



## 1. Project Data

<b>Project ID</b> P157127	<b>Project Name</b> Forest Sector Modernization & Coastal Re	
<b>Country</b> Viet Nam	<b>Practice Area(Lead)</b> Environment, Natural Resources & the Blue Economy	
<b>L/C/TF Number(s)</b> IDA-60790	<b>Closing Date (Original)</b> 31-Dec-2023	<b>Total Project Cost (USD)</b> 52,588,485.07
<b>Bank Approval Date</b> 22-Jun-2017	<b>Closing Date (Actual)</b> 31-Dec-2023	
	<b>IBRD/IDA (USD)</b>	<b>Grants (USD)</b>
Original Commitment	150,000,000.00	0.00
Revised Commitment	69,639,258.61	0.00
Actual	52,589,518.62	0.00

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## 2. Project Objectives and Components

### a. Objectives

The objective stated identically in the Legal Agreement (page 4) and the Project Appraisal Document (para 22) was) “to improve coastal forest management in the Project Provinces.”

### b. Were the project objectives/key associated outcome targets revised during implementation?



Yes

**Did the Board approve the revised objectives/key associated outcome targets?**

No

**c. Will a split evaluation be undertaken?**

Yes

**d. Components**

**Component 1: Enabling Effective Coastal Forest Management (Appraised: GoV US\$3 million; Actual: GoV US\$0.73 million)**

**1.1** Improving coastal forest planning and its coordination across sectors, through, *inter alia*: **(a)** upgrades in technologies for spatial planning, **(b)** development of integrated spatial plans in selected sites; **(c)** development of technical guidelines for improved spatial planning; and **(d)** public awareness, dissemination and learning activities in connection with the pilot integrated spatial plans.

**1.2** Supporting modernization of quality forest seedling production through, *inter alia*: **(a)** upgrades of structures and technology for quality seedling in selected regional units; **(b)** transfer of skills for seedling production and nursery management to seedling producers; and **(c)** fostering linkages between small holder seedling producers and buyers and support for seedling quality certification.

**1.3** Providing technical and analytical support for market-based financing for management of coastal protection forests, through, *inter alia*: **(a)** implementation of techniques for valuation of the provisioning and regulatory services from coastal forests; and **(b)** implementation and promotion of a scheme for payments for forest ecosystem services.

**Component 2: Coastal Forest Development and Rehabilitation (Appraised: IDA US\$104.86 million, GoV US\$7.22 million; Actual: IDA US\$22.80 million, GoV US\$2.30 million)**

**2.1** Supporting the protection, planting and tending of existing and new stands of coastal forests, through, *inter alia*: **(a)** carrying out detailed site assessments; **(b)** design and implementation of coastal protection forest plantations and rehabilitation/enrichment activities; **(c)** provision of seedlings, monitoring thereof and carrying out planting and management activities; and **(d)** community engagement in forest protection.

**2.2 (a)** Carrying out physical investments to support the survival and effectiveness of coastal protection forests, including, *inter alia*: **(i)** augmenting the natural recovery of degraded mangroves; and **(ii)** improving the survival rates of newly planted and enriched coastal forests; and **(b)** monitoring and management of planting and protection activities.

**Component 3: Generating Sustainable Benefits from Coastal Forests (Appraised: IDA US\$40.42 million, GoV US\$2.95 million; Actual: IDA US\$26.08 million, GoV US\$3.77 million)**

**3.1** Strengthening communities to partner with private enterprises for the generation of benefits from improved coastal forest management, through the provision of Competitive Grants to Eligible Communities.



**3.2** Upgrading infrastructure for production, processing and marketing of goods and services from coastal forests, including rural roads and other productive infrastructure, through the provision of Competitive Grants to Eligible Districts.

**Component 4: Project Management and M&E (Appraised: IDA US\$4.72 million, GoV US\$16.84 million; Actual: IDA US\$2.04 million, GoV US\$5.34 million)**

**4.1** Provision of technical assistance at the central and provincial level on, *inter alia*, co-management, and integrated spatial planning, and establishment of a monitoring and evaluation system.

**4.2** Provision of technical support at the central and provincial level on social and environmental safeguards, monitoring and evaluation, and conduct of independent audits.

## **e. Comments on Project Cost, Financing, Borrower Contribution, and Dates**

### **Project Cost**

The project was appraised to cost US\$180 million. It was revised down to US\$99.64 million and the actual cost was US\$64,72 million.

### **Financing**

The project was financed by an IDA grant of US\$150 million.

### **Borrower Contribution**

At appraisal, the borrower was expected to contribute US\$30 million. Actual contribution from the borrower was US\$11.41 million.

### **Dates**

The project was approved in June 2017 and became effective in March 2019. A restructuring mission that served as an informal midterm review was organized in 2021. The project closed in December 2023 as planned.

### **Restructuring**

The project underwent one level II restructuring in December 2023, only days before its closing date. It entailed i) changes in Results Framework, ii) changes in components and costs, iii) partial cancellation of financing, and iv) reallocation between disbursement categories.

The targets for 2 PDO level indicators and 4 intermediate indicators were reduced. Among the PDO indicators, the target for 'Area of coastal forest restored and managed according to agreed criteria (ha)' was reduced from 50,000ha to 4,150 given that forest protection is no longer financed under the project. The 35,000 ha target for PDO-level Indicator 2 - 'Coastal protection forests, in project area, under management/protection of local communities (ha)' was removed and kept as zero. The ICR (para 32) notes that the decision to keep the indicators for forest protection and livelihood activities but with zero targets reflected, on the one hand, discontinued project support to these activities as they were not expected to be



completed within the closing date, and, on the other hand, MARD's commitment to finance these activities post-closing.

### **Split Rating**

The restructuring did not involve changes to the PDO. The project became less ambitious as the targets were revised down. This review will apply a split rating.

## **3. Relevance of Objectives**

### **Rationale**

#### **Country Situation**

At appraisal, the Socialist republic of Viet Nam had achieved consistent growth and poverty reduction for over 30 years (ICR, para 1). The high growth had been achieved at the cost of rapid depletion of natural resources, compromising ecosystem services. Viet Nam was also one of the most natural hazard-prone countries in the region. Its vulnerability to climate change, including sea level rise and extreme weather events, posed a threat to poor rural households that engaged in climate-sensitive activities such as crop cultivation, livestock rearing, fishing, and forestry – more than 80 percent of the near-poor lived in rural areas.

The Government of Viet Nam (GoV) had invested in physical structures to increase the resilience of coastal areas. But their effectiveness had declined over the years (ICR, para 2) like, for example, the dikes built in Northern and Central Viet Nam to protect nearly 630,000 ha. Afforestation and reforestation of coastal forests, such as mangroves, had been shown to offer sustainable alternatives to physical structures to improve coastal resilience and livelihoods, but Viet Nam's coastal forests were severely degraded. The government had taken measures to improve coastal planning by adopting an integrated coastal zone management program; however, it had not been able to implement it effectively because of a lack of data and limited provincial capacity to develop well-integrated plans.

#### **Country Strategy**

The PDO aligned with the country's policy for managing, protecting, and sustainably developing coastal forests in response to climate change (Decree No. 119/2016/ND-CP, August 23, 2016). The PDO was consistent with the policy's goals of natural disaster mitigation, ecological protection, climate change response, adaptation to sea level rise, and improvement of the livelihoods of communities involved in forestry. The PDO supported Viet Nam's ongoing green growth efforts and NDCs, with a focus on restoring, developing, and sustainably managing coastal forests to reinforce resilience against floods and storms. The PDO remained consistent with the implementation of more recent strategies, including the Sustainable Forestry Development Program for 2021–2025 (Resolution 84/NQ-CP, August 5, 2021) and the Viet Nam Forestry Development Strategy for 2021–2030 with a Vision to 2050 (Decision No. 523/QD-TTg, April 1, 2021) (ICR, para 38).

#### **Bank Strategy**



The PDO remains relevant to the World Bank’s strategy to support Viet Nam. Enhancing climate change resilience and modernizing agricultural and natural asset management are some of the priority reforms identified in the Country Climate Diagnostic Report published in 2022, as well as the Systematic Country Diagnostic that informed the current Country Partnership Strategy/ CPF, which is the same as the one at appraisal (ICR, para 37).

### **Level at which the PDO is Pitched**

The PDO is pitched at the level of outputs. The legal agreement (page 4) and PAD (para 24) add that achieving the PDO would contribute to the recipient’s efforts to enhance coastal resilience to climate change. The Restructuring Paper (para 20) further clarifies that coastal resilience would be broader than physical resilience to coastal climatic hazards to encompass the socioeconomic resilience of coastal communities to a wider range of climatic impacts.

Summary: Viet Nam’s steady growth over three decades had come at the cost of deterioration of its natural resources. Its vulnerability to climate change also exposed its poor, who live in coastal rural areas, to climate risks. Physical measures that had been taken in coastal areas were becoming less effective and biological measures had shown promise. The PDO to improve forest management is highly relevant to GoV’s strategies to build coastal resilience and the World Bank’s strategy to support the country in enhancing resilience to climate change. Overall, the relevance of the PDO is rated as High.

### **Rating**

High

## **4. Achievement of Objectives (Efficacy)**

### **OBJECTIVE 1**

#### **Objective**

To improve coastal forest management in the project Provinces.

#### **Rationale**

#### **Theory of Change (ToC)**

The retroactively developed ToC articulated in the ICR (para 7 and Figure 1) states that project activities and inputs, such as i) developing plans, studies, and tools for financing (spatial plans, site assessments for afforestation, and obtaining market-based financing through payment for ecosystems services (PFES) tool), ii) establishing seedling production facilities, iii) planting coastal forests, iv) training community groups on forest management and giving them seed funds to invest in livelihoods and v) constructing and rehabilitating coastal infrastructure that augments the survival and effectiveness of protection forests, producing project outputs, such as forest area planted, community investment packages given, and nurseries developed with capacity to supply quality seedlings would contribute to improved management of forests.



The critical assumptions in the ToC were that i) project activities would lead to improved spatial plans and reliable supply of seedlings, ii) communities could be motivated to manage coastal protection areas, and iii) survival and effectiveness of protected forests could be improved with infrastructure.

The ToC was plausible. It aimed to address two key concerns: weak capacity at provincial levels to develop integrated spatial plans and the absence of livelihood opportunities that led communities to engage in unsustainable activities that degraded forests. The project activities could be expected to overcome the two concerns, although creating livelihoods adequate to diminish community incentives to exploit forests unsustainably would have been difficult to achieve. Attributing project activities to more sustainable use of forests required evidence on community use of forests before and after project implementation.

### Outputs

- 4,041 ha of coastal forest were planted and rehabilitated under the project, falling short of the original target of 7,800
- 91 percent share of native species seedlings were used in the annual total seedlings delivered under the project, exceeding the original target of 20 percent
- No tool was developed under the project utilized by MARD to implement PFES pilot, falling short of the original target of doing so

### Outcomes

- 7 seedling producers had improved quality seedling supply capacity as the result of project intervention, falling short of the original target of 20
- 97 communities/household groups were involved in community-based management/protection of coastal protection forests, falling short of the original target of 350
- 100 percent of community investment packages achieved the investment proposal objectives, exceeding the original target of 80 percent
- 100 percent of rural productive infrastructure were supported by the project with cost-sharing arrangement, exceeding the original target of 80 percent
- 6,303 people benefited from the project supported packages, falling short of the target of 25,000; Of them, 4,134 were women, falling short of the original target of 10,000
- 4,041 ha of coastal forest were restored and managed according to agreed criteria, falling short of the original target of 50,000
- Zero ha of coastal protection forests, in project area, was under management/protection of local communities (groups/individual households) compared to the original target of 35,000 ha
- 99.56 percent of target beneficiaries rated project interventions 'Satisfactory' or above, exceeding the original target of 80 percent; Of them, 99.9 percent of women rated satisfactory or above, exceeding the original target of 80 percent

The achievement of the objective was measured by three indicators: i) coastal area restored and managed according to agreed criteria, ii) the coastal protected forests managed/protected by local communities, and iii) the level of satisfaction of beneficiaries with project interventions.

The project fell significantly short on the original key outcome indicators: less than 10 percent of the targeted coastal area was restored and managed, zero area came under the management of local communities, and



only 25 percent of the targeted number benefited from project supported packages. The rating of project interventions as 'satisfactory' or above by the beneficiaries exceeded the target, but it appears to have been related to the nature of benefits they received. A small fraction of the beneficiaries (10 out of 2,298) that rated the interventions as 'average' did not receive livelihood or infrastructure packages as others did (ICR, para 48).

For the 'coastal area restored and managed according to agreed criteria', the PAD recommended that the 'agreed criteria' would be developed in year 1 and that it could include technical norms for ensuring that the planted areas survive and thrive beyond the life of the project and has a forest composition that mimics, to the extent possible, natural strands that can buffer against climate events (page 35). The Bank team noted that a decision was made between the Bank and the government to use relevant government regulations as agreed criteria rather than developing project-specific ones. The area reported is based on plantings that adhered to Viet Nam's national standards in terms of suitability for local conditions and survival rate (para 43). The 'area managed according to agreed criteria' is effectively the same as 'coastal forest planted/replanted'. The government regulations referred to above specify detailed rules around post-planting, including the frequency of post-planting tending and the acceptable minimum seedling survival rates, both by species. The team clarified that during implementation, it was confirmed that all areas planted (except for small areas affected by flooding and pest) met these rather stringent criteria. This is the reason why the same value was reported for the outcome and output. However, as time goes by from the planting, these two values will likely diverge as presumably it would be difficult to for all the planted areas to continue to meet the minimum survival rates over the longer term

The ToC employed postulated that helping provinces develop integrated plans and tools for financing, restoring/planting coastal forest with improved seedling supplies, and training communities in forest management along with support to invest in livelihoods would lead to improved management of forests. A financial tool developed was not utilized. The activities developed capable nurseries but planting fell short. Investment support to communities met their objectives but the extent of support was less than planned. Communities became motivated to protect/manage forests but not in sufficient numbers. The achievement of key outcomes, area restored/managed according to criteria and area managed by communities, was hindered by slower than planned delivery of project outputs.

Falling severely short of the targets for restoring and managing coastal areas and obtaining community management/protection of coastal forests, the efficacy in achieving the objective is rated negligible.

**Rating**  
Negligible

## **OBJECTIVE 1 REVISION 1**

### **Revised Objective**

To improve forest management in the project Provinces.

### **Revised Rationale**

ToC

The revision did not require changes to the ToC presented earlier. the changes only made achievement of the



objective less stringent by eliminating the requirement that some of the forests should be protected/managed by communities.

The achievements against original targets reported above are also valid for the restructuring. For the restructured targets, achievements were as follows:

### **Outputs**

- 4,041 ha of coastal forest were planted and rehabilitated under the project, falling short of the revised target of 4,150

### **Outcomes**

- 7 seedling producers had improved quality seedling supply capacity as the result of project intervention, falling short of the revised target of 10
- 6,303 benefited from the project supported packages, falling short of the revised target of 7,500; Of them, 4,134 were women, exceeding the revised target of 3,000
- 4,041 ha of coastal forest restored and managed according to agreed criteria, falling short of the revised target of 4,150

The achievement of the revised objective is measured by only two indicators, with the target for one of the indicators, the area restored and managed according to criteria, reduced to less than ten percent of the original target. The required level of satisfaction with project interventions remained the same.

Under the revised objective, the project performed better on the key indicator: 97 percent of the targeted coastal area were restored and managed.

The project fell short on meeting the number of people that benefited from project supported packages.

The project nearly met the revised target of the key outcome indicator. In an exchange on July 23, 2024, the Bank team noted that reforestation in coastal areas with brackish water requires trees to be tended for several years to ensure survival. The developed PFES tools were not implemented. Falling also short on some of the intermediate outcomes, such as using PFES tools to raise resources and developing nurseries with the capabilities of supplying quality seedlings, the efficacy in achieving the revised objective is rated Modest.

### **Revised Rating**

Modest

## **OVERALL EFFICACY**

### **Rationale**





The ToC employed assumed that preparing plans, establishing nurseries, planting coastal forests, training communities in management and supporting them with funds to invest in livelihoods would improve the management of forests. The project fell severely short of meeting the original targets for key outputs and outcomes including the area managed under an agreed criteria and area under community management/protection. The efficacy in achieving the original objective was rated negligible.

**Overall Efficacy Rating**  
Negligible

**Primary Reason**  
Low achievement

### **OVERALL EFFICACY REVISION 1**

#### **Overall Efficacy Revision 1 Rationale**

Under the revised targets, the area restored and managed according to criteria, reduced to less than ten percent of the original target. The 'area managed according to agreed criteria' is effectively the same as 'coastal forest planted/replanted. The project nearly met the revised outcome targets but fell short on some key intermediate indicators such as developing nurseries with adequate capabilities and delivering project-supported packages for improved coastal forest management. The developed PFES tools were not implemented. The efficacy in the achievement of the revised objective is rated Modest.

**Overall Efficacy Revision 1 Rating**  
Modest

**Primary Reason**  
Low achievement

### **5. Efficiency**

At appraisal, the economic analysis assessed benefits from component 2 (protecting and restoring coastal forest systems) and component 3 (improving livelihoods of coastal economies). The sources of restoration benefits considered were coastal protection, erosion control, maintenance of fish nurseries, carbon sequestration, food from the coastal forest system, and recreation and tourism (PAD, Annex 4, para 2). The expected benefit from improved livelihoods was increased incomes of beneficiaries.

Assuming a project life span of 31 years, social value of carbon at US\$30 per ton, 80 percent rate of success for coastal forest plantations, fishery from 50 percent project mangrove areas and tourism from 30 percent mangrove areas, and 30 percent success of livelihood models beyond the life of the project, the analysis yielded an EIRR of 57.4 percent. The EIRR remained robust even when the value of carbon sequestration was not considered. An economic analysis done at restructuring showed an EIRR of 48 percent (project paper, para 18).

The analysis at closing, considering with and without scenarios and applying the assumption made at appraisal, generated an EIRR of 18.2 percent. However, it came down to 3.6 percent if the social value of carbon sequestration was not included (ICR, para 51). The ICR notes (para 60) that if information were collected on actual benefits from the mangroves planted under this project rather than using average values, the benefits would be positive even without the carbon benefits but the reasoning is not convincing in the absence of information that project areas would have offered higher than average benefits.



Several factors influenced the efficiency of implementation (ICR, para 53). Slow decision-making by the government, flood damage caused by a typhoon in 2020, and travel restrictions imposed during the COVID pandemic hindered project implementation (ICR, para 53).

The nearly two-year gap between approval and effectiveness was a result of slow GoV processes – such as in allocating budget for the project and signing of on-lending agreements – at the central level. Implementation was also affected by cumbersome internal approval processes – such as several rounds of consultations among different departments for decisions on livelihood packages – at the province levels (ICR, para 69).

The changes made to Viet Nam’s policy and legal environment, including the 2019 amendment to the Law on Public Investment and subsequent changes in decrees and circulars, delayed implementation to begin only in early 2020, nearly three years after project approval (ICR, para 70).

The initial restructuring package was prepared by the Ministry of Agriculture and Rural Development (MARD) in October 2021 and discussed with the World Bank immediately after, but the Prime Minister approved the changes in October 2023, two months before project closing. Under the restructuring plan, subcomponents 2.1 (forest protection) and 3.1 (livelihood subprojects) would be fully financed by GoV, but no government funding was available for the activities in the interim.

Once implementation began, investment preparation activities, such as identifying suitable areas for planting, were delayed by a lack of standards for some coastal forest species and silvicultural practices (ICR, para 71). Administrative delays in the provinces also delayed afforestation activities that could only be implemented during short coastal forest planting seasons in some of the provinces. Additionally, some provinces had approved other economic development projects, such as economic zones and industrial areas, in the areas that were initially identified for the project.

Estimated economic returns lower than projected and avoidable delays in implementation due to cumbersome processes at provincial levels and slow decision-making at the central level, leading to partial cancellation of the project, earn this project a Modest rating for efficiency in implementation.

## Efficiency Rating

Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	✓	57.40	0 <input type="checkbox"/> Not Applicable
ICR Estimate	✓	18.20	0 <input type="checkbox"/> Not Applicable

\* Refers to percent of total project cost for which ERR/FRR was calculated.



## 6. Outcome

The PDO to improve forest management in coastal areas of Vietnam was highly relevant to the country's and the Bank's strategies to make coastal communities resilient. Delayed implementation due to slow decision-making by the government and unavoidable natural calamities required a restructuring that considerably reduced the scope and ambition of the project. The efficacy of implementation judged on the basis of original targets was negligible. By the revised targets as well, the efficacy was modest. Lower than projected returns and delays that resulted in partial cancellation of the grant earned the project a rating of modest in efficiency.

The outcome with original targets was unsatisfactory. The outcome with revised targets was only marginally better at moderately unsatisfactory. Since 97 percent of the disbursements were pre-restructuring, the overall outcome is Unsatisfactory, as shown below.

		Original Targets	Revised Targets
Relevance of PDO		High	
Efficacy		Negligible	Modest
Efficiency		Modest	
1	Outcome ratings	Unsatisfactory (2)	Moderately Unsatisfactory (3)
2	Share of disbursement	97%	3%
3	Weighted value of the outcome rating	1.94	0.09
4	Final outcome rating	Unsatisfactory (1.94 + 0.09 = 2.03, rounding to 2.0)	

### a. Outcome Rating

Unsatisfactory

## 7. Risk to Development Outcome

### Government risk

Communities protecting and managing forests was an important aspect of improving forest management. At restructuring, the GoV agreed to finance the two activities that are critical to incentivizing communities. Central and provincial authorities have committed to allocating the resources needed to manage and protect forests involving rural communities. Any budget constraint that they may face, which might jeopardize allocations to this activity, poses a risk to expected and realized outcomes.

### Institutional risk

Provincial laws prevent inappropriate land use changes in coastal forests, but deterioration in socioeconomic conditions due to external shocks may lead communities to encroach on forests or engage in unsustainable activities that degrade the forested areas. Their incentives would also depend on whether the livelihood investments they have made with support from the project continue to benefit them. Budgetary constraints faced by provinces could also prevent them from maintaining coastal roads and other infrastructures funded



by the project. Diminished livelihood opportunities for communities poses risk to sustainably managing forests.

### **Climatic risk**

Although coastal forests were planted to increase resilience to climate change, climate change could also be a risk if the climate predictions are conservative and/or extreme weather events occur before plantations have grown into permanent forests with deep enough roots to withstand harsh conditions (ICR, para 89).

## **8. Assessment of Bank Performance**

### **a. Quality-at-Entry**

The design included activities (improved planning, planting, and livelihood support to communities) that could be expected to lead to outputs and outcomes that would contribute to achievement of the objectives. The technical design drew on several background studies and experience from countries in the region facing similar ecological issues (ICR, para 66). Stakeholder workshops were conducted to set targets based on the provinces' capacity, mitigate concerns regarding seedling availability, and identify appropriate stakeholders and beneficiary groups.

The design assessed the risks as substantial by noting that the grant mechanism to transfer funds to provinces was complex considering the subnational capacity to implement, but suggested mitigating against it by providing the needed technical assistance (ICR, para 67). It also recognized that cross-sectoral coordination would be challenging given Viet Nam's administrative systems. It recommended steering committees that bring leadership together and more technical support. However, the technical support and steering committees turned out to be inadequate to overcome the administrative inertia. The risk assessment and mitigation measures proposed were inadequate. For example, the design did not adequately anticipate the probability of internal GoV regulation changes, the delays caused by extreme weather events (major floods in several project provinces), and the lack of sustainability strategy development for livelihood investments to ensure their sustainability.

There was also limited implementation readiness. Once implementation began, the completion of investment preparation activities, including confirmation of the eligibility and suitability of planting areas, was delayed by a lack of standards for some coastal forest species and silvicultural practices. Difficulties also occurred in land clearance and handover for mangrove planting due to the presence of aquaculture activities in some of these areas.

The M&E designed had shortcomings. The criteria for defining improved forest management, a key outcome indicator, was left to be determined in the first year. Some of the Intermediate indicators could have been defined better (refer section 9). The ICR notes that the project could have also allocated a larger budget allocation to strengthen M&E capacity.

Given the shortcomings in implementation readiness, failing to anticipate the extent to which cumbersome administrative processes might come in the way of effective implementation and effective



mitigation measures, and the design of an M&E that also left many definitions unclear, the quality at entry of this project is rated Moderately Unsatisfactory.

**Quality-at-Entry Rating**  
Moderately Unsatisfactory

**b. Quality of supervision**

Through eight official missions by teams with appropriate composition of expertise, the Bank team provided adequate supervision (ICR, para 86). Missions' Aide Memoires, Management Letters, and ISRs were candid in highlighting issues and responded promptly to address them, and ISR ratings accurately reflected progress and issues.

The ICR also notes that the World Bank team established a strong relationship with the Government counterparts and provided the needed technical guidance on time (para 92). The World Bank efforts to expedite GoV processes were nonetheless unsuccessful. In an exchange on July 25, 2024, the Bank team noted that the country processes for approving a restructuring were as complex as that of approving a new project.

An MTR was not conducted. The Bank team noted in the same exchange that it was a mistake but around the same time they conducted an exercise for restructuring that was more elaborate than an MTR.

At project closing, a handover plan was agreed upon with the client, to achieve the original targets, along with a PCAP to monitor the noted ongoing works.

The quality of supervision too is rated Moderately Satisfactory.

Overall, there were significant shortcomings in preparation, The supervision – although it performed the routine tasks – was inadequate to overcome the deficiencies at entry, and an MTR was not conducted. The overall Bank performance is rate Moderately Unsatisfactory.

**Quality of Supervision Rating**  
Moderately Satisfactory

**Overall Bank Performance Rating**  
Moderately Unsatisfactory

**9. M&E Design, Implementation, & Utilization**

**a. M&E Design**

The design captured project inputs, outputs, and the outcomes but not adequately. The PDO was pitched at a level of outputs; the PDO indicators were predictive proxy indicators (PAD, para 28) that increased the



likelihood that project activities contributed to coastal resilience. The design could have benefited from more specific indicators to track both project outputs and outcomes.

The PDO indicators were seemingly appropriate and measurable, but without clear definitions. The definition of “managed according to agreed criteria” was left to be decided in the first year. Some of the intermediate outcome indicators were not clearly defined. For example, “community investment packages that have achieved the investment proposal objectives.” There weren’t enough indicators to track both outputs and their outcomes for monitoring. For example, there was no indicator to suggest how many investment packages were supported. Similarly, the target is a “yes” for PFES tool developed and utilized. The indicator could have been more specific in terms of the number of tools and their effectiveness in delivering payments to stakeholders for preserving ecosystem services.

The project could have also benefited from a larger budget allocation to strengthen local M&E capacity (ICR, para 82).

## **b. M&E Implementation**

The Central Program Coordinating Unit (CPSU) implemented the M&E using a web-based monitoring tool that it developed and with information coming from the PPMUs. The CPCU’s monitoring team conducted periodic activity reviews and site visits to assess project progress and to discuss it with contractors and PPMU officials. The CPCU prepared reports on a semiannual and annual basis, which summarized key implementation progress and indicated potential issues to be followed up by the World Bank team during missions (ICR, para 83).

At restructuring, post-planting verification reports, provincial-level data collection templates, and contracts were reviewed to harmonize the methodologies for data collection. The CPCU too faced capacity limitations. It was provided with M&E support through the hiring of an M&E specialist during the last two years of project implementation (2022–2023).

The CPCU was unable to launch its planned M&E consultancy contracts partly due to the delay in processing project restructuring. The World Bank team mobilized two M&E consultants to assist in setting up a central repository of project data, including a web-based platform, which was effectively used by PPMUs to share data to track progress toward meeting project performance indicators (ICR, para 78).

The country submitted a project completion report but required support from the World Bank team and had challenges with data quality and timeliness (ICR, para 77).

## **c. M&E Utilization**

M&E data informed the identification of implementation issues and the restructuring, including adjustments to the Results Framework. However, it took some time for the M&E system to be fully functional in the provinces, and data quality issues were observed, including lack of supporting evidence and different degrees of understanding about results indicators across provinces.

Given the shortcomings in design, implementation and utilization, the overall M&E rating is Modest.



## M&E Quality Rating

Modest

## 10. Other Issues

### a. Safeguards

#### Environmental

The project was categorized as B (Partial Assessment) for environmental assessment. The environmental safeguards policies triggered were **Environmental Assessment** (OP 4.01), **Natural Habitats** (OP 4.04), **Pest Management** (OP 4.09), **Physical Cultural Resources** (OP 4.11), and **Forests** (OP 4.36). They were triggered due to the potential adverse impacts on ecosystems, natural habitats, and physical cultural resources from activities such as forest plantation and restoration and construction, rehabilitation, and/or operation of small infrastructure works.

The project complied with the requirements and procedures set out in the Environmental and Social Management Plan (ESMP). An Environmental and Social Management Framework (ESMF) was prepared at appraisal.

#### Social

The safeguard policies that were triggered by the project were **Indigenous Peoples** (OP 4.10) and **Involuntary Resettlement** (OP 4.12). triggered communities and restrictions of local communities' access to forests, forest products, and coastal protection forests.

To manage these impacts and ensure adequate compensation to affected people, the client developed an Ethnic Minority Planning Framework (EMPF), a Resettlement Policy Framework (RPF), and a Process Framework (PF), which were disclosed in-country and in the World Bank before appraisal. Involuntary resettlement and restriction to resources were flagged as potential issues at project design, but they did not materialize. During implementation, an Ethnic Minority Development Plan was developed for Quang Ninh province (the only province with ethnic minority presence in the project area) and implemented satisfactorily. Further, eight Social Assessments were prepared and implemented for the project provinces.

### b. Fiduciary Compliance

#### Financial Management

Overall, the FM of the project was consistently rated Moderately Satisfactory. The project submitted audited financial statements of acceptable quality on time, but the submission of interim financial reports were occasionally delayed. The CPCU coordinated with the World Bank and with the relevant authorities on budgeting and planning, fund flows, reporting, and auditing and guided the PPMUs. Delayed annual



budget allocations (around March each year) by provinces or insufficient funds to cover planned activities was an FM issue that the project faced because of lengthy approval processes.

The ICR provides no information on any external audit conducted.

**Procurement**

Overall, the procurement performance by the CPCU and the PPMUs was Moderately Satisfactory. Delays were faced initially because of capacity limitations, which required training in procurement and contract management across all levels. Inefficiencies in appraisal/approval processes, late budget allocations, particularly for medium-term investment plans of the Government, and gaps in technical capacities and procurement planning issues slowed procurement in the first 2.5 years of implementation. In the three years, 2020, 2022, and 2023, all goods/civil works packages using IDA funds were implemented through Viet Nam electronic procurement system, following the World Bank’s procurement procedures ensuring competition, fairness, transparency, and efficiency in procurement. Procurement substantially improved later in the project, accelerating to complete 197 packages (US\$72.4 million including US\$65.8 million of IDA funding and US\$6.6 million from counterpart funds) that were cleared on Systematic Tracking of Exchanges in Procurement (STEP). No complaint or indication of fraud or corruption was found, and no mis-procurement was declared during project implementation.

**Grievance redress**

Grievance redress mechanisms was set up and functioned in all the provinces as required by the ESMF. There were no complaints, including on social and environmental safeguard issues. At project closing, the upgrading of a 600 m of a 3 Km rural road section was incomplete; a Post-Closing Action Plan (PCAP) was agreed to by the GoV and the World Bank to ensure follow-up compliance monitoring.

**c. Unintended impacts (Positive or Negative)**

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**d. Other**

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**11. Ratings**

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Unsatisfactory	Unsatisfactory	
Bank Performance	Moderately Satisfactory	Moderately Unsatisfactory	Shortcomings in quality at entry
Quality of M&E	Modest	Modest	
Quality of ICR	---	Substantial	





## 12. Lessons

The ICR presented five lessons. Three of them that are likely to be widely applicable are presented below with some editing.

**In designing activities that need to be appropriate for specific situations – such as coastal afforestation plans – consultations with local communities can improve the outcomes (ICR, para 90).** Even with the shortened implementation period, the survival rate of coastal forest plantation and restoration was significantly higher under the Forest Sector Modernization and Coastal Resilience Enhancement project (FMCR) than in similar projects implemented previously in Viet Nam without incorporating local knowledge. In implementing FMCR, local experts assessed the sites before planting. The process consumed time and required rejecting unsuitable areas, reducing the planted area, but it paid off in terms of high survival rates. The role played by local communities, particularly the planting and tending of trees by women, also contributed to the success.

**Analyzing political economy and government decision-making processes as part of assessing risk can help identify the mitigation measures needed to insulate the project from cumbersome decision making processes (ICR, para 91).** Implementation of the project was challenged by cumbersome central and province-level internal approval procedures, which affected key results. Strengthened coordination between technical experts and decision-makers would have better aligned technical solutions with broader political and economic considerations.

**Collecting robust data that reflect the unique characteristics of each location can help in comparing options for their cost-effectiveness and choosing the interventions that align with ecological and economic goals of the project.** Site-specific analyses can help in comparing mangrove restoration with alternative coastal protection measures to highlight cost-effectiveness; and the conditions for natural regeneration versus planting need to be evaluated to choose the method that aligns with the ecological and economic goals of the project.

## 13. Assessment Recommended?

No

## 14. Comments on Quality of ICR

The ICR offers a near complete narrative encompassing the context in which the project was developed, the nature of its activities, implementation difficulties, the reasons for restructuring and partial cancellation of the grant, and the project outcomes. The report employs sound methodology to link project outcomes with outputs, using available information and offering details in footnotes. It presents appropriate reasoning for rating various aspects of the project. It identifies the deficiencies. For example, in the design of a key outcome indicator. Crisply written, the report offers a logical narrative. It identifies appropriate lessons grounded in the experience of the project.



The ICR could have explained why an MTR was not conducted. The ICR could have been more outcome-oriented. For example, it could have offered at least limited information from the assessments that were done to determine whether the investment packages had achieved the objectives. Overall, the quality of the ICR is rated Substantial.

**a. Quality of ICR Rating**  
Substantial