

Terminal Evaluation Review form, GEF Independent Evaluation Office, APR 2017

## 1. Project Data

Summary project data			
GEF project ID		1356	
GEF Agency project ID		74414	
GEF Replenishment Phase		GEF-3	
Lead GEF Agency (include all for joint projects)		World Bank	
Project name		Forest Sector Development Project	
Country/Countries		Vietnam	
Region		East Asia and Pacific	
Focal area		Biodiversity	
Operational Program or Strategic Priorities/Objectives		3- Forest Ecosystems and 4- Mountain Ecosystems	
Executing agencies involved		Ministry of Agriculture and Rural Development (MARD)	
NGOs/CBOs involvement		None	
Private sector involvement		Smallholder Plantation investors	
CEO Endorsement (FSP) /Approval date (MSP)		07/08/2004	
Effectiveness date / project start		08/04/2005	
Expected date of project completion (at start)		03/31/2011	
Actual date of project completion		03/31/2015	
Project Financing			
		At Endorsement (US \$M)	At Completion (US \$M)
Project Preparation Grant	GEF funding	-	-
	Co-financing	-	-
GEF Project Grant		9.2	8.2
Co-financing	IA own	39.54	39
	Government	4.8	4.8
	Other multi- /bi-laterals	10.35	9.1
	Private sector		
NGOs/CSOs		10.9	n/a
Total GEF funding		9.2	8.2
Total Co-financing		65.59	NA
Total project funding (GEF grant(s) + co-financing)		74.79	NA
Terminal evaluation/review information			
TE completion date		2015	
Author of TE		World Bank	
TER completion date		May, 2018	
TER prepared by		Ritu Kanotra	
TER peer review by (if GEF IEO review)		Molly Watts Sohn	

## 2. Summary of Project Ratings

Criteria	Final PIR	IA Terminal Evaluation	IA Evaluation Office Review	GEF IEO Review
Project Outcomes		S	MS	S
Sustainability of Outcomes		ML	ML	ML
M&E Design		NA	MU	MU
M&E Implementation		NA	MU	MS
Quality of Implementation		S	MS	MS
Quality of Execution		MS	MS	MS
Quality of the Terminal Evaluation Report		-	MS	S

## 3. Project Objectives

### 3.1 Global Environmental Objectives of the project:

As stated in the Project Document (PD), the Global Environment Objective (GEO) of the GEF component was ‘to improve conservation of biodiversity of international importance in up to 50 Special Use Forests’.

### 3.2 Development Objectives of the project:

As stated in the Project Document (PD), the Development Objective of the project is ‘to achieve sustainable management of plantation forests and the conservation of biodiversity in special use forests.’ The project had the following four components:

#### Component 1: Institutional Development

Assist the Government of Vietnam to improve the country’s enabling environment for sustainable forest management and biodiversity conservation, including:

- Revising selected policies and regulations based on field implementation experiences, such as guidelines on forest land allocation, regulations on management of special use forests (SUFs) enabling management boards to enter into co-management agreements with local stakeholders, and incentives and tax systems for promoting plantation forestry;
- Establishing farm forestry groups to stimulate the development of small holder forestry; and
- Promoting plantation forest certification in selected areas to ensure environmental sustainability, premium prices of products, and better market access of participating households.

#### Component 2: Smallholder Plantation Forest

Support in the four provinces of Quang Nam, Quang Ngai, Binh Dinh, and Thua Thien Hue to establish forest plantations of different cropping systems through:

- participatory site selection based on village consultation and technical and environmental assessment of proposed sites,
- land allocation and issuances of land use right certificates as eligibility criteria for investment credits,

- extension and other services delivery to assist smallholders, design and management of plantations, and
- credits to eligible households and some eligible state forest enterprises (SFEs) to support plantation investments.

**Component 3: Special Use Forest**

Improve biodiversity conservation and sustainable use of biological resources in priority special use forests (SUFs) and increase SUF funding reliability through:

- establishment and operations of Vietnam Conservation Fund (VCF) for Special Use Forests (SUFs),
- strengthening of Special Use Forests (SUF) planning and implementation

**3.3 Were there any changes in the Global Environmental Objectives, Development Objectives, or other activities during implementation?**

The Project Development Objective (PDO) mentioned in the Project Appraisal Document (PAD) remains unchanged. But as per the TE, incorrect PDO was included in the Development Credit Agreement (DCA), which was recognized early during the implementation and changed with the additional financing of SDR19.00 million (about US\$30.00 million) that was used to provide support in both the original four provinces and two additional provinces for the following activities areas: forest land allocation to smallholders as incentives to promote productive investments; technical assistance in the areas of plantation planning and design, nursery development, and extension; financing of additional smallholders for plantation investments, and further strengthening of the enabling environment, institutions, and project management capacity. The additional funding expanded the scope of the project and the closing date was revised to March 31, 2015. The Global Environmental Objective (GEO) remained unchanged.

**4. GEF IEO assessment of Outcomes and Sustainability**

Please refer to the GEF Terminal Evaluation Review Guidelines for detail on the criteria for ratings.

Relevance can receive either a Satisfactory or Unsatisfactory rating. For Effectiveness and Cost efficiency, a six-point rating scale is used (Highly Satisfactory to Highly Unsatisfactory), or Unable to Assess. Sustainability ratings are assessed on a four-point scale: Likely=no or negligible risk; Moderately Likely=low risk; Moderately Unlikely=substantial risks; Unlikely=high risk. In assessing a Sustainability rating please note if, and to what degree, sustainability of project outcomes is threatened by financial, sociopolitical, institutional/governance, or environmental factors.

Please justify ratings in the space below each box.

4.1 <b>Relevance</b>	Rating: <b>Satisfactory</b>
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The relevance of the project is rated as satisfactory as the project’s objectives were consistent with the government priorities and goals, such as addressing environmental and natural resource degradation, promoting environmental sustainability, and enhancing social equity, as laid out in the Vietnam's Socio-Economic Development Strategy (SEDS) 2011-2020 and Socio-Economic Development Plan (SEDP) 2011-

2015. Both the smallholder plantation forest component and Special Use Forests (SUFs) component of the project were directly linked to the five programs of the Government of Vietnam’s (GOV) Vietnam Forestry Development Strategy 2006-2020.

The project was also fully consistent with the GEF Operational Strategy for Biological Diversity and especially with Operational Program 3 (OP3) Forest Ecosystems and OP4 (Mountain Ecosystems), in that it was designed to strengthen the protection and management of globally important forest ecosystems. The project was also consistent with OP12, Integrated Ecosystem Management; OP15, Sustainable Land Management and with three of the GEF’s four strategic directions and targets for biodiversity in FY04-06, namely catalyzing the sustainability of protected areas, mainstreaming biodiversity conservation in IA sector programs and generating and disseminating best practices.

4.2 Effectiveness	Rating: <b>Satisfactory</b>
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Based on the evidence in the TE, the effectiveness of the project is assessed to be ‘satisfactory’. The project achieved the formulation of the regulatory framework in order to serve smallholder plantation businesses, and to manage and provide sustainable finance for Special Use Forests (SUF). Smallholder plantation forests demonstrated that households could benefit directly and that they were socially, environmentally and economically sustainable. The component on Special Use Forest implemented nationally was successfully established and operated the Vietnam Conservation Fund (VCF) as an effective conservation funding mechanism. The project management sub-component supported institutional capacity building necessary to plan, coordinate and manage implementation of the overall project at a national, provincial, district and commune levels.

**Component 1: Institutional Development - Satisfactory**

As per the Implementation Completion Report (ICR), appropriate policies & procedures were formalized for issuance of land-use rights. A Prime Ministerial Decisions was issued on Promulgating the Regulation on Forest Management (2006) as well as a Government Decree on Organization and Management of the Special Use Forest System (SUF) System (2010). The red book was also allocated to 22,781 households for an area of 40,993 ha of smallholder plantation forests. Vietnam Bank for Social Policy (VBSP) successfully demonstrated a new financial mechanism (700 billion VND of credits) and provided revolving fund to 2,036 poor smallholder farmers. This stimulated a changed culture for smallholder investors, who borrowed funds at low interest rates to invest in plantation forests on lands for which they held a land-use right certificate, tied to the availability of extensions services, technical support and market access. The field observations during the TE confirmed that Vietnam Conservation Fund (VCF) demonstrated a competitive, small-scale financing mechanism to improve management of Special Use Forest of high biodiversity value.

**Component 2: Smallholder Plantations – Satisfactory**

By March 2012, the project had established 45,698 ha of plantation forests with 24,049 participating households in Thua Thien Hue (10,854 ha, 6,823 h/holds), Quang Nam (13,440 ha, 5,837 h/holds), Quang Ngai (9,597 ha, 4,569 h/holds) and Binh Dinh (11,807 ha, 6,811 h/holds). More than 850 ha of Forest Stewardship Council (FSC) Certified smallholder group certification pilot demonstrated environmental, social and economic viability of smallholder plantation forest investment. A 2010 Internal Assessments of Plantation Performance in the 4 provinces applied FSC criteria and confirmed

profitability of smallholder plantations and estimated 70% of project plantations certifiable with minor technical improvements.

**Component 3: Special Use Forests - Satisfactory**

Vietnam Conservation Fund provided 82 grants to 42 Special Use Forests in accordance with approved new mechanisms and by Dec 2011 of which 30 SUFs were considered to conform to the conservation management of an international standard in balancing biodiversity conservation with protection of livelihoods and food security of local communities. 40 biodiversity inventories, surveys and patrols, Conservation Needs Assessments and Social Screening Reports collected data that allowed Special Use Forests Management Boards to identify threats, priorities and endangered species and to incorporate these into Operational Management Plan planning and management in collaboration with local communities in Benefit Sharing Mechanisms.

4.3 Efficiency	Rating: <b>Moderately Satisfactory</b>
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Based on the evidence in the ICR and ICR review, this TER assesses the efficiency of the project to be ‘moderately satisfactory’. The project implementation was extended three times by a total of 4 years, from about 6 years to 10 years to a large extent due to the additional financing. As the ICR review (Pg 14) notes, the project management costs quadrupled, from \$4.86 million at appraisal (6.5%) to the actual cost of US\$19.42 million (21.5% of total project cost). The ICR review notes that this large increase in project management cost could not have been due to the additional financing, and the reason for it was not explained (ICR review Pg 14).

According to the calculations in the ICR, both the weighted average of financial rates of return and the economic rates of return for the plantation component of the project were favorable when compared to the estimates at appraisal. But the ICR did not prepare any sensitivity analysis nor did it adequately explain the basis for the estimates especially regarding the value of the land use rights certificate (LURC). There is thus uncertainty as to the actual level of efficiency of the plantation forests component which accounted for 58.2% of the total project cost (ICR review Pg 13). Similarly, the ICR states that the efficiency of the component on Special Use Forests (SUFs) improved over time but provides no evidence to allow for an assessment of improved efficiency. The ICR review notes, ‘it is difficult to assess whether the benefits justify a cost of US\$14.14 million for the component’. The ICR provided no quantitative evidence of real positive effects of improved planning and management of SUFs on biodiversity, although the management effectiveness of these SUFs improved, evident from the Management Effectiveness Tracking Tools (METT) scores (increased from 19 to 39%) calculated during the project, which can ultimately lead to improved biodiversity. There is also no evidence in the ICR on the efficiency of the institutional development component, the cost of which almost quadrupled, from US\$1.2 million at appraisal to \$4.14 million at completion (ICR review Pg 14).

4.4 Sustainability	Rating: <b>Moderately likely</b>
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The project was designed to provide policy, regulatory and institutional frameworks to support smallholder plantation forest development and set the foundation for doing so into the future. The commitment and interest of the government in maintaining the management effectiveness of the Special Use Forests (SUFs), availability of funds, and the market-based approach for plantations

established under the project with high technical standards, are the main factors that will help in ensuring the sustainability of the project. However, the ICR notes certain risks from pests, forest fires and typhoons due to which the sustainability is rated as moderately likely.

#### **Financial: Likely**

As per the ICR review, the plantations established under the project had high technical standards, which the smallholders are likely to maintain for high returns. The regional market demand for the timber from the plantations established under the project was also reported to be strong and expected to continue in the foreseeable future. As per the ICR, while the overall donor support for biodiversity in Vietnam was on the decline, the Vietnam Conservation Fund (VCFs) secured additional funding from donors for activities beyond the project and the Government was also committed to provide funding to keep the momentum of the VCF activities (ICR, pages 42 and 69). The ICR confirmed the availability of the VBSP revolving fund until 2036, which, when supported by on-going Land-use Rights Certificate (LURCs), provision of improved seedlings from certified nurseries and the provision of quality extension and technical advisory services, would ensure that smallholder forestry could be replicated or scaled-up into new provinces and expanded in existing provinces.

#### **Socio-political: Likely**

As per the ICR review, the Government of Vietnam placed strong emphasis on developing plantation forests so as to reduce its current heavy reliance on timber imports. On conservation of biodiversity in Special Use Forests (SUFs), both the ICR and the ICR review noted that the Government was committed to maintaining the management effectiveness of the project SUFs, suggesting good political support to the project.

#### **Institutional: Likely**

As per the ICR, the project helped improve the relevant technical and management capacity of the smallholder farmers to maintain high standard plantations. The regional market demand for the timber from the plantations established under the project was also reported to be strong and expected to remain the same in the foreseeable future. According to the ICR review, the Government was committed to expanding the adoption of key planning and management tools for Special Use Forests (SUFs) key policies of the sustainable funding channel - Vietnam Conservation Fund (VCF) established under this project, both of which were being incorporated into formal government policies and regulations pertinent to biodiversity conservation and management of SUFs.

#### **Environmental risk: Moderately Likely**

One of the factors that could affect future investment and returns was related to the risk of future forest fires, typhoons, and diseases and pests and that would require more management. Some risk management, particularly for forest fires, was already addressed through the project but the ICR review notes risks from pests, the mitigation for which was recommended to the Ministry of Agriculture and Rural Development (MARD). The project provided support for upgrading of access tracks, construction of fire towers, and introduction of community-based fire management approaches to mitigate the risks of forest fires (ICR, page 43, para 129), however the risk from pests/diseases and typhoons would need to be addressed in the future.

## 5. Processes and factors affecting attainment of project outcomes

5.1 Co-financing. To what extent was the reported co-financing essential to the achievement of GEF objectives? If there was a difference in the level of expected co-financing and actual co-financing, then what were the reasons for it? Did the extent of materialization of co-financing affect project's outcomes and/or sustainability? If so, in what ways and through what causal linkages?

According to the ICR review, the co-financing from Netherlands and Finland trust fund was disbursed to the extent of 88% and 78% respectively and the government counterpart funding was paid fully. The IDA credit (US\$39.50 million) was paid to the extent of 99%, with additional IDA grant (US\$30.00 million) that was disbursed to the extent of 91%. The ICR and ICR review, however, do not mention the extent to which the beneficiary contribution was met.

5.2 Project extensions and/or delays. If there were delays in project implementation and completion, then what were the reasons for it? Did the delay affect the project's outcomes and/or sustainability? If so, in what ways and through what causal linkages?

The project was approved on July 8, 2004 with a closing date of March 31, 2011. But the project faced initial delays due to delays in approval from the Government of Vietnam (GOV) and processing delays on key individual procurement packages such as critical Technical Assistance (TA) support and field vehicles. This start-up delay led to an extension until March 2013 and contributed to the low disbursement rate of the EC Grant Agreement. According to the TE, the lack of TA support contributed to implementation delays in all four components, constraining the initial control of technical quality and implementation. To allow sufficient time for implementation and institutionalization of plantation development and biodiversity conservation, IDA Credit was then extended to March 31, 2012 and the GEF Grant to March 30, 2013. An Additional Financing Agreement between Government of Vietnam (GOV) and International Development Agency (IDA), dated 15 June 2012, was approved for an additional 19 million SDR (about US\$30 million) with closing of the project extended to 31 March 2015.

5.3 Country ownership. Assess the extent to which country ownership has affected project outcomes and sustainability? Describe the ways in which it affected outcomes and sustainability, highlighting the causal links:

Overall, the project had good support from the government, except initial delays in approvals that impacted implementation during first two years. Support from the government was evident through their provision of qualified staff for project unit established within Ministry of Agriculture and Rural Development (MARD) and for processing of LURCs by the Ministry of Natural Resources and Environment (MONRE). Commitment from the government also led to the successful implementation of policy and institutional development through reviews of relevant policies, approval and implementation of relevant decrees, decisions, and regulations, such as those related to land allocation and land certificates, plantation certification, technical accreditation, and a series of plantation and conservation funding mechanisms and tools. However, progress under the project was also hampered due to the Government's slow approval of procurement at the start of the implementation which caused delays of the implementation for up to 2 years.

## 6. Assessment of project's Monitoring and Evaluation system

Ratings are assessed on a six-point scale: Highly Satisfactory=no shortcomings in this M&E component; Satisfactory=minor shortcomings in this M&E component; Moderately Satisfactory=moderate shortcomings in this M&E component; Moderately Unsatisfactory=significant shortcomings in this M&E component; Unsatisfactory=major shortcomings in this M&E component; Highly Unsatisfactory=there were no project M&E systems.

Please justify ratings in the space below each box.

<b>6.1 M&amp;E Design at entry</b>	Rating: <b>Moderately Unsatisfactory</b>
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Based on the evidence in the ICR, this TER assesses the M&E design at entry as 'moderately unsatisfactory'. Both the ICR and ICR review note certain issues with the M&E design at entry. The original Project Document (PD) included a log frame but it had some shortcomings as didn't include a results chain showing how inputs would be converted to outputs and outcomes. The results framework was revised during the additional financing. However, the formalization of the transition from the Log-Frame to a Results Framework and review of indicators was delayed until project restructuring in March 2011. After the revision, the data collection and analysis were based on methods embedded in the internationally accepted Forest Stewardship Council (FSC) certification for plantation forests and the WWF/World Bank Management Effectiveness Tracking Tool (METT) for Special Use Forests. However, as the ICR review notes, the results framework still had a relatively weak outcome indicator for conservation of biodiversity in special use forests. For example, the overall METT scores were not designed to measure conservation of biodiversity but rather to measure management effectiveness.

<b>6.2 M&amp;E Implementation</b>	Rating: <b>Moderately Satisfactory</b>
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Based on the evidence in the ICR and ICR review, this TER assesses the M&E design at entry as 'moderately satisfactory'. According to the ICR, the project followed computer-based M&E system, integrated from the grassroots to the central level that was introduced for the small plantation forests following the MTR in 2009. This system was effective in integrating data on a variety of outputs and outcomes from a large number of beneficiaries and project communities in six provinces. The system was designed to facilitate the consolidation and sharing of data among project management units at the different administrative levels. According to the ICR, The Mid-Term Review process also helped the project by strengthening its focus on plantation forests' compliance with standards, technical specifications, environmental guidelines and management plans, as well as its focus on commune-level planning, site selection and plantation design (ICR, para. 55). Field visits and regular supervision missions, physical verification of activities carried out by the Bank teams to verify progress, compliance with standards, and to provide feedback to the Government of Vietnam (GOV), partners and the Bank.

However, the Bank supervision in 2006 found several weaknesses in the original Project Design Summary/Log-Frame which led to its conversion into a results framework with a simplified indicator specification. But, as per the ICR review, this conversion was not made official until 2011 and the results framework still had significant shortcomings. For instance, it still didn't include indicators to measure the project's impact on rural poverty reduction and on biodiversity changes. Overall, as mentioned in



the ICR review, the project failed to collect evidence on the magnitude of the changes nor the extent to which these changes were attributable to the project.

## 7. Assessment of project implementation and execution

Quality of Implementation includes the quality of project design, as well as the quality of supervision and assistance provided by implementing agency(s) to execution agencies throughout project implementation. Quality of Execution covers the effectiveness of the executing agency(s) in performing its roles and responsibilities. In both instances, the focus is upon factors that are largely within the control of the respective implementing and executing agency(s). A six point rating scale is used (Highly Satisfactory to Highly Unsatisfactory), or Unable to Assess.

Please justify ratings in the space below each box.

<b>7.1 Quality of Project Implementation</b>	Rating: <b>Moderately Satisfactory</b>
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According to the evidence in the ICR and ICR review, the quality of project implementation is rated as 'moderately satisfactory'. The supervision missions conducted about 2-3 times a year were timely, involved extensive field visits, and focused on key issues. Supervision teams comprised the right mix of expertise and members from multiple relevant fields and were joined by donor representatives that guided the project from time to time. The quality of aide memoires, Mid Term Reports (MTRs), management letters and project reports were rated high with agreed actions described concisely and in a comprehensive manner. However, as the ICR review notes, it took a long time (eight years) to achieve a change in the Project Development Objective (PDO) and revisions to the results framework. Also, the revised results framework had a significant shortcoming in that it failed to provide for the measurement of the impact of improved Special Use Forests (SUF) management on biodiversity conservation.

<b>7.2 Quality of Project Execution</b>	Rating: <b>Moderately Satisfactory</b>
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According to the evidence in the ICR and ICR review, the quality of project execution is rated as 'moderately satisfactory'. The project was executed through a strong collaboration amongst relevant central government agencies that also demonstrated strong leadership and provided counterpart funding on time. According to the ICR, the government agencies also had a clear division of labor among themselves which contributed to the achievement of the financial and technical deliverables. The Project Steering Committee (PSC) was effective in providing guidance on policy, annual work plans, and high-level coordination with relevant agencies. The separate Management Committee for the Special Use Forests (SUFs) was also established that oversaw the policy, operations, and grand disbursement. The Central Project Coordination Unit (CPCU) housed within the Ministry of Agriculture and Rural Development (MARD) was staffed with qualified people who worked effectively with the provincial- and district-level project management units to carry out the implementation of the plantation forests component and related institutional development activities.

However, no consolidated evidence was collected on real conservation effects (ICR, Page 53) and the ICR made no reference to the performance of the executing agency in monitoring and evaluation of the project outcome. Also, the ICR noted the acts of fraud and corruption identified by the Bank's Integrity

Vice Presidency, which affected the procurement of two consultancy contracts (ICR, para. 79), due to which the performance of the executing agency is rated as moderately satisfactory.

## 8. Assessment of Project Impacts

***Note - In instances where information on any impact related topic is not provided in the terminal evaluations, the reviewer should indicate in the relevant sections below that this is indeed the case and identify the information gaps. When providing information on topics related to impact, please cite the page number of the terminal evaluation from where the information is sourced.***

8.1 Environmental Change. Describe the changes in environmental stress and environmental status that occurred by the end of the project. Include both quantitative and qualitative changes documented, sources of information for these changes, and how project activities contributed to or hindered these changes. Also include how contextual factors have contributed to or hindered these changes.

The project's target of 40 Special Use Forests (SUFs) identified during preparation were home to biodiversity of global importance. According to the ICR, the monitoring conducted through the project concluded that *30 SUFs covered under the project showed an increase in the indicator species, five had no changes, four showed both gains and losses of species; while only one showed an overall loss of species.* However, the Implementation Completion Review (ICR) review notes that although management effectiveness of Special Use Forests (SUFs) was overall improved, there is no evidence that the changes in the incidence of endangered species in the Special Use Forests (SUFs) can be directly attributed to the project.

8.2 Socioeconomic change. Describe any changes in human well-being (income, education, health, community relationships, etc.) that occurred by the end of the project. Include both quantitative and qualitative changes documented, sources of information for these changes, and how project activities contributed to or hindered these changes. Also include how contextual factors have contributed to or hindered these changes.

The ICR notes that the project demonstrated positive financial returns to smallholders and a significant contribution to general socio-economic development in all the 5 provinces. Some of the changes noted in the ICR are:

- 45,968 ha of new smallholder plantation forests produced minimum 8 million tonnes wood production after 5 years, improving the income of the households.
- Living standards of 24,049 households improved through access to Vietnam Bank for Social Policy (VBSP) low interest loans, plantation forest income (positive IRRs) and job opportunities.
- Jobs created for 24,049 households in manual and skilled labor for planning, nurseries, establishment, silviculture, maintenance, harvesting and trucking.

8.3 Capacity and governance changes. Describe notable changes in capacities and governance that can lead to large-scale action (both mass and legislative) bringing about positive environmental change. “Capacities” include awareness, knowledge, skills, infrastructure, and environmental monitoring systems, among others. “Governance” refers to decision-making processes, structures and systems, including access to and use of information, and thus would include laws, administrative bodies, trust-building and conflict resolution processes, information-sharing systems, etc. Indicate how project activities contributed to/ hindered these changes, as well as how contextual factors have influenced these changes.

a) Capacities

- Extension and training guidelines covering all aspects of plantation forest management developed and considered fundamental by smallholder investors.
- 559 Farm Forestry Groups (FFGs) formed and operational in Thua Thien Hue, Quang Nam, Quang Nai and Binh Dinh and extension services and technical assistance provided to all FFGs by year 2009
- 20,152 ethnic minority farmers participated in 140 Ethnic Minority Development Plans associated training courses (61% female, 39% male)

b) Governance

Vietnam Conservation Fund policy and technical advice, procedures and tools incorporated into formal Government policies, laws and regulations, including:

- Law on Biodiversity, effective July 2009.
- Decree 65/2010/ND-CP, Biodiversity Law, June 2010. Articles of relevance for SUF biodiversity conservation planning, zoning and monitoring reporting status of biodiversity;
- Decree 99/2010/ND-CP, 24 Sept 2010 on Payment for Forest Environmental Services Policy
- Decree 117 on SUF organization and management, effective 1st March, 2011
- MARD Circular 78, 11th November 2011 on the implementation of Decree 117;
- MARD Circular 80, 23rd November 2011, Guidance on Payment for Forest Environmental Services;
- Decision 126, February 2012 on Benefit Sharing Mechanisms;
- MONRE Circular 22, 2012, Criteria to Identify Intrusive Exotic Species and a list of Intrusive Species;

8.4 Unintended impacts. Describe any impacts not targeted by the project, whether positive or negative, affecting either ecological or social aspects. Indicate the factors that contributed to these unintended impacts occurring.

None.

8.5 Adoption of GEF initiatives at scale. Identify any initiatives (e.g. technologies, approaches, financing instruments, implementing bodies, legal frameworks, information systems) that have been mainstreamed, replicated and/or scaled up by government and other stakeholders by project end. Include the extent to which this broader adoption has taken place, e.g. if plans and resources have been established but no actual adoption has taken place, or if market change and large-scale environmental benefits have begun to occur. Indicate how project activities and other contextual factors contributed to these taking place. If broader adoption has not taken place as expected, indicate which factors (both project-related and contextual) have hindered this from happening.

As per the ICR and ICR review, the plantation forests component had some good demonstration effects among some smallholders outside the project areas, who borrowed from outside the project to replicate the project activities by investing in plantation forest development using the same approach, design and standards as adopted in the project. The plantation forests component also demonstrated to communities and local authorities that investment in smallholder plantation forests can catalyze wider rural development by creating new business opportunities. For example, the project stimulated the development of small businesses in bee keeping in places close to acacia plantations and near good roads and tracks, as well as in nursery development, site preparation, planting, thinning, harvesting, trading, and transport and processing of increased volumes of wood.

## 9. Lessons and recommendations

9.1 Briefly describe the key lessons, good practices, or approaches mentioned in the terminal evaluation report that could have application for other GEF projects.

### General

1. *Integrated, inter-sectoral, participatory approaches can restore degraded forest landscapes and create a mosaic of productive land-uses that can sustain livelihoods.* Ministry of Agriculture and Rural Development (MARD) provided the support through policy, planning, technical and extension services and access to markets; Ministry of Natural Resources and Environment (MONRE), the survey and Land-use Rights Certificate (LURCs); Vietnam Bank of Social Policy (VBSP), the low interest credits – all pillars for successful smallholder plantation forest investment that transformed barren hills into restored productive landscapes and sustained household livelihoods. A lack of coordination between Government of Vietnam (GOV) institutions had prior impaired investment, restoration and livelihoods activities.
2. *Balancing forest conservation goals with meeting the livelihoods needs of local communities can strengthen environmental, social and economic sustainability.* Conservation Needs Assessment (CAN) methods and participatory approaches to Social Screening Report (SSRs), Operational Management Plans (OMPs), Benefit Sharing Mechanisms (BSMs) and Management Effectiveness Tracking Tool (METT) provided a platform to balance biodiversity conservation with livelihoods for forest dependent communities.

## Project Level

1. *The issuance of rights and benefits to households and communities need to be done in an agreed, transparent and a participatory manner.* The project established formal, transparent and participatory approaches for issuance of rights and benefits to smallholder plantation forest households and communities within SUF environs.
2. *The project provided valuable models for engaging with poor members of rural communities and ethnic minorities in forestry and alternative livelihoods activities.* The project targeted poor farmers and ethnic minorities in smallholder plantation forestry and Special Use Forest (SUF) management. These groups had faced poverty and food insecurity and had been the most forest dependent for wood, fuel and food. By engaging these groups in Ethnic Minority Development Plans (EMDPs) and Benefit Sharing Mechanism (BSMs) they became investors and partners in project activities and the benefits that accrued.
3. *Vietnam Bank for Social Policy (VBSP) low interest loans provided a catalytic funding mechanism to change smallholder attitudes towards plantation forest investment.*
4. *The Forest Stewardship Council (FSC) pilot demonstrated that smallholder group certification was achievable and beneficial.*
5. *Management of Risks that threaten future smallholder plantation forest investment confidence and returns are an integral aspect of plantation forest management.*

9.2 Briefly describe the recommendations given in the terminal evaluation.

1. *Harmony in Objectives:* The project was considered successful due to the harmony between the goals of the Vietnamese Government, the beneficiaries and the World Bank (WB).
2. *Scientific and Effective Design:* The organization of the project was designed in a scientific manner and adopted as an effective organizational mechanism from central to provincial to district to commune to smallholder levels.
3. *Appropriate Policies and Mechanisms:* Policies supporting participating households affirming their land-use rights and access to low interest loans from Vietnam Bank for Social Policy (VBSP) provided the security for long term investment in plantation forests to achieve good financial benefits by complying with plantation techniques and market signals on species, management and rotation choices.
4. *Active Participation and Self-Reliance of Smallholders:* The project promoted the initiative, creativity and self-reliance of smallholders by encouraging voluntary participation in smallholder plantation forest development and the economic benefits. The Forest Sector Development Project (FSDP) demonstrated longer rotation pilots that resulted in more smallholders adopting this approach to achieve higher benefits from longer rotation plantations.
5. *Role of Monitoring and Evaluation:* Formulation of M&E is an integral part of project management, feed-back and decision-making process to help project management and funding agency to measure the technical, operational and financial delivery performance (quantity and quality) to guide the project to achieve the desired impacts, outcomes and target indicators in an effective and efficient manner. The preparation of a M&E Handbook provided the basis for project staff at all levels to perform M&E tasks.

## 10. Quality of the Terminal Evaluation Report

A six-point rating scale is used for each sub-criteria and overall rating of the terminal evaluation report (Highly Satisfactory to Highly Unsatisfactory)

Criteria	GEF IEO comments	Rating
To what extent does the report contain an assessment of relevant outcomes and impacts of the project and the achievement of the objectives?	The report included a complete assessment but information on the impact of some of the aspects was missing, probably because the project didn't collect evidence on the impact indicators. For instance, the ICR review also notes that while the management effectiveness of the Special Use Forests (SUFs) supported through the project improved, there is no information on whether it improved the 'biodiversity conservation' in these forest.	MS
To what extent is the report internally consistent, the evidence presented complete and convincing, and ratings well substantiated?	The report was internally consistent, and evidence provided was complete and convincing.	S
To what extent does the report properly assess project sustainability and/or project exit strategy?	The report assessed the sustainability aspect in a satisfactory manner.	S
To what extent are the lessons learned supported by the evidence presented and are they comprehensive?	Lessons were supported by the evidence presented in the main body of the report	S
Does the report include the actual project costs (total and per activity) and actual co-financing used?	Report includes information on all components of the cost, except on the beneficiary contribution.	MS
Assess the quality of the report's evaluation of project M&E systems:	The report makes an assessment of the project M&E systems, but it didn't provide any ratings. ICR review was a better source for getting evidence on the assessment of the M&E systems.	MS
<b>Overall TE Rating</b>		<b>S</b>

## 11. Note any additional sources of information used in the preparation of the terminal evaluation report (excluding PIRs, TEs, and PADs).

*Project Documents*

*Implementation Completion Report (ICR)*

*Implementation Completion Report Review (ICR) review*