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Report No: -----

PROJECT PAPER
ON A
PROPOSED ADDITIONAL GRANT
IN THE AMOUNT OF US\$6.5 MILLION
FROM THE GLOBAL ENVIRONMENT FACILITY TRUST FUND
TO THE
SOCIALIST REPUBLIC OF VIETNAM
FOR
COASTAL RESOURCES FOR SUSTAINABLE DEVELOPMENT

February 5, 2013

Vietnam Sustainable Development Unit
Sustainable Development Department
East Asia and Pacific Region

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CURRENCY EQUIVALENTS
(Exchange Rate Effective as of 2013)

Currency Unit = VND Vietnamese Dong
..... = US\$1
US\$..... = SDR1

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
CRSD	Coastal Resources for Sustainable Development
DA	Designated Account
DIME	Development Impact Evaluation Initiative
FAO	Food and Agriculture Organization
GAP	Good Aquaculture Practice
GEF	Global Environment Facility
GEFSEC	GEF Secretariat
GOV	Government of Vietnam
IDA	International Development Association
ISR	Implementation Status Report
KM	Knowledge Management
MARD	Ministry of Agriculture and Rural Development
MSP	Medium Size Proposal
MTR	Mid-Term Review
ORAF	Operational Risk Assessment Framework
PAD	Project Appraisal Document
PCU	Project Central Unit
PEMSEA	Partnership on Environmental Management for the Seas of East Asia
PFD	Program Framework Document
PPC	Provincial People's Committee
PPMU	Provincial Project Management Unit

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Vietnam
Coastal Resources for Sustainable Development
Project Paper
Additional Financing Data Sheet

Basic Information - Additional Financing (AF)	
Country Director: Victoria Kwakwa Sector Director: John A. Roome Team Leader: Binh Thang Cao Project ID: P124702 Expected Effectiveness Date: July 1, 2013 Lending Instrument: SIL Additional Financing Type: Grant	Sectors: General agriculture, fishing and forestry sector (90%); General public administration sector (10%). Themes: Environment and natural resources management (P); Environmental policies and institutions (P); Infrastructure services for private sector development (S). Environmental category: B Expected Closing Date: January 31, 2018 Joint IFC: NA Joint Level: NA
Basic Information - Original Project	
Project ID: P118979 Project Name: Coastal Resources for Sustainable Development Project Lending Instrument: SIL	Environmental category: B Expected Closing Date: January 31, 2018 Joint IFC: NA Joint Level: NA
AF Project Financing Data	
[] Loan [] Credit [X] Grant [] Guarantee [] Other:	
AF Financing Plan (US\$m)	
Source	Total Amount (US\$ M)
Total Project Cost:	6.5
Borrower:	0
Local Sources of Borrowing	0
IDA	0
Co-financing (GEF Grant)	6.5
Client Information	
Recipient: Socialist Republic of Vietnam Responsible Agency: Ministry of Agriculture and Rural Development Contact Person: Mr. Pham Quang Toan, Deputy Director General of the Agricultural Projects Management Board (APMB) Tel: (84) 4 37920082; Email: toan.pquang@gmail.com	

AF Estimated Disbursements (Bank FY/US\$ M)						
FY	13	14	15	16	17	18
Annual	-	0.5	1.0	2.0	2.0	1.0
Cumulative	-	0.5	1.5	3.5	5.5	6.5
Project Development Objective and Description						
<p>The project development objective of the AF project is the same as that of the parent project: to improve the sustainable management of coastal fisheries in the Project Provinces.</p> <p>The parent project has four components, of which the AF will support Component A (a) and Component C (a):</p> <p>Component A: Institutional capacity strengthening for sustainable fisheries management: (a) inter-sectoral planning for coastal areas; (b) upgrading of Vietnam fisheries database system; and (c) conducting selected policy research. The AF will support activity (a), inter-sectoral planning for coastal areas.</p> <p>Component B: Good practices for sustainable aquaculture: (a) improved bio-security management; (b) improved seed quality management; and (c) improved environmental management.</p> <p>Component C: Sustainable management of near-shore capture fisheries: (a) co-management of near-shore capture fisheries; and (b) rehabilitation of fishing ports and landing sites. The AF will support activity (a), co-management of near-shore capture fisheries.</p> <p>Component D: Project management, monitoring and evaluation: (a) project management; and (b) monitoring and evaluation.</p>						
Safeguard and Exception to Policies						
Safeguard policies triggered: Environmental Assessment (OP/BP 4.01) Natural Habitats (OP/BP 4.04) Forests (OP/BP 4.36) Pest Management (OP 4.09) Physical Cultural Resources (OP/BP 4.11) Indigenous Peoples (OP/BP 4.10) Involuntary Resettlement (OP/BP 4.12) Safety of Dams (OP/BP 4.37) Projects on International Waterways (OP/BP 7.50) Projects in Disputed Areas (OP/BP 7.60)					<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Does the project require any waivers of Bank policies?					<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Conditions and Legal Covenants:						
Financing Agreement Reference	Description of Condition/Covenant			Date Due		

No non-standard conditions or covenants are included in the Financing Agreement		
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I. Introduction

1. This Project Paper seeks the approval of the Executive Directors to provide Additional Financing (AF) from by the Global Environment Facility (GEF) in the amount of US\$6.5 million to the Vietnam Coastal Resources for Sustainable Development Project (CRSD, Cr. 5113-VN). GEF funds would be used for financing parts of Activity A (a) Inter-sectoral planning for coastal areas and of Activity C (a) Co-management of near-shore capture fisheries in lieu of IDA funds under CRSD. The savings of US\$6.5 million from the IDA Credit will likely be used for other complementary activities such as consolidating and further strengthening of sustainable fisheries co-management through scaling up activities in additional fishing communities, strengthening of the monitoring, control, and surveillance systems, and improving local livelihood including developing additional necessary infrastructure for local ethnic minority and/or poor fishing communities. A final decision will be made based on the CRSD Mid-Term Review in 2015.

II. Background and Rationale for Additional Financing

2. **Background.** The IDA credit of SDR 64.6 million (equivalent to US\$100 million) to the Socialist Republic of Vietnam for CRSD was approved on May 10, 2012 and became effective on November 2, 2012; the closing date is January 31, 2018. The objective of CRSD is to improve the sustainable management of coastal fisheries in the Project Provinces. The project has four components: (a) institutional capacity strengthening for sustainable fisheries management; (b) good practices for sustainable aquaculture; (c) sustainable management of near-shore capture fisheries; and (d) project management, monitoring, and evaluation. The project is being implemented in eight provinces: Ca Mau and Soc Trang (Mekong Delta Cluster); Khanh Hoa, Phu Yen, and Binh Dinh (South Central Coastal Cluster); and Ha Tinh, Nghe An, and Thanh Hoa (North Central Cluster).

3. Project implementation is making satisfactory progress. The PCU and the PPMUs have been fully staffed. Training has been provided to relevant staff in all project provinces on procurement, financial management, and technical aspects. Work plans for the PCU and the PPMUs have been approved by the respective implementing agencies. Good progress has been made in: (a) establishing provincial inter-sector planning teams for coastal areas; (b) selecting farming areas for demonstration models of Good Aquaculture Practices (GAP) in Year 1; (c) preparing a list of equipment to be procured for strengthening capacity of Sub-departments of Animal Health in disease surveillance and diagnostics, and for Departments of Natural Resources and Environment in environmental monitoring and management; (d) ranking and selecting fishing communities for co-management arrangements in Year 1; and (e) finalizing technical designs and investment documents for upgrading of fishing ports and landing sites in Year 1.

4. Procurement plans for the first 18 months have been updated and a few initial procurement packages have been sent to the Bank for review. The Request for Proposals for the main Technical Assistance package has received Bank no objection. Designated Accounts (DAs) have been opened and the initial deposits of IDA funds have been made to the DAs. One or more accountants have been appointed at the PCU and in each PPMU and

have been provided training. Internal audit teams have been established at the national level and in the project provinces. The accounting software has been upgraded and installed, and PPMU staff have been trained in their use. Safeguards staff have been appointed at the PCU and in each PPMU and have been provided training by Bank safeguards specialists.

5. **Rationale for Additional Financing.** CRSD was originally designed as a co-financed, IDA-GEF blend operation, with a US\$6.5 million GEF grant to finance Activity A (a) Inter-sectoral planning for coastal areas and Activity C (a) Co-management of near-shore capture fisheries. GEF support to CRSD is one of the six projects included in the WB-GEF Program Framework Document (PFD) and is included in the Medium Size Proposal (MSP) on Knowledge Management (KM) that will be implemented by the Partnership on Environmental Management for the Seas of East Asia (PEMSEA). Because of delays in obtaining the endorsement letter from the Government of Vietnam (GoV), it was agreed that these activities would initially be financed from the IDA Credit. GoV has since provided the endorsement letter and the GEF grant has been approved by the CEO.

III. Proposed Use of GEF Funds

6. As originally intended, GEF funds would be used for financing parts of Activity A (a) Inter-sectoral planning for coastal areas and of Activity C (a) Co-management of near-shore capture fisheries. Detailed description of these activities is presented in Annex 2 of the Project Appraisal Document (PAD) of the parent project. Current plans are to utilize the savings of US\$6.5 million from the IDA Credit for (a) consolidating and further strengthening of sustainable fisheries co-management through additional support to establishment of locally-managed marine areas and fisheries improvement plan(s) for the near-shore fisheries sector with functional zoning for biodiversity conservation, fisheries resource protection and recovery, and the equitable sharing of benefits, (b) further strengthening of the monitoring, control, and surveillance systems in the project provinces, and (c) further improving local livelihood including incentives to support local ethnic minority and/or poor fishing communities in changing their fishing behaviors towards sustainable fishing practices. A final decision will be made based on the CRSD Mid-Term Review in 2015. Table 1 below summarizes the revised project cost and financing, and indicates utilization of GEF funds.

Table 1 - Revised Project Cost and Financing (US\$ million)

Project Components	Project cost	IDA Financing		GEF Financing (Proposed AF)		GOV and Local Sources	
	(US\$ M)	(US\$ M)	(%)	(US\$ M)	(%)	(US\$ M)	(%)
Component A:	6.8	5.3	78	1.5	22	0	0
Component B:	48.1	39.9	83	0.0	0	8.2	17
Component C:	57.2	44.8	78	5.0	9	7.4	13
Component D:	12.3	10.0	81	0.0	0	2.3	19
Total Project Costs	124.4	100	80	6.5	5	17.9	14

7. **Results Framework.** There is no change to the results framework of CRSD. Annex 1 provides the results framework of the parent project.

IV. Appraisal Summary

8. There are no changes to the appraisal results of the parent project in terms of economic, financial, fiscal, technical, financial management, procurement, environmental and social aspects.

9. **Procurement guidelines.** As the proposed AF will only substitute GEF funding for a portion of the IDA funding for the already approved CRSD, Bank procurement guidelines applicable to CRSD will also apply to the proposed AF, i.e.,: Guidelines: Selection and Employment of Consultants by World Bank Borrowers dated May 2004 revised in October 2006, and May 2010; and Guidelines: Procurement under IBRD Loans and IDA Credits dated May 2004 revised in October 2006, and May 2010).

10. **Financial management.** The PCU will monitor the reports of the PPMUs to ensure that GEF funds are separately tracked. Additional training will be provided on financial management and on the use of the accounting software. With regard to the Internal Audit Teams, Terms of Reference will be developed and training will be provided. Additional accountants will be recruited by April 2013 for the PCU and the PPMUs.

11. **Risks.** The overall implementation risk of the parent project was rated Substantial, and this rating will apply to the proposed AF project as well. The updated Operational Risk Assessment Framework (ORAF) is presented in Annex 2.

ANNEX 1: Results Framework and Monitoring¹

Project Development Objective (PDO): The PDO is to improve the sustainable management of coastal fisheries in the project												
PDO Level Results Indicators*	Core Indic.	Unit of Measure	Baseline	Cumulative Target Values**					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)
				YR 1	YR 2	YR3	YR 4	YR5				
Indicator One: Increase in the proportion of farms meeting national standards for water effluent following the adoption of Good Aquaculture Practices.	-	%	0	5	10	20	40	50	Annual	Yearly survey reports	PCU and PPMUs	Calculated Cumulatively
Indicator Two: Reduction in shrimp disease losses in the production areas applying Good Aquaculture Practices.	-	%	0	0	5	10	15	20	Annual	Yearly survey reports	PCU, PPMUs, extension officers	Calculated cumulatively
Indicator Three: Increase in the proportion of areas in which sustainable Near-Shore fisheries resource management systems are applied.	-	%	0	0	10	20	40	50	Annual	Yearly survey reports	PCU, PPMUs, DECAFIREP	Calculated cumulatively
INTERMEDIATE RESULTS												
Intermediate Results (Component A): Institutional capacity strengthening for sustainable fisheries management												
1. Percent of Project Provinces and their respective Districts and Communes receiving training in inter-sectoral planning.	-	%	0	20	40	60	80	100	Annual	Consolidated yearly reports	PCU and PPMUs	Cumulative
2. Number of Project Provinces having provincial inter-sectoral planning teams established.	-	Number of provinces	0	2	4	8	8	8	Annual	Consolidated yearly reports	PCU and PPMUs	Cumulative

¹ This Results Framework and Monitoring is the same as that of CRSD, as it already captures the results of the GEF-financed activities. It will be updated after the MTR, based on the decision regarding the use of the IDA funds released as a result of the proposed AF. Intermediate Results Indicators will likely be modified to reflect the additional support as described in paragraph 6 of the above main text.

PDO Level Results Indicators*	Core Indic.	Unit of Measure	Baseline	Cumulative Target Values**					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)
				YR 1	YR 2	YR3	YR 4	YR5				
3. Number of studies carried out at national and provincial levels in support of the Fisheries Master Plan to 2020.	-	Number of studies	0	2	4	8	12	12	Annual	Consolidated yearly reports	PCU and PPMUs	Cumulative
4. Number of Project Provinces having the fisheries database system upgraded and fully operational.	-	Number of provinces	0	0	2	4	6	8	Annual	Consolidated yearly reports	PCU and PPMUs	Cumulative
Intermediate Results (Component B): Good practices for sustainable aquaculture												
1. Number of farmers receiving training in Good Aquaculture Practices.	-	Number of farmers	0	1,000	2,000	5,000	10,000	20,000	Annual	Consolidated yearly reports	PCU, PPMUs, extension officers	Cumulative
2. Number of hatcheries operating at bio-security standards.	-	Number of hatcheries	0	0	0	10	15	20	Annual	Consolidated yearly reports	PCU, PPMUs, extension officers	Cumulative
3. Percentage of farms in targeted areas using certified and/or quality seeds.	-	%	25	25	30	35	40	50	Annual	Consolidated yearly reports	PCU, PPMUs, extension officers	Calculated cumulatively
4. Number of provincial agencies in charge of aquatic animal disease management strengthened in disease diagnostic, surveillance, and early reporting.	-	Number of agencies	0	0	0	4	6	8	Annual	Consolidated yearly reports	PCU, PPMUs, extension officers	Cumulative
5. Percentage of farms in targeted areas accessing and/or using appropriate water and/or waste management systems.	-	%	< 10	0	10	20	40	50	Annual	Consolidated yearly reports	PCU, PPMUs, extension officers	Calculated cumulatively
Intermediate Results (Component C): Sustainable management of near-shore capture fisheries												
1. Number of Districts having co-management for Near-Shore capture fisheries successfully adopted and carried out.	-	Number of districts	0	0	2	4	8	16	Annual	Yearly survey reports	PCU, PPMUs, DECAFIREP	Cumulative

PDO Level Results Indicators*	Core Indic.	Unit of Measure	Baseline	Cumulative Target Values**					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)
				YR 1	YR 2	YR3	YR 4	YR5				
2. Number of hectares of high bio-diversity areas and important natural habitats in which co-management successfully carried out.	-	Ha	0	0	0	10,000	20,000	30,000	Annual	Yearly survey reports	PCU, PPMUs, DECAFIREP	Cumulative
3. Number of District monitoring, control and surveillance field stations established, adequately staffed, and fully operational.	-	Number of stations	0	0	2	4	8	16	Annual	Consolidated yearly reports	PCU, PPMUs, DECAFIREP	Calculated cumulatively
4. Number of fishing ports and landing sites operating with improved hygiene conditions and handling practices.	-	Number of ports/landing sites	0	0	1	3	6	16	Annual	Consolidated yearly reports	PCU, PPMUs,	Cumulative
Intermediate Results (Component D): Project management, monitoring and evaluation												
1. Number of Project Provinces having satisfactory performance in Project management and monitoring & evaluation.	-	Number of provinces	0	1	4	5	6	6	Annual	Yearly survey reports	PCU, PPMUs,	Cumulative

ANNEX 2: Updated Operational Risk Assessment Framework (ORAF)

1. Project Stakeholder Risks		Rating	Substantial		
Description : <ul style="list-style-type: none"> Consultations with local beneficiaries during project preparation indicated broad support for the project. However, local farmers and fishers may be reluctant to adopt GAP and participatory fisheries co-management. Also, provincial and local agencies maybe are reluctant to adopt inter-sectoral planning. 		Risk Management: During implementation (especially in the first two years) consultations will be continued and information campaigns will be launched in all project communes through village and commune meetings. Training will be provided to local communities to raise their awareness of GAP and participatory fisheries co-management.			
		Resp: PCU/PPMUs	Stage: Implementation	Due Date : N/A	Status: In progress
2. Operating Environment Risks					
2.1. Country (description and rating are not disclosed)		Rating:	Substantial		
Description : <ul style="list-style-type: none"> Contagion from the Global Economy: The global economy is passing through a period of considerable uncertainty. As Vietnam is highly integrated with the rest of the world, this makes it vulnerable to the effects of a prolonged global economic slowdown, which could adversely affect its exports, remittances, foreign investment, and possibly aid. Although the government managed to navigate the 2008/09 global financial crisis through implementation of a large stimulus package, fiscal space is now limited because of high levels of public debt and large contingent liabilities from a weak banking sector and poorly managed SOEs. 		Risk Management: Continued dialogue and technical assistance to the government to improve domestic policy environment, enhance competitiveness and, in particular, build strong cushions against economic shocks. Areas of focus include macroeconomic policy, public financial management, debt management, and trade competitiveness.			
		Resp: Client	Stage: Preparation & Implementation	Due Date: N/A	Status: In progress

<ul style="list-style-type: none"> • Macroeconomic instability: Vietnam faces considerable short-term domestic macroeconomic management challenges. While foreign exchange reserves more than doubled in 2012, they are still low compared to safe levels of import coverage ratio (months of import cover). The ongoing domestic credit bust could further worsen both growth prospects and asset quality. The risk that the authorities could depart from fiscal and monetary discipline and thereby prompt inflation resurgence is non-trivial. This in turn could reverse gains already made and further weaken confidence. • Slow progress on structural reforms: A similar risk, where potential growth will be severely compromised, could arise from delayed and weak implementation of structural reforms in the banking and SOE sectors. The government remains committed to a triple restructuring agenda – state-owned enterprises, financial sector and public investment – but implementation progress has been tentative and slow. 	<p>Risk Management: Frequent policy dialogue with the government and close collaboration with the IMF will continue. Regular monitoring and analysis of macroeconomic and financial indicators, including the publication of the semi-annual economic update (“Taking Stock”) and annual Debt Sustainability Analysis, will remain a core part of our engagement. Support for acceleration of reforms in public investment and the SOE and financial sectors is being provided through an FSAP, Financial Sector Soundness and Institutional Capacity Building Programmatic TA, and new policy operations, in particular the new Economic Management and Competitiveness DPO series, successor to the PRSCs.</p>			
<ul style="list-style-type: none"> • Political Risks: During 2012 Vietnam, generally considered as a politically stable country, faced some uncertainty about key leadership positions. Its top leadership admitted mistakes in the management of some areas of the economy and vowed to rectify the situation. In November 2012 the National Assembly adopted a proposal to undertake a ‘vote of confidence’ on senior policymakers every year. While this will make the government more accountable to its citizens, it does open the possibility of periodic changes in personnel and policy. The impact of this new direction in governance on economic management remains to be seen. 	<p>Risk Management: Little can be done to manage this risk. The Bank will monitor closely domestic and regional political developments.</p>			
<ul style="list-style-type: none"> • Systemic Fraud and Corruption: A relatively good legal framework on anti-corruption is in place (e.g., Law on Anti-corruption, National Strategy on Anti-Corruption until 2020, Law on Procurement), but implementation is lagging. Conflicts of interest are widespread, and oversight 	<p>Risk Management: Strengthened support to implementation of the Government’s Anti-Corruption Strategy enhanced TA and dialogue around transparency.</p>			
<p>Resp: Client</p>	<p>Stage: Preparation & Implementation</p>	<p>Due Date: N/A</p>	<p>Status: In progress</p>	
<p>Resp: Bank</p>	<p>Stage: Preparation & Implementation</p>	<p>Due Date: N/A</p>	<p>Status: In progress</p>	

institutions (e.g., Judiciary, National Assembly and State Audit) are not fully independent from the executive.	Resp: Client	Stage: Preparation & Implementation	Due Date: N/A	Status: In progress
<ul style="list-style-type: none"> • Fiduciary Management: The <i>public procurement</i> legal framework continues to have some key shortcomings compared to internationally accepted standards and acknowledged good practices for public procurement. On the implementation side procurement is highly decentralized; however, most of the implementing agencies lack the necessary capacity. A particular risk under Bank financed projects is the practice by project agencies of following national procurement procedures in parallel with Bank procedures. This leads to procurement delays, irregularities and noncompliance. • Low <i>financial management</i> capacity, particularly at sub-national level, can lead to project internal control weakness and poor quality of reporting. Disbursement is impacted by delays in counterpart funds and approvals. Financial reporting and oversight mechanisms (internal and external audit) are below international level for both the public and corporate sectors. 	<p>Risk Management: The Bank continues to support the government in improving the performance of public procurement system through IDFs for strengthening procurement audit capacity, updating the assessment of procurement legal framework and assessing the e-GP system. GAC Action Plans, including measures on procurement, are being implemented for high risk projects. Support is being provided to contract management and for intensive procurement training and capacity building.</p> <p>Ongoing financial management capacity building and increased use of country systems. Develop internal audit capacity and incorporate in all Bank projects where feasible. Monitor quality of independent audit and promote increased reliance on SAV to audit Bank-financed projects. Strengthen the capacity and effectiveness of accounting and audit institutions, professional bodies, and develop oversight mechanisms. Promote adoption of international public and corporate sector financial reporting and auditing standards.</p>			
2.2. Sector/multi-sector (description and rating are not disclosed)	Rating:	Substantial		
<p>Description : (this description and rating are not disclosed)</p> <ul style="list-style-type: none"> • Different views and incentives among MARD’s institutions regarding the sector’s focus on production growth versus conservation and sustainable development in the next decade may affect project implementation. 	<p>Risk Management: The Bank continues dialogues with MARD and concerned agencies and continues to support MARD through AAA. There are expected to be increased pressures from international buyers of Vietnamese aquatic products for further improvements in production practices and food hygiene in support of the environment and food safety.</p>			
	Resp: Client	Stage: Preparation & Implementation	Due Date: N/A	Status: In progress

<ul style="list-style-type: none"> Different views (and interests) among sectors in the development planning and the use of coastal resources in the project provinces may affect the sustainability of the project investments. Decentralization in project implementation to the provincial level may lose the accountability and the oversight role of MARD, leading to poor quality of project implementation. 	<p>Risk Management: The Bank continues to support MARD and the project provinces through regional development dialogues and/or AAA. Policy research will also be used to highlight the expected costs, benefits, and distributional consequence of alternative resource use patterns.</p>			
	Resp: Client	Stage: Preparation & Implementation	Due Date: N/A	Status: In progress
<ul style="list-style-type: none"> Project provinces continue to ‘compete’ for fisheries-related investments, catch numbers and export earnings, weakening the scope for sustainable sectoral planning and the application of localized co-management arrangements. 	<p>Risk Management: Continues dialogues with individual project provinces as well as the various clusters of provinces on the risks/costs of ‘business as usual’ strategies and the long-term benefits from an approach emphasizing sustainable resource management.</p>			
	Resp: Bank & Client	Stage: Preparation & Implementation	Due Date: N/A	Status: In progress
<ul style="list-style-type: none"> Broader problems of disease and/or environmental management in Vietnam’s aquaculture (outside of the project areas) result in restrictions on the sector’s international market access and/or discounted prices. 	<p>Risk Management: The project targets several provinces which play a prominent role in Vietnamese aquaculture and so a suitable response to external concerns could build upon the initiatives being supported under the project. In addition, the project’s support for fisheries co-management could well aid the efforts of aquaculture feed manufacturers to source certified ‘sustainable’ raw materials.</p>			
	Resp: Client	Stage: Preparation & Implementation	Due Date: N/A	Status: In progress
<ul style="list-style-type: none"> The use of a new PMU and PPMUs in handling implementation of every new operation may undermine the role of technical departments during project implementation and lose opportunities to build a true capacity. 	<p>Risk Management: The Bank continues to hold dialogues with MARD and concerned agencies to encourage the use of the existing government’s structure such as DARDs to implement the Bank-financed projects.</p>			
	Resp: Client	Stage: Preparation & Implementation	Due Date: N/A	Status: In progress
3. Implementing Agency Risks (including fiduciary)				
3.1. Capacity	Rating:	Substantial		
<p>Description:</p> <ul style="list-style-type: none"> Project provinces lack financial capacity to provide counterpart funds. 	<p>Risk Management: Implementing agencies will provide counterpart funds in a timely manner as per the commitment letters that they have provided. Provinces that fail to provide counterpart funds may have their IDA allocation moved to other provinces which have adequate counterpart funds.</p>			

	Resp: MARD & Provinces	Stage: Implementation	Due Date : N/A	Status: In progress
<ul style="list-style-type: none"> PCU and PPMUs have limited prior experience with Bank funded projects and Bank policies and procedures. Their capacity in financial management and procurement is weak, especially at the provincial level. Qualified procurement and accounting staff acceptable to the Bank have been appointed. A Project FM Manual and a Procurement Implementation Manual acceptable to the Bank will provide practical step-by-step guidance on FM and procurement procedures. Qualified procurement advisers/procurement consultants, acceptable to the Bank, will also be recruited to assist the PCU and the PPMUs. 	Risk Management: Training will be provided, as required, on Bank procurement, financial and disbursement procedures, including preparation of bid evaluation reports and financial reports.			
	Resp: MARD & Bank	Stage: Implementation	Due Date : N/A	Status: In progress
3.2. Governance	Rating:	Substantial		
Description :	Risk Management: MARD and Bank missions will monitor implementation of the OM and the FM Manual.			
<ul style="list-style-type: none"> The project Operational Manual includes a responsibility matrix and describes the TOR of each agency. The FM Manual includes a similar matrix on fund flow and disbursement arrangements. A Governance, Transparency and Anti-corruption Action Plan (GTAP), acceptable to the Bank, has been adopted for the project. 	Resp: MARD & Bank	Stage: Implementation	Due Date: N/A	Status: in progress
Fraud & Corruption (sub-category of Governance risk)	Rating:	Substantial		
Description :	Risk Management: The GTAP will be implemented by project agencies. Bank missions will monitor implementation of the GTAP.			
<ul style="list-style-type: none"> With many small procurement contracts to be implemented rural areas, there is a potential for fraud and corruption. Project design includes appropriate prior review thresholds, enhanced PMU procurement and financial management training and hiring of consultants to assist in the procurement and financial management processes, and for construction supervision. Project financial statements to be audited by both internal auditor and independent auditor accepted by the Bank. Claims for expenditures to be verified by the State Treasury. 	Resp: MARD & Bank	Stage: Implementation	Due Date: N/A	Status: In progress
4. Project Risks				
4.1. Design	Rating:	Substantial		

Description : <ul style="list-style-type: none"> The project involves several technical components and covers a large geographical area in different regions, as well as a large number of implementing agencies and many technical departments. A technical assistance team will assist the PPMUs in project implementation and management. 	Risk Management: Training and capacity building support will be provided throughout the project implementation period. Bank missions will provide technical guidance as required.			
	Resp: PCU & Bank	Stage: Implementation	Due Date: N/A	Status: In progress
<ul style="list-style-type: none"> The five year project period may be inadequate. 	Risk Management: A Mid-Term Review will be carried out in Year 3 to review progress and to restructure the project, if required.			
	Resp: MPI/MARD & Bank	Stage: Implementation	Due Date: 07/02/2014	Status: Not Yet Due
<ul style="list-style-type: none"> Monitoring, control, and surveillance (MCS) activities are specified in the financing agreement and are financed under the project. 	Risk Management: Implementation of the MCS will be monitored by Bank missions.			
	Resp: MPI/MARD & Bank	Stage: Implementation	Due Date: N/A	Status: In progress
4.2. Social & Environmental		Rating:	Substantial	
Description : <ul style="list-style-type: none"> Project safeguard documents provide clear guidance to the implementing agencies. Project agencies are too weak to implement the environment and social safeguards effectively. 	Risk Management: Training will be provided to the PPMUs, especially in the first two years, and maintained thereafter during project implementation. Bank missions will monitor implementation and provide guidance.			
	Resp: MARD & Bank	Stage: Implementation	Due Date : N/A	Status: In progress
<ul style="list-style-type: none"> Co-management may lead to marginalization of poor fishers, including ethnic minorities. The Operational Manual defines the approaches and consultation processes to allow affected communities to participate in designing the rules and measures to prevent them from being adversely affected. 	Risk Management: Bank missions will monitor implementation of the consultation processes and provide guidance on remedial action, if required.			
	Resp: MARD & Bank	Stage: Implementation	Due Date : N/A	Status: In progress
4.3. Program & Donor		Rating:	N/A	
Description : <ul style="list-style-type: none"> The project is free standing and no other donors are involved. 	Risk Management : Not relevant			
	Resp: N/A	Stage: N/A	Due Date: N/A	Status: N/A
4.4. Delivery Monitoring & Sustainability		Rating:	Substantial	

Description : <ul style="list-style-type: none"> Consultant services and civil works contracts may not be managed well. 	Risk Management: Training will be organized for PCU and PPMU staff in project management, and monitoring and evaluation, especially in the first two years and maintained throughout the project implementation period. Bank missions will monitor implementation on a regular basis.			
	Resp: PCU & Bank	Stage: Implementation	Due Date: N/A	Status: In progress
<ul style="list-style-type: none"> Government may not be committed to the project's approach and activities on project completion. 	Risk Management: On-going dialogue with MARD on mainstreaming CRSD approaches and activities, as well as on possible follow-on projects.			
	Resp: Bank	Stage: Implementation	Due Date: N/A	Status: In progress
5. Project Team Proposed Rating Before Review				
5.1. Preparation Risk Rating: Substantial		5.2 Implementation Risk Rating: Substantial		
Comments: The project is complex. However, the central and provincial governments have demonstrated their strong commitment to the project and have prepared the project on an accelerated schedule.		Comments: The project involves a large number of implementing agencies as well as government technical departments. It has several technical components and implementation will be carried out in a large geographical area in three different regions. Risk management measures implemented during project preparation, and those to be carried out during project implementation (including intensive implementation support from the Bank during the first two years) will address the risks identified.		