



## 1. Project Data

**Operation ID**

P155824

**Operation Name**

Climate Change and Green Growth in VN

**Country**

Vietnam

**Practice Area(Lead)**

Environment, Natural Resources &amp; the Blue Economy

**L/C/TF Number(s)**

IDA-58760

**Closing Date (Original)**

30-Jun-2017

**Total Financing (USD)**

87,600,444.34

**Bank Approval Date**

24-Jun-2016

**Closing Date (Actual)**

30-Jun-2017

**IBRD/IDA (USD)**
**Co-financing (USD)**

Original Commitment

90,000,000.00

0.00

Revised Commitment

90,000,000.00

0.00

Actual

87,600,444.34

0.00

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## 2. Project Objectives and Policy Areas

### a. Objectives

The Development Policy Objectives as stated in the Program Document (Page 8) and the Financing Agreement (Schedule 1, pages 5 – 6):

1. Improving inter-sectoral coastal planning and public investment finance programming across key sectors in support of climate change and green growth action.
2. developing and safeguarding selected natural resources services; and
3. promoting selected cleaner production systems.



## **b. Pillars/Policy Areas**

This Development Policy Lending (DPL) operation was designed as the first operation in a programmatic series of three operations. At the time of the closing date of this operation, the second operation was under preparation. However, due to the delay in government approval of the second operation in the face of fiscal constraints, the original series was discontinued, and this operation was processed as a single operation. This operation pursued reforms under three pillars, which are the DPL operations specific objectives indicated above. The prior actions are shown below under their specific policy pillars.

**Pillar 1. Improving inter-sectoral coastal planning and public investment finance programming across selected key sectors in support of climate change and green growth action.** This pillar aimed at supporting the government's efforts to improve inter-sectoral planning and raising financing for Integrated Coastal Zone Management (ICZM) (The ICZM approach is based on the notion that management of natural resources besides yielding positive environmental benefits, also provide resilience to agriculture, forestry and broader economic activities like tourism, that depend on healthy coastal ecosystems). There were two prior actions in this area. First, the government develops and adopts the National Action Plan for ICZM and sets priorities for ICZM and second, the government specifies actions on Climate Change (CC) and Green House Gas (GHG) emissions issues as priorities under the Socio-Economic Development Plan for 2016-2020.

**Pillar 2. Developing and safeguarding selected natural resources services.** This pillar aimed at providing an enabling environment for integrating CC and green growth policies in management of natural resources (water and forests). There were two prior actions in this area: First, the government develops and adopts policy guidelines for one: establishing and managing water source protection corridors, and two, developing coastal forests and adopting guidelines for provincial forest carbon action plans.

**Pillar 3. Promoting selected cleaner production systems.** This pillar aimed at moving towards cleaner production systems through integrating CC and green growth policies in the transport and residential appliances sectors. The prior actions in this area aimed at government adopting policies for: one, managing air quality for green growth. Two, regulating vehicle emission and fuel quality standards for vehicles. Three, new energy efficiency labelling standards for non-ducted air conditioners used in household or commercial settings not connected to central heating or cooling. And four, the government adopts standardized Power Purchase Agreements for biomass power and waste-to-energy power generation projects.

## **c. Comments on Program Cost, Financing, and Dates**

**Financing.** The operation was financed by an IDA credit of US\$90.0 million. The amount disbursed US\$87.60 million. There was parallel financing for CC policy lending operations from the Japan International Cooperation Agency (JICA) and the Agence Francaise de Development (AFD).

**Dates.** The operation was approved on June 24, 2016 and closed as scheduled on June 30, 2017.



### 3. Relevance of Objectives & Design

#### a. Relevance of Objectives

**Country Context.** The program objectives were relevant to country conditions at appraisal and at completion. Strong economic growth enabled Vietnam to become a middle-income country (with a per capita gross national income of US\$1,980 in 2015), and less than three percent of the population classified as poor in 2016 (as compared to 50% in 1993), in the years before appraisal. Despite this, significant pockets of poverty remained, especially in the vulnerable coastal areas and the Mekong River and Red River deltas, where the population was exposed to adverse climate change impacts. Also, Vietnam's GHG emissions were disproportionately high relative to its size (with GHG emissions nearly quadrupling between 2000 and 2010 and carbon intensity of Gross Domestic Product increasing by 47%), making Vietnam the 13th most carbon intensive economy in the world). The operation's objectives were important to the government strategy, as discussed below.

**Government strategy.** At appraisal, the PDOs were relevant to the priorities identified in the National Climate Change Strategy and the Vietnam Green Growth Strategy. The PDOs were relevant to the 2016-2020 Socio-Economic Development Plan and the government Support Program to Respond to Climate Change, issued in 2015. While the development plan underscored the need for accelerating reforms for strengthening resilience to CC and promoting green growth development path, the support program emphasized supporting policy reforms, mobilizing resources and strengthening capacity for addressing CC and green growth issues.

**Relevance to Bank Strategies.** The program objectives were highly relevant to the Bank strategy. At appraisal, the second pillar of the Country Partnership Strategy (CPS) for 2012-2016, explicitly highlighted the need for sustainable growth through CC adaptation and mitigation and disaster risk management (CPS, page 17). The third focus area of the Country Partnership Framework for 2018-2019 highlighted the need for ensuring environmental sustainability and resilience.

This operation built upon an earlier bank financed climate change DPL series. The policy areas in this operation were not the same as the policy areas supported under the earlier series but focused on where the reforms needed to be extended. While the earlier series focused on disaster risk management, this operation emphasized resiliency of coastal areas. While the earlier series focused on integrated management of water resources, this series focused specifically on protecting water resources and irrigation efficiency. Advisory services under the current DPL shifted to a wider set of regulatory activities aimed at energy efficiency, renewable energy investments and air quality management.

**Rating**  
High



## **b. Relevance of Design**

Vietnam's macroeconomic framework when this DPL operation was prepared, was generally satisfactory. Economic growth exceeded six percent since 2014. Inflation was moderate and exports had expanded rapidly (on average by 21 percent between 2010 and 2014). However, large fiscal deficits (5.5% in 2015) in the years before appraisal, had eroded fiscal buffers and increased the debt service burden. Public debt was expected to peak at 64 per cent of the Gross Domestic Product (GDP) in 2018 and gradually decline thereafter. There was no International Monetary Fund (IMF) program in place when this DPL became effective (Program Document, paragraph 30).

There is a logical causal relationship between the prior actions (discussed in section 2b) and intended objectives. Identifying the cross-sectoral constraints in the low-lying coastal areas and mobilizing resources for public investments were relevant for advancing the government's CC and green growth (GG) agenda. Integrating CC and GG considerations in the water and forest sectors were relevant for safeguarding natural resources. Reforms in the transport and residential appliances sectors, were likely to contribute to cleaner production systems.

However, the overall design which included policy reforms in diverse areas (managing water source protection corridors, developing coastal forests, emissions reduction in the transport sector, reduction in industrial energy use and increase in installed capacity for renewable energy generation), was overly ambitious in terms of the time frame, given that implementation of these activities typically takes several years. This was particularly so, given that the originally envisioned three-part series was discontinued, and the operation was compressed as a single operation. Given these moderate shortcomings, the relevance of design is rated as substantial.

**Rating**  
Substantial

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

### **Objective 1** **Objective**

Improving inter-sectoral coastal planning and public investment finance programming across selected key sectors in support of climate change and green growth action.

### **Rationale**

The policy reforms in this area aimed at identifying and addressing cross-sectoral obstacles across the long low-lying coast of Vietnam in the face of CC impacts and taking actions for inter-sectoral mobilization of resources for reducing GHG emissions. There were two policy areas.



**One. Enabling area-based adaptation and resilience in coastal areas.** As a prior action, the Ministry of Natural Resources and Management (MORE) developed and adopted the National Coastal Zone Action Master Plan and set priorities for ICZM. The plan emphasized linkages to sectoral and sub-national planning. The MORE also formalized procedures (such as, establishing the steering Committee for ICZM oversight, developing zoning plans for exploiting coastal resources, piloting co-management of fishery resources and marine and biodiversity monitoring), for guiding the provinces in preparing their ICZM plans. This prior action was expected to increase the adoption of ICZM plans by the provinces.

**Outcomes.** None of the coastal provinces adopted provincial ICZM programs when the DPL operation closed (target five provinces), due to delays in adopting the national Master Plan on Sustainable Exploitation and Use of Marine Resources. This Master Plan was expected to be finalized in 2021. While there was progress on provincial ICZM planning and implementation of actions under the ICZM programs, the formalization of those programs was delayed due to a procedural change on the part of government (i.e. to develop and adopt the national masterplan), before formal adoption of the provincial ICZM programs. This meant that while 24 out of 28 coastal provinces have issued and implemented strategies, plans, or projects related to ICZM, 5 provinces developed or are in the process of developing their coastal inventories to inform the development of their ICZM programs, 9 provinces developed local data management systems on ICZM linking with the national data management system and 19 provinces established or are in the process of setting up coastal setback lines, the lack of formalization of the Master Plan means the impact of these initiatives remains uncertain and the reform falls short of what was intended.

**Two. Improving mobilization of resources for climate change and green growth.** As a prior action, the government issued the Decision(Number 40). This decision specified the principles, criteria and norms for allocating state budget funds for 2016-2020, and established CC and GG as priorities in the Socio-Economic Development Plan 2016-2020. This prior action was expected to lead to: (i) increase in the number of provinces and priority sectors with CC and GG programs: (ii) percentage increase in the number of projects with CC and GG policy objectives in provinces and sectors.

**Outcomes.** There were two outcome targets.

- As of April 2019, the Ministry of Planning and Investment (MPI) identified CC and green growth investment programs in 18 provinces, exceeding the target of eight provinces. However, investment programs were not identified in any priority sectors (as compared to the target of three). The balance of results between provinces and sectors were not as originally anticipated given a change in the government priorities with respect to roll-out of the methodology, and there was an intention to address this disconnect had DPF-2 gone ahead. But given the importance of the outcome focus of the original indicator and the shortfall, there are clear shortcomings against the intended achievement.
- While the amount of financing for climate change and green growth in the 18 provinces described above did grow in absolute terms, in percentage terms the number of CC and GG projects in provinces decreased by 10% between 2015 and 2017 (against a target of 15% increase). The focus of this policy track was “Mobilization of Resources for Climate Change and Green Growth”. That was achieved as evidenced by a 20% increase in the volume of financing. So while the volume of financing may well be a more meaningful metric than the number of projects financed, making the metrics work for what was achieved is not helpful to what was intended with the original investment. Shifting the priority from breadth



to depth does change the nature of assessment. In this instance, achievement against the indicator fell short.

On balance, while there was an increase in the value of investment in the provinces, no provincial ICZM programs were adopted due to the delays in the Master Plan and progress against the designated sectoral targets was not met. On this basis, the achievement of this objective is rated as modest.

**Rating**  
Modest

## **Objective 2**

### **Objective**

Develop and safeguard selected natural resources services.

#### **Rationale**

The policy reforms in this area aimed at providing an enabling environment for safeguarding natural resources: (i) through establishing protection corridors for water sources; and (ii) developing coastal forests.

**i) Safeguarding natural resources in the water sector.** As a prior action, the Ministry of Natural Resources and Management adopted Decree Number 43, for regulating water resources through establishing water protection corridors. As per the decree, provinces were required to provide detailed descriptions of the protection sites (including the length of the corridor) and specify the implementing responsibilities of provincial departments, districts and communes.

#### **Outputs.**

- Twenty provinces established water protection corridors delineated on maps, and with an action plan to address threats to the integrity of the corridors. The decision clarified the protection purposes of the corridors (protecting the resources from pollution as they are used for domestic water supply and protecting the river embankments from erosion or land encroachment).
- 23 provinces issued local policies to encourage advanced irrigation.
- The Master Plan on Irrigation to 2020 was revised to cover the period up to 2030.

#### **Outcomes.**

As indicated above, twenty provinces established water protection corridors, exceeding the target of six. This PDO indicator was however not appropriate to measure outcome-level achievements, as the indicator was limited to either establishing the protection corridors and preparing action plans and did not call for either their implementation or enforcement. Having said that, there was an effort to transform the plans into action, so while only 320,000 hectares of farms utilized advanced and efficient irrigation practices for selected crops (below the target of 400,000 hectares), there was progress against the policy and how it was applied.



The implementation aspect was intended to be captured in the stipulation on the preparation of action plans. These were not generic plans, but rather specific inventories of encroachments within the newly established buffers and actions to be taken to address them. Particularly in the Vietnamese context, where there is a high degree of confidence that these plans would be implemented, they were considered evidence that the corridors were not just being gazetted, but that practical steps were being taken to implement protection. The corridors and action plans are in fact being enforced and implemented. For instance:

- HCM City has taken actions to implement the Decree 43 regulating the establishment of river protection corridor. The City Authority assigned the responsibility to different technical departments to develop action plan to ensure the establishment and implementation with regard to river protection corridors, including DONRE to establish the physical demarcation for water sources and waterways; DOC to issue permit for construction of river embankments in urban areas and infrastructure on the river protection corridors, to investigate, monitor and handle illegal encroachment and construction of infrastructure without permit on the corridors; district and communal authority to perform the management of the river protection corridors, communicate to the people living in the areas on the requirements in management and use of the river protection corridors and relocate people out of the highly potential erosion areas. It was reported by the City authority that most of the illegal encroachment in 2018 were handled and enforced. New encroachments have been more effectively handled/ enforced than the illegal encroachments or construction made well before the river protection corridor establishment regulation. At the end of 2019, HCMC authority announced that they will carry out the investigation of more than 100 construction projects along the Saigon river to identify illegal encroachments and constructions to the protection corridor. A number of construction projects were named for their illegal encroachments and requested to stop.

In addition, a number of projects were enforced to stop because of their violation to the Decree 43:

- Urban development and landscape improvement project along Dong Nai river (at the section through Bien Hoa City)
- Infrastructure for tourism development project in Cai Be District, Tien Giang province: the embankment of Tien river (a tributary river of Mekong river at the section through Cai Be town)
- Pig farm project at Tuc Hung commune in Dong Nai province violating the protection corridor of Tri An reservoir.

**ii) Safeguarding natural resources in the forest sector.** As prior actions, the Ministry of Agriculture and Rural Development adopted a decree, governing management, protection, restoration and development of coastal forests, to address CC considerations and developed a plan for preparing forest carbon plans.

- 14,100 ha of new coastal forests were planted. This represented 45% of the target.
- The government established the Target Program on Sustainable Forestry Development, with a budget of about VND 59,599 billion.
- 200 households applied nature-based shrimp aquaculture in the mangrove forests in Tra Vinh province.
- A benefit sharing plan for the Emission Reduction Payment Agreement (ERPA) was developed in six provinces.

## **Outcomes.**





- By the end of 2018, an additional 14,100 hectares of coastal forests were planted, representing a 4.5% increase, as compared to the baseline of 310,695 hectares. The realized figure however represented less than half of the expected target of a 10% increase.
- There was no data available at the time of the ICR regarding the indicator on percentage reduction of the annual rate of net emissions in the selected provinces when the operation closed.
- Based on additional data from the project team, during 2019, Vietnam planted an additional 3,290 hectares of coastal forest (data provided to us today by MARD). Compared with the target set at appraisal of DPF1, by end of 2019 the achievement is 5.6%. However, the Government has reviewed the coastal forest plantation program since DPF-1 preparation and adjusted its target to a total of additional 21,600 hectares by 2020. With the total achievement of an additional 17,390 hectares by end of 2019, the Gov is on track to achieve its updated target. These figures are in line with government targets.

Thus, while there were evident shortcomings, there is sufficient evidence to justify an overall Substantial rating.

**Rating**  
Substantial

### **Objective 3**

#### **Objective**

Promoting selected cleaner production systems.

#### **Rationale**

The policy reforms in this area aimed at supporting the government's efforts to shift to cleaner production systems in the transport and energy sectors.

**One. Engaging in Air Quality Management (AQM) with an initial focus on planning, inventory, industrial permitting and cleaner transport.** As prior actions, the Pollution Control Department in the Ministry of Natural Resources and Environment (MONROE) finalized regulations on AQM and adopted regulations on exhaust gas emissions from vehicles (cars, buses and trucks).

#### **Outputs.**

- Five provinces adopted AQM plans, exceeding the target of three. The plans required the industries to invest and install equipment to ensure that there was no emission of air pollutants to the environment.
- The emissions registry was not established as targeted, due to the delay in the issuance of the enabling policy (Decree 40 was only issued on May 2019).
- Emissions standards for all new (imported or manufactured) cars went into effect on January 1, 2017.

#### **Outcomes.**





- The ICR (page xiv) noted that, none of the provincial AQM plans described above, were compliant with MONROE guidelines when the operation closed, due to the delay in the issuance of the circular on the content of AQM plans.
- None of the enterprises in the six sectors/industries reported to the emissions registry as envisioned.
- According to the Ministry of Transport, based on data from national vehicle registry, Nitrogen Dioxide and Nitric Oxide (NOx) emissions from light-duty road transport reduced by 7.49% in the target year. This exceeded the set target of 6.85%.

**Two. Engaging in Low Green House Gas (GHG) Emissions Energy Production.** There were two prior actions. First, the government developed and adopted new energy efficiency labelling standards for non-ducted air conditioners and second, the government adopted procedures for standardized Power Purchase Agreement for biomass and waste-to-energy projects.

#### **Outputs.**

- The investments on increasing grid-connected non-hydro renewable energy were implemented as targeted.
- The new policy on energy efficiency labeling standards for non-ducted air conditioners was adopted.
- The policies on industrial energy efficiency in the steel, pulp and paper, plastics and beverage industries were adopted in 2016 and 2017.

#### **Outcomes.**

- There was no data available at the time of the ICR regarding the percentage energy saved in selected end-use sectors as compared with the business-as-usual (BAU) case. The ICR notes that this data was to be collected through a survey by the Ministry of Industry and Trade in 2020. Although quantitative surveys were delayed until 2021 (another change in government plans that happened after the approval of DPF-1, for which there was no opportunity to make a later adjustment), MARD's reports show that protection and enrichment planting activities are being carried out.
- There was a 905% (2,714.8 MW) increase in installed capacity of grid-connected non-hydro renewable energy (mostly coming from solar energy). This vastly exceeded the target of 250% (960 MW) increase.
- 24.9 million tons of Carbon Dioxide (CO<sub>2</sub>) equivalent (cumulative) emissions were expected to be reduced by 2030, as compared to the baseline emissions pathway in Vietnam's Nationally Determined Contribution. The target for the indicator was not set by program closure, even though the target was originally planned to be finalized by the end of 2016. The amount of the baseline emissions pathway was not provided.

On balance, notwithstanding the delays in implementing the AQM plans and establishing the Emission Registry due to the delays in legislation process, this Program directly contributed to GHG emission reductions, especially the CO<sub>2</sub> equivalent emission reductions, by supporting the establishment of the new



policy framework and increasing the installed capacity of grid-connected non-hydro renewable energy. On this basis, the achievement of the objective is rated substantial.

**Rating**  
Substantial

## 5. Outcome

The relevance of objectives is High and that of design substantial. Overall efficacy of the PDO is substantial, with the efficacy of two sub-PDOs rated substantial and the efficacy of one sub-PDO rated modest, in view of the limited achievements. The achievement of overall development outcome is therefore rated moderately satisfactory.

### a. Outcome Rating

Moderately Satisfactory

## 6. Rationale for Risk to Development Outcome Rating

**Government Commitment.** The risk to development outcome due to lack of government commitment is modest, given that many of the reforms were approved by the Prime Minister and that concerted action on policy reforms was taken by the respective ministries (with some exceptions, such as policy reforms pertaining to Air Quality Management).

**Institutional risk.** The ICR (paragraph 54) notes that in areas where tangible outcomes were realized from the adopted policy reforms (such as adoption of technologies for efficient use of water in irrigation or energy), policy reversals are unlikely, given that adoption is self-financing. Likewise, backtracking on reforms associated with power purchase agreements is not likely given that these agreements have already been locked in. However, there is risk to the investments in forest restoration as these investments are predicated on there being an international market for forest carbon in the coming years.

### a. Risk to Development Outcome Rating

Modest

## 7. Assessment of Bank Performance



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

This operation built upon the experiences from an earlier Bank-financed climate change DPO series. Lessons incorporated at design included: (1) Given the incremental steps needed for effecting policy reforms, the operation envisioned sustained programmatic and multisectoral engagement on climate: (2) Cross-sectoral platform to capture synergies between the efforts of separate ministries: and (3) high-level engagement supported by targeted technical assistance. The operation was prepared in coordination with other donors lending to complementing activities (Japan International Cooperation Agency and the Agence Francaise de Development). The implementation arrangements were appropriate, with the Program Coordination Unit located in the Ministry of Natural Resources and Environment – the main agency responsible for coordination, monitoring and reporting functions. Several risks were identified at appraisal, including substantial political risks and implementation risks, given the multi-sectoral nature of the CC and green growth program. Mitigation measures incorporated at design, included extensive technical assistance to address the risks associated with the complexity of the policy agenda and limited implementation capacity. The arrangements made at appraisal for addressing possible environmental impacts and fiduciary compliance were appropriate (discussed in section 10). There were minor shortcomings in quality at entry. As indicated in section 3b, the operation was overly ambitious in terms of the operation's timelines.

### **Quality-at-Entry Rating**

Satisfactory

## **b. Quality of supervision**

Many analytical products and tools were developed to inform upstream government policy during implementation (ICR, paragraph 59). The co-task team leader for this operation was based in the Bank's Vietnam Office and this aided in communication and coordination between the Bank, the government and other development partners. The support provided by the team aided in realizing the limited objectives of this operation, given that only one of an expected series of three operations was processed and the targets were being evaluated ahead of schedule.

The supervision team could have provided more institutional support for monitoring, following the withdrawal of assistance from the Japan International Cooperation Agency.

### **Quality of Supervision Rating**

Satisfactory

### **Overall Bank Performance Rating**

Satisfactory

## **8. Assessment of Borrower Performance**



## **a. Government Performance**

There was a high level of Government engagement with the program (with the Prime Minister publicly affirming CC as a top priority and annually endorsing the policy matrix of the Government's Support Program to Respond to Climate Change (SP-RCC). The ICR (paragraph 62) notes that the Government showed strong leadership on the development of the reforms/policy actions through consultations with both the public (ministries and provinces) and private stakeholders (civil society organizations, research institutions, academia and the press). The Government demonstrated sustained commitment and ownership to achieving the policy actions of the series, even in the face of reduced policy lending and uncertainty over processing of further operations beyond this operation.

On the other hand, the ICR (paragraph 66) notes that the endorsements by the Prime Minister and oversight by the National Climate Change Committee were narrowly focused on the lists of revised policy instruments, rather than on the key principles and outcomes of the needed climate reforms and that internal accountability was focused more on policy outputs rather than impact.

### **Government Performance Rating**

Moderately Satisfactory

## **b. Implementing Agency Performance**

The government ministries implemented the program. There is no separate assessment of implementing agency performance.

### **Implementing Agency Performance Rating**

Not Rated

### **Overall Borrower Performance Rating**

Moderately Satisfactory

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

### **a. M&E Design**

The results framework adopted by all development partners and by the Government for the Support Program to Respond to Climate Change (SP-RCC), was used for this operation. Given that most of the areas were complex as evidenced in other countries around the world and that it would require long term efforts to show significant results on the ground, the results framework appropriately included a mix of strategic processes and outcome-oriented indicators. The government's existing monitoring and reporting systems were to be used for monitoring indicators, such as the establishment of provincial ICZMs and water source protection



corridors, increase in the farms utilizing advanced irrigation practices and increase in the number of cities with Air Quality Management plans.

There were some issues with M&E design. The key outcome indicator pertaining to safeguarding natural resources in the water sector were inappropriate, as the indicator only called for establishment of water source protection corridors with action plans and not for outcomes from implementation of the action plans. There was no results indicator for energy efficiency standards for household appliances due to data constraints.

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

The Ministry of Natural Resources and Environment established a full time Project Coordination Unit (PCU) for conducting monitoring and supervision. The PCU also assisted the line ministries in synthesizing and reporting results on results of implementation. During implementation, monitoring was undermined by the limited full-time staff at the PCU. This was particularly so given the data had to be collected from several line ministries.

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

The limitations of M&E design precluded monitoring of some operational activities.

### **M&E Quality Rating**

Modest

## **10. Other Issues**

### **a. Environmental and Social Effects**

According to the Program Document (PD, paragraph 110), the Bank conducted an environmental analysis to evaluate the effects of supported policy reforms on Vietnam's environment, forests and other natural resources. The analysis concluded that most prior actions were either likely to have positive environmental outcomes and that the potential adverse effects could be managed by the existing environmental policies and management systems of Vietnam. The series did not trigger any safeguard policies, and the ICR does not report on any environmental impact.

### **b. Fiduciary Compliance**



A public Financial Management Assessment conducted at appraisal, concluded that the financial management environment of Vietnam was deemed to be satisfactory (PD, paragraph 115). The ICR does not report any financial compliance issues.

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

Not applicable.

**d. Other**

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## 11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	---
Risk to Development Outcome	Modest	Modest	---
Bank Performance	Satisfactory	Satisfactory	---
Borrower Performance	Satisfactory	Moderately Satisfactory	There were moderate shortcomings in Government performance.
Quality of ICR		Substantial	---

### Note

When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.

The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

## 12. Lessons

IEG concurred with the ICR Team on the lessons derived from the program with some additional points.

**1. Strong engagement at the sector level is essential to address climate change and green growth, as they can critically affect program outcomes.** The government's change in strategy to prioritize the provinces over the sectors (i.e. ministries) for the envisaged expenditure reviews under this Program resulted in the modest achievements on the sector-level targets. Considering that the need for intersectoral coordination to address climate change had been pointed out since the preceding DPF series, it would be essential to strengthen sector-level engagement and coordination.



**2 . Strengthening high-level engagement with the focus on outcomes and impacts of the policies would enhance the efficacy of the program.** PDO indicators should be directly relevant to measuring outcomes that are attributable to project interventions and need to be monitored accurately to generate adequate and robust evidence on efficacy. Focusing only on the delivery of tangible outputs would lower the level of achievements of development outcomes.

**3 . Good practice on coordination among development partners is required to realize the benefit of their joint inputs.** Parallel financing and joint support missions by the Japan International Cooperation Agency, the Agence Francaise de Development and the World Bank complemented each other and provided integrated support to NDC implementation. However, the institutional capacity risk that was identified at appraisal was not adequately mitigated. The weakened engagement of stakeholders after the discontinuation of the direct technical assistance to the PCU negatively affected the achievements of the outcomes.

### 13. Assessment Recommended?

No

### 14. Comments on Quality of ICR

The ICR was concise and candid in presenting the DPF's achievements. The ICR appropriately discussed parallel contributions from the Development Partners other than the Bank to the PDOs in the Efficacy section. The ICR draws relevant lessons from the experience of implementing this operation. Moreover, the ICR made a substantial effort to support the efficacy of the project by providing evidence that was not collected by the PDO indicators (ICR, para 43, para 47).

On the other hand, the ICR is excessively long, (at 36 pages, it is more than twice the recommended length of 15 pages) and would have benefitted with better editing.

#### a. Quality of ICR Rating

Substantial