opinion, the Project was, in all material respects, in compliance with the applicable laws, regulations, the procurement procedures and other provisions of Financing Agreement – Credit number 6079-VN, that could have a direct and material financial effects on the Project's Financial Statements for the period from 1 January 2023 to 30 April 2024.

Basis for Opinion

We conducted our engagement in accordance with the International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. Our responsibility is to express an opinion on the Project's compliance with the requirements, based on our procedures. We are independent of the Project in accordance with the ethical requirements that are relevant to our audit of the compliance with the applicable laws, regulations, and other provisions, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Project Management Unit

The Project Management Unit is responsible for compliance with the Applicable Laws, Regulations, Procurement Procedures and Other Provisions of Financing Agreement – Credit number 6079-VN, that could have a direct and material effect on the Project's Financial Statements for the period from 1 January 2023 to 30 April 2024.

Joint venture of Vietnam Auditing and Evaluation Company Limited and NEXIA STT Company Limited

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Auditors' Responsibilities

Our responsibility is to express an opinion on the Project's compliance with the requirements, based on our procedures. We conducted our engagement in accordance with International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. That standard requires that we comply with ethical requirements, plan, and perform our procedures to obtain reasonable assurance about whether, in all material respects, the Project has complied with the requirements.

An assurance engagement to report on the Project's compliance with regulatory and contractual requirements involves performing procedures to obtain evidence about whether the Project's activities are free of material noncompliance with the requirements. The procedures selected depend on the auditors' judgment, including the assessment of risks that the Project does not comply with the requirements and whether such noncompliance could have a direct and material financial effect on the Project's Financial Statements. Our procedures included testing the compliance with the requirements that we consider necessary to provide reasonable assurance that the requirements are complied by the Project.



NEXIA STT Company Limited
PhD. Nguyen Thanh Trung
General Director
Audit Practising Registration Certificate
No. 0518-2023-225-1

A blue ink signature of Luong Thi Mai Thanh.

Luong Thi Mai Thanh
Auditor
Audit Practising Registration Certificate
No. 4561-2023-225-1

Audit Report No.: 111/2024/HN-AUD/WB FMCR PMU1

Hanoi, 23 May 2024

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INDEPENDENT AUDITORS' REPORT

On the effectiveness of internal control over compliance with requirements that could have a direct and material financial effect on the Financial Statements as well as of internal control over financial reporting

**To: The Management Board for Forestry Projects
The Project Management Unit of Component 1 under the Project "Forest Sector Modernization and Coastal Resilience Enhancement"**

Audit opinion

We have audited, in accordance with International Standards on Auditing, the Financial Statements for the Project "Forest Sector Modernization and Coastal Resilience Enhancement" – Portions implemented by the Project Management Unit of Component 1 ("the Project") implemented by the counterpart funds for the period from 1 January 2023 to 30 April 2024 and issued the auditors' report thereon expressing an unqualified opinion on the Financial Statements.

In connection with our audit of the Project's Financial Statements, we also examined the effectiveness of internal control over compliance with requirements that could have a direct and material financial effect on the Financial Statements as well as of internal control over financial reporting.

In our opinion, the Project has maintained, in all material respects, effective internal control over compliance with requirements that could have a direct and material financial effect on the Project's Financial Statements as well as of internal control over financial reporting for the period from 1 January 2023 to 30 April 2024.

Basis for Opinion

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000. Our responsibility is to express an opinion on the effectiveness of internal control over compliance with requirements that could have a direct and material financial effect on the Financial Statements as well as internal control over financial reporting based on our examination. We are independent of the Project in accordance with the ethical requirements that are relevant to the audit to evaluate the effectiveness of internal controls on the compliance of the requirements that may directly and materially affect the Financial Statements as well as internal control purposes in preparation of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Responsibilities of the Project Management Unit

The Project Management Unit is responsible for designing and maintaining effective internal control over compliance with requirements that could have a direct and material financial effect on the Financial Statements as well as over financial reporting for the purpose of properly preparing and presenting the Financial Statements so as to minimise errors and frauds; and take responsibility for its assertions as to the effectiveness of such internal control.

Auditors' Responsibilities

Our responsibility is to express an opinion on the effectiveness of internal control over compliance with requirements that could have a direct and material financial effect on the Financial Statements as well as internal control over financial reporting based on our examination.

Our examination was conducted in accordance with International Standard on Assurance Engagements 3000, accordingly, included obtaining an understanding of internal control over compliance with requirements that could have a direct and material financial effect on the Financial Statements as well as of internal control over financial reporting, testing, and evaluating the design and operating effectiveness of the internal control, and performing such other procedures as we considered necessary in the circumstances to obtain sufficient appropriate evidence on which to base our opinion.

Because of inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not to be prevented or detected on a regular basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



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General Director
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No. 0518-2023-225-1

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Auditor
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No. 4561-2023-225-1

Audit Report No.: 111/2024/HN-AUD/WB FMCR PMU1

Hanoi, 23 May 2024

MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

Project "Forest Sector Modernization and Coastal Resilience Enhancement"

Under Financing Agreement – Credit number 6079-VN between the International Development Association and the Government of the Socialist Republic of Vietnam

PORTIONS IMPLEMENTED BY THE PROJECT MANAGEMENT UNIT OF COMPONENT 1

STATEMENT OF FINANCIAL POSITION

As at 30 April 2024

	Note	As at 30/4/2024 VND	As at 31/12/2022 VND
ASSETS			
Current assets		-	280,856,100
Other receivables	4	-	280,856,100
Fixed assets		128,076,396	163,224,297
Tangible fixed assets		116,076,396	140,474,297
Cost		294,668,000	294,668,000
Accumulated depreciation		(178,591,604)	(154,193,703)
Intangible assets		12,000,000	22,750,000
Cost		43,000,000	43,000,000
Accumulated amortisation		(31,000,000)	(20,250,000)
Project implementation expenditures		17,735,306,093	17,642,533,493
Project implementation expenditures		17,735,306,093	17,642,533,493
TOTAL ASSETS		17,863,382,489	18,086,613,890

The accompanying notes form an integral part of the financial statements

MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

Project "Forest Sector Modernization and Coastal Resilience Enhancement"

Under Financing Agreement – Credit number 6079-VN between the International Development Association and the Government of the Socialist Republic of Vietnam

PORTIONS IMPLEMENTED BY THE PROJECT MANAGEMENT UNIT OF COMPONENT 1

STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 April 2024

	Note	As at 30/4/2024 VND	As at 31/12/2022 VND
RESOURCES			
Liabilities		-	280,856,100
Payables to contractors/suppliers	5	-	256,794,000
Other payables	5	-	24,062,100
Fund balance		17,863,382,489	17,805,757,790
Counterpart funds		17,735,306,093	17,642,533,493
Funds for fixed assets acquisition		128,076,396	163,224,297
TOTAL RESOURCES		17,863,382,489	18,086,613,890

Prepared by:



Nguyen Duy Thanh
Accountant in charge

Hanoi, 23 May 2024

Approved by:



Trieu Van Luc
Director

The accompanying notes form an integral part of the financial statements

MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

Project "Forest Sector Modernization and Coastal Resilience Enhancement"

Under Financing Agreement – Credit number 6079-VN between the International Development Association and the Government of the Socialist Republic of Vietnam

PORTIONS IMPLEMENTED BY THE PROJECT MANAGEMENT UNIT OF COMPONENT 1

STATEMENT OF INCOME AND EXPENDITURES

Period from 1 January 2023 to 30 April 2024

	Note	Period from 1/1/2023 to 30/4/2024 VND	Accumulated to 31/12/2022 VND	Accumulated to 30/4/2024 VND
INCOME				
IDA funds		-	-	-
Counterpart funds	3	92,772,600	17,642,533,493	17,735,306,093
		92,772,600	17,642,533,493	17,735,306,093
EXPENDITURES				
Component 1: Enabling effective coastal forest management		92,772,600	17,642,533,493	17,735,306,093
		92,772,600	17,642,533,493	17,735,306,093
(DEFICIT)/SURPLUS OF INCOME AGAINST EXPENDITURES				
		-	-	-

Prepared by:



Nguyen Duy Thanh
Accountant in charge

Hanoi, 23 May 2024

Approved by:



Trieu Van Luc
Director

The accompanying notes form an integral part of the financial statements

MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

Project "Forest Sector Modernization and Coastal Resilience Enhancement"

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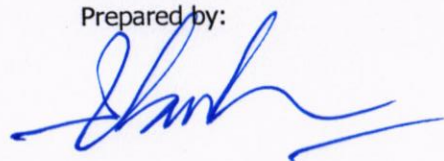
PORTIONS IMPLEMENTED BY THE PROJECT MANAGEMENT UNIT OF COMPONENT 1

STATEMENT OF SOURCES AND USES OF FUNDS

Period from 1 January 2023 to 30 April 2024

	Note	Period from 1/1/2023 to 30/4/2024			Accumulated to 30/4/2024		
		IDA funds VND	Counterpart funds VND	Total VND	IDA funds VND	Counterpart funds VND	Total VND
Sources of funds		-	373,628,700	373,628,700	-	17,735,306,093	17,735,306,093
IDA funds		-	-	-	-	-	-
Counterpart funds		-	373,628,700	373,628,700	-	17,735,306,093	17,735,306,093
Uses of funds		-	373,628,700	373,628,700	-	17,735,306,093	17,735,306,093
Component 1: Enabling effective coastal forest management		-	373,628,700	373,628,700	-	17,735,306,093	17,735,306,093
Component 2: Coastal Forest development and rehabilitation		-	-	-	-	-	-
Component 3: Generating sustainable benefits from coastal forest		-	-	-	-	-	-
Component 4: Project management, monitoring and evaluation		-	-	-	-	-	-
Other expenses (Bank charges)		-	-	-	-	-	-
Surplus/(deficit) of receipts over disbursements		-	-	-	-	-	-
Foreign exchange differences		-	-	-	-	-	-
Fund balance, beginning of the period		-	-	-	-	-	-
Fund balance, end of the period		-	-	-	-	-	-

Prepared by:



Nguyen Duy Thanh
Accountant in charge

Hanoi, 23 May 2024

Approved by:



Trieu Van Luc
Director

The accompanying notes form an integral part of the financial statements

MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

Project "Forest Sector Modernization and Coastal Resilience Enhancement"

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PORTIONS IMPLEMENTED BY THE PROJECT MANAGEMENT UNIT OF COMPONENT 1

STATEMENT OF DISBURSEMENTS BY CATEGORY

Period from 1 January 2023 to 30 April 2024

No.	Expenditure category	Period from 1/1/2023 to 30/4/2024			Accumulated to 30/4/2024		
		IDA funds VND	Counterpart funds VND	Total VND	IDA funds VND	Counterpart funds VND	Total VND
1	Equipment	-	-	-	-	8,447,825,273	8,447,825,273
2	Consulting services	-	-	-	-	6,811,631,763	6,811,631,763
3	Project Management	-	373,628,700	373,628,700	-	2,475,849,057	2,475,849,057
Total		-	373,628,700	373,628,700	-	17,735,306,093	17,735,306,093

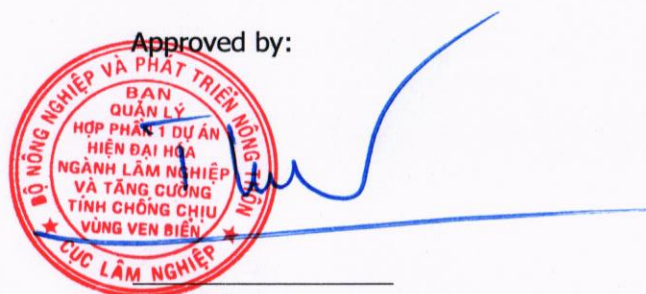
Prepared by:



Nguyen Duy Thanh
Accountant in charge

Hanoi, 23 May 2024

Approved by:



Trieu Van Luc
Director

The accompanying notes form an integral part of the financial statements

MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

Project "Forest Sector Modernization and Coastal Resilience Enhancement"

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PORTIONS IMPLEMENTED BY THE PROJECT MANAGEMENT UNIT OF COMPONENT 1

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January 2023 to 30 April 2024

1. Description of the Project

The Project "Forest Sector Modernization and Coastal Resilience Enhancement" ("the Project") is implemented by the Ministry of Agriculture and Rural Development under Financing Agreement – Credit number 6079-VN dated 03 August 2018 signed between the Government of the Socialist Republic of Vietnam and the International Development Association ("IDA"). According to the Financing Agreement, the World Bank provided grants through IDA with a total value of 109,500,000 special drawing rights (SDR), equivalent to USD150,000,000 to the Project.

The Project's overall objective is to improve coastal forest management in the project provinces to enhance coastal resilience to extreme weather events and sea level rise.

According to Decision No. 5996/QD-BNN-HTQT dated 29 December 2023 of the Ministry of Agriculture and Rural Development on adjusting investment in the Project "Forest Sector Modernization and Coastal Resilience Enhancement", the specific development goals of the Project are changed as follows:

- Effective organization of resource management;
- Plant, take care and manage forests effectively to increase the ability to respond to climate change; and
- Create mechanisms to encourage households, communities, businesses, and local governments to participate in the sustainable management and protection of existing resources.

The total revised investment budget of the Project "Forest Sector Modernization and Coastal Resilience Enhancement" under Decision No. 1387/QD-TTg dated 23 October 2018 of the Prime Minister was USD195 million, of which IDA fund was USD150 million, local and national counterpart funds were USD45 million. According to Decision No. 2198/QD-BNN_KH dated 13 June 2019 of the Ministry of Agriculture and Rural Development, the total investment funds for the portions implemented by the Project Management Unit of Component 1 was USD3 million.

According to the Financing Agreement, the Project was implemented no later than 90 days after 03 August 2018 (signing date of Financing Agreement) and expected to be completed on 31 December 2023 (credit closing date). The project was granted a disbursement grace period of 4 months, until 30 April 2024.

According to Decision No. 5996/QD-BNN-HTQT dated 29 December 2023 of the Ministry of Agriculture and Rural Development on adjusting investment in the Project "Forest Sector Modernization and Coastal Resilience Enhancement", the total investment funds of the Project were USD95 million, of which IDA fund was USD65 million, local and national counterpart funds were USD30 million. The total investment funds for the portions implemented by the Project Management Unit of Component 1 were USD1.972 million from counterpart funds. Under this Decision, the Project was extended to 2026 for activities using counterpart funds of the Government.

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Implementing agencies:

- National level: including Central Project Management Unit of the Project "Forest Sector Modernization and Coastal Resilience Enhancement" under the Management Board for Forestry Projects – Ministry of Agriculture and Rural Development; and the Project Management Unit of Component 1 under Vietnam Forest Administration – Ministry of Agriculture and Rural Development.
- Provincial level: including 08 provinces/cities which are Quang Ninh, Hai Phong, Thanh Hoa, Nghe An, Ha Tinh, Quang Binh, Quang Tri and Thua Thien Hue.

The Project consists of the following components:

- Component 1: Enabling Effective Coastal Forest Management.
- Component 2: Coastal Forest Development and Rehabilitation.
- Component 3: Generating Sustainable Benefits from Coastal Forest.
- Component 4: Project Management, Monitoring and Evaluation.

2. Summary of significant accounting policies

The significant accounting policies, which have been adopted by the Project Management Unit in the preparation of the Financial Statements, are as follows:

Reporting currency

The Statement of Financial Position, the Statement of Income and Expenditures, the Statement of Sources and Uses of Funds, and the Statement of Disbursements by Category are expressed in Vietnam Dong ("VND").

Basis for preparation of the Financial Statements

The Financial Statements are prepared and presented by the Project, in accordance with requirements of the World Bank ("WB"), complying with Circular No. 79/2019/TT-BTC ("Circular 79") dated 14 November 2019 issued by the Ministry of Finance guiding the accounting regime applicable to public investment project management boards. This basis of accounting is considered appropriate to the operations of the Project by management. The accounting policies have been consistently applied by the Project during the period and are consistent with those used in the previous year.

The Project Management Unit of Component 1 did not prepare the Statement of Designated Account and the Statement of Withdrawals since there were no income and expenditures made through the designated account as well as no withdrawal application prepared in the period from 1 January 2023 to 30 April 2024.

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Funds and Expenditures

Counterpart funds are recorded on the basis of accepted receipt – payment vouchers or withdrawal applications from the State Treasury for actual disbursements until the end of 30 April 2024.

The disbursement of funds by category is recognised on the cash basis.

Expenditures are recognised on an accrual basis.

Fixed assets and depreciation and amortization

Fixed assets are recognised at cost less accumulated depreciation/amortisation and depreciated or amortized using the straight-line method. In which, depreciation rate is in accordance with Circular No. 45/2018/TT-BTC dated 7 May 2018 by the Ministry of Finance. Amortization rate is in accordance with Decision No. 987/QD-BNN-TC dated 20 March 2020 by the Ministry of Agriculture and Rural Development.

Designated account

The Project Management Unit did not open a designated account because all expenditures are made using counterpart funds.

3. Funds receipt

	Period from 1/1/2023 to 30/4/2024 VND	Accumulated to 30/4/2024 VND
Funds allocated from the Ministry of Agriculture and Rural Development	92,772,600	17,735,306,093

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4. Reconciliation of counterpart funds in the Statement of Income and Expenditures with receipts of counterpart funds in the Statement of Sources and Uses of Funds

	Accumulated to 30/4/2024 VND	Accumulated to 31/12/2022 VND
Statement of Income and Expenditures		
Counterpart funds [1]	17,735,306,093	17,642,533,493
Statement of Sources and Uses of Funds		
Receipts of counterpart funds [2]	17,735,306,093	17,361,677,393
Difference [3] = [1] - [2]	-	280,856,100
Represented by [4]		
<i>Other receivables related to counterpart funds qualified for income recognition but received in the next year</i>	-	280,856,100

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5. Reconciliation of expenditures in the Statement of Income and Expenditures with disbursements in the Statement of Sources and Uses of Funds

	Accumulated to 30/4/2024 VND	Accumulated to 31/12/2022 VND
Statement of Income and Expenditures		
Expenditures [1]	17,735,306,093	17,642,533,493
Statement of Sources and Uses of Funds		
Disbursements [2]	17,735,306,093	17,361,677,393
Difference [3] = [1] - [2]	-	280,856,100
Represented by [4]		
<i>Payables to contractors/suppliers</i>	-	256,794,000
<i>Other payables related to expenditures of the Project (per diem)</i>	-	24,062,100

Prepared by:



Nguyen Duy Thanh
Accountant in charge

Hanoi, 23 May 2024

Approved by:



Trieu Van Luc
Director

MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

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PORTIONS IMPLEMENTED BY THE PROJECT MANAGEMENT UNIT OF COMPONENT 1

Appendix I – Summary of Expenditures analyzed by project fund
Period from 1 January 2023 to 30 April 2024

SUMMARY OF EXPENDITURES ANALYZED BY PROJECT FUNDS

Period from 1 January 2023 to 30 April 2024

Unit: VND

No.	Content	Note	Period from 1/1/2023 to 30/4/2024			Accumulated to 30/4/2024		
			IDA Funds	Counterpart funds	Total	IDA Funds	Counterpart funds	Total
1	Component 1: Enabling Effective Coastal Forest		-	92,772,600	92,772,600	-	17,735,306,093	17,735,306,093
1.1	Enhancing Effective Spatial Planning of Coastal Zones		-	-	-	-	3,042,328,000	3,042,328,000
1.1.1	High-tech investment and assessment of the current situation of use of coastal resources in the project area		-	-	-	-	2,483,200,000	2,483,200,000
1.1.1.1	<i>Procurement of technologies</i>		-	-	-	-	<i>1,354,000,000</i>	<i>1,354,000,000</i>
1.1.1.2	<i>Assessing the current situation of use of coastal resources</i>		-	-	-	-	<i>1,129,200,000</i>	<i>1,129,200,000</i>
1.1.3	Operating costs		-	-	-	-	559,128,000	559,128,000
1.1.3.2	<i>Computers, office equipment</i>		-	-	-	-	<i>341,198,000</i>	<i>341,198,000</i>
1.1.3.3	<i>Furniture and office furniture</i>		-	-	-	-	<i>217,930,000</i>	<i>217,930,000</i>

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Appendix I – Summary of Expenditures analyzed by project fund
Period from 1 January 2023 to 30 April 2024

SUMMARY OF EXPENDITURES ANALYZED BY PROJECT FUNDS (CONTINUED)

Period from 1 January 2023 to 30 April 2024

Unit: VND

No.	Content	Note	Period from 1/1/2023 to 30/4/2024			Accumulated to 30/4/2024		Total
			IDA Funds	Counterpart funds	Total	IDA Funds	Counterpart funds	
1.2	<i>Supporting Improved seeding Production through Regional Units</i>		-	-	-	-	<i>7,312,077,673</i>	<i>7,312,077,673</i>
1.2.1	Investment in high-tech seedling production for seed production units		-	-	-	-	5,741,077,673	5,741,077,673
1.2.1.1	<i>Evaluation of seed management, equipment and technology needs for the production of quality seedlings in regionally affiliated units and for selected producers</i>		-	-	-	-	<i>809,450,400</i>	<i>809,450,400</i>
1.2.1.2	<i>Support seed production equipment/technology</i>		-	-	-	-	<i>4,931,627,273</i>	<i>4,931,627,273</i>
1.2.3	Expanding appropriate partnerships between businesses and foresters		-	-	-	-	896,000,000	896,000,000
1.2.3.2	<i>Assessing the relationship of businesses and households in the forest tree variety chain of custody</i>		-	-	-	-	<i>896,000,000</i>	<i>896,000,000</i>

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Period from 1 January 2023 to 30 April 2024

SUMMARY OF EXPENDITURES ANALYZED BY PROJECT FUNDS (CONTINUED)

Period from 1 January 2023 to 30 April 2024

Unit: VND

No.	Content	Note	Period from 1/1/2023 to 30/4/2024			Accumulated to 30/4/2024		
			IDA Funds	Counterpart funds	Total	IDA Funds	Counterpart funds	Total
1.2.5	Developing guidelines for planting and managing coastal protection forests in the direction of natural forests		-	-	-	-	675,000,000	675,000,000
1.2.5.1	<i>Forestry Technical Guidelines for Unguided Species</i>		-	-	-	-	675,000,000	675,000,000
1.2.5.2	<i>Developing policy guidelines for sustainable coastal forest management and guide new tree species</i>		-	-	-	-	-	-
1.3	<i>Valuing and Expanding payments for Forest Ecosystem Services for Coastal Forests</i>		-	-	-	-	5,327,343,363	5,327,343,363
1.3.1	Valuing and Expanding payments for Forest Ecosystem Services for Coastal Forests		-	-	-	-	456,000,000	456,000,000
1.3.2	Assessment of the potential for payment of forest environmental services in coastal areas		-	-	-	-	837,225,000	837,225,000
1.3.3	Investing in scaling up pilot models of payment for coastal forest environmental services		-	-	-	-	3,829,756,363	3,829,756,363
1.3.3.1	<i>Procurement of equipment to quantify</i>		-	-	-	-	3,175,000,000	3,175,000,000

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Period from 1 January 2023 to 30 April 2024

SUMMARY OF EXPENDITURES ANALYZED BY PROJECT FUNDS (CONTINUED)

Period from 1 January 2023 to 30 April 2024

Unit: VND

No.	Content	Note	Period from 1/1/2023 to 30/4/2024			Accumulated to 30/4/2024		
			IDA Funds	Counterpart funds	Total	IDA Funds	Counterpart funds	Total
	<i>ecological and carbon services</i>							
1.3.3.2	<i>Building investment case models</i>		-	-	-	-	654,756,363	654,756,363
1.3.4.	Improving the policy system through the development of manuals/manuals, workshops, experience exchange		-	-	-	-	204,362,000	204,362,000
1.3.4.2	<i>Training</i>		-	-	-	-	204,362,000	204,362,000
1.4	Project management		-	92,772,600	92,772,600	-	2,053,557,057	2,053,557,057
1.4.1	Salary and allowances		-	37,868,000	37,868,000	-	915,665,976	915,665,976
1.4.2	Other expenses		-	54,904,600	54,904,600	-	1,137,891,081	1,137,891,081
1.4.2.1	<i>Office rents</i>		-	-	-	-	-	-
1.4.2.2	<i>Administrative and other costs</i>		-	54,904,600	54,904,600	-	1,137,891,081	1,137,891,081
1.5	Provisions, inflation and taxes		-	-	-	-	-	-
	Total		-	92,772,600	92,772,600	-	17,735,306,093	17,735,306,093