#### Vietnam

# Hon Mun Marine Protected Area Pilot Project (TF023877-GEF/TF023886-DANIDA)

IDA/DANIDA Midterm Review Mission: December 1-8, 2003

Aide-mémoire (December 8, 2003)

#### A. Introduction

In accordance with the Terms of Reference dated November 24, 2003, a joint IDA/DANIDA mission conducted a Midterm Review the above noted project in Nha Trang during December 1-6, 2003 with a wrap meeting held with the Khanh Hoa Provincial Steering Committee on December 5, 2003. The mission was comprised of Messrs./Mmes. Ronald Zweig, Task Team Leader (IDA), Peter Koefoed Bjørnsen (DANIDA Consultant), Xiaolan Wang, Hoa Thi Mong Pham, Kien Trung Tran, and Hung Le Viet (IDA). In Nha Trang, the mission met with the Khanh Hoa Provincial Steering Committee, representatives from Nha Trang City, the Vinh Nguyen Commune People's Committee; four of six Village MPA Committees during visits to the villages, National Fisheries University, National Institution of Oceanography, Research Institute for Aquaculture Number 3, staff of the Hon Mun Marine Protected Area Authority (MPA), and IUCN staff and consultants. All project-related documents were also made available or provided to the mission. At the conclusion of the mission, a debriefing meeting was held at the World Bank Office in Hanoi that was attended by representatives from the Ministry of Fisheries, Ministry of Planning and Investment, Ministry of Natural Resources and Environment, Royal Danish Embassy, and the IDA. The mission wishes to express its sincere appreciation for the excellent arrangements and kind hospitality extended to it during the visit. The findings in this document are subject to confirmation by the IDA.

### **B.** Project Development Objective

2. The development objective of the project to conserve a representative example of internationally significant and threatened marine biodiversity by enabling local island

building activities and conservation-related interventions. The following are the key aspects and issues that were discussed during the MTR:

- a) progress with marine biodiversity assessments and strategy to assess related project impacts on its conservation and protection, including the identification of key indicators and a monitoring strategy;
- b) assessment of local community commitment to and involvement in protecting and effectively managing the Marine Park and how that can best be facilitated in reference to range of activities conducted to date;
- c) effectiveness, impact, targeting, and selection of investments and environmental analysis and mitigation needs under the micro-credit program for alternative livelihood development;
- d) provide review of the MPA management plan, in particular objectives stated in the plan, key activities and approaches
- e) finalizing the Hon Mun MPA staffing needs;
- f) examine status of progress toward sustainable financing of the Hon Mun Marine park Authority's operational needs including staff allowances;
- g) role and involvement of women under the project;
- h) evaluation and recommendations over potential adverse external impacts over developments planne

paid by tourists that visit the MPA. That fee has been calculated based on the number of annual visitors to generate sufficient funds to operate and maintain the Marine Park Authority and is a major element in assuring the sustainability of the MPA. Part of those funds (10-15%) is earmarked to be given to the villages on the islands in the MPA for community development needs. Additional key accomplishments are the following:

- a) initiation of the Alternative Income Generation (AIG) program through the establishment of a credit scheme in cooperation with the Bank for Social Policy with the first batch of Ioans issued, following the aquaculture trials that were to support the program;
- b) in addition to the AIG credit activities, linkages have been made with manufacturers of sport nets and woven baskets with women living in the MPA engaged in the production of these items through piece work for which they are compensated for their labor. Additional opportunities of this kind are being sought in the area for men and women;
- c) significant expansion of the Education Awareness Program through the development and application of a school curriculum in local schools; the formulation and conduct of a two-week training course in August 2003 on MPA management for national organizations; the preparation and publishing of a book of poems and songs written specifically for the MPA by song writers and poets; television programs developed and broadcast nationally and in the Province, including a school competition of knowledge of the MPA and the biodiversity it is targeted to conserve;
- d) conduct of the planned Independent Evaluation of the project that provided useful guidance toward directing the future activities under the project and also concluded that the implementation of the project has been highly satisfactory;
- e) engagement of an architect to design the visitor's center for the MPA on Hon Mun Island that is planned to be constructed in the first half of 2004;
- f) installation of additional mooring buoys;
- g) appointment of most planned and some additional required staff for the IUCN and Hon Mun MPA;
- h) support to the initiation of a solid waste management and harbor clean-up program for the villages with the MPA that was outside the appraised scope but within the objectives of the project;
- a study tour conducted to the Philippines for Provincial Commune, and Village representatives to examine and learn from the experience with the development and management of MPAs

I) further advancement toward finalizing a draft management plan for the MPA that would include accomplishments to date that include a temporary zoning plan, formulation of regulations for that plan, and creation of a team to enforce those regulations.

# **E.** Findings and Recommendations

- 5. Biodiversity Assessment. A baseline survey of marine biodiversity has been successfully completed using state-of-the-art methods. The baseline survey includes a taxonomic survey and a habitat survey that classifies coral reef coverage along a large number of transects. This data has been put into a GIS platform that provides an interactive tool for revising the zoning plan, for assessing environmental impacts of development activities and for monitoring future changes of the coral reef ecosystem. The second assessment is planned for 2005, and the availability of the same international consultant has already been secured. Furthermore, the assessment is supplemented by a reef-monitoring program carried out by a team from the National Institute of Oceanography (NIO) and divers from the villages who have received training. Eight selected transects are monitored regularly. This is not only a highly valuable supplement to the comprehensive biodiversity assessments. The community involvement in the monitoring also provides direct information to the villages about the state of the coral reef and thereby contributes to raise awareness on environmental impacts on the reef. The mission recommended that the IUCN should formulate a plan by February 28, 2004 to work toward community involvement in marine biodiversity monitoring, engaging women and school teachers, to the degree possible in this activity.
- Water Quality Monitoring. The project has also started a water quality monitoring activity that involves biweekly sampling of 20 sites in the MPA area. These measurements will provide a valuable assessment of the critical seasons and locations in relation to water pollution from land based sources. Direct measurements of chlorophyll should be included as an indicator of eutrophication. The data should be shared with the Provincial Department of Science, Technology and Environment (DOSTE) and the NIO that have long time series of data from fewer stations. The mission recommended that the IUCN with the Hon Mun MPA Authority should formulate, by no later than March 31, 2004, a plan to be discussed with the above noted agencies how the monitoring program

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local schools. The mission recommended that the IUCN and the Hon Mun MPA Authority should work out a strategy with an estimate of the required budget to have the curriculum introduced to, explained and used by all schools along Nha Trang Bay by February 15, 2004. In addition, it is important that the project continue to identify benefits and livelihood options primarily for women and also for men either through the credit program, direct linkages to manufacturers in the Nha Trang area for appropriate piece work, and identification of employment for MPA residents in local enterprises such as the new hotel complex being constructed on Tre Island.

- 8. Credit Scheme. Considerable progress has been made by the project team and the MPA authority, and villagers are now aware of credit principals and procedures for obtaining loans. (See Attachment 1.) The mission agreed with VBSP that flexible loan payment schedule should be applied, and principal can be paid back monthly if borrowers choose to do so. Loan maturity should be based on cash flow cycle of activities financed by the loan. The mission met with VBARD and clarified the concern that VBARD would only finance loans are larger than VND10million, and is pleased to know that VBARD is willing to work with the project and provide loans to the villagers who have viable business plans and are certified by the Commune People's Committee. The credit scheme would provide those borrowers with good credit history to secure larger loans with VBARD in the future.
- 9. <u>Issues</u>. The main purpose of the project-supported credit scheme with the VBSP is to improve access to credit for those people who are affected by the zoning within the Hon Mon MPA. However, based on the mission's field visit and interview, it's remains unclear whether the credit scheme can achieve it's objective due to the following reasons: Some borrowers are not within target group. Out of a total VND 426 million disbursement, VND 183 million financed fishnets in Tri Nguyen villages. Fish net was not among the approved and agreed eligible activities to be financed under this scheme, and the World Bank should have been asked for no objection. During the second disbursement proposal, most of the proposed activities put forward are investments in fishnets, yet the sustainability of this particular activity remains unclear.
- Recommendations. The mission recommended that the project and MPA authority 10. consult with villagers to decide whether part of the credit fund should be shifted as a grant to finance some community activities/public works in the villages, which have environment significance and are in line with the project objective by January 31, 2004 and a detailed budget estimate of the proposed activities should be submitted to the IDA by February 28, 2004. The balance of the credit fund can be handed over to the commune Women's Union to manage and to finance small-scale income generating activities for the women in the villages. Detailed arrangement on loan terms and conditions would be worked out later. The mission also recommended that for the smallscale animal husbandry and aquaculture investments that an environmental analysis be done and that an environmental management and mitigation plan be formulated by the IUCN with the HM MPA Authority and in consulatation with the DOSTE to assure that any wastes or effluent streams are managed in such a way so as not to potentially adversely impact the marine environment and that no new animal husbandry loans be approved, including those in the proposed second batch of loans, until that factor is

incorporated in the design of those activities. Accordingly, the mission requested that the IUCN and Hon Mun MPA Authority include this aspect with the proposed second batch of loans, if animal husbandry and aquaculture remain included, and re-submit it to IDA by no later than January 15, 2004. The IUCN should also submit a review of first batch

20. MPA Office. The MPA office has been housed temporarily in a building in Nha Trang. It is planned that permanent office space for the MPA will be provided in the Khanh Hoa Department of Fisheries during the first half of 2004. The office equipment provided at the temporary office will be transferred to the new office with US\$5,000 held in reserve for any renovation and additional equipment needs of the new office. The mission recommended that the Project Management Unit (IUCN) with the MPA should calculate the costs to prepare and equip the new office space for their use to be sure that the reserve fund will be adeq

24. Work Plan for 2004. The work plan for 2004 should be prepared and include activities related to development of management

# I. Summary of Requested Actions

Action	By whom	By When
Prepare program for further involvement of	TUCN and HM	February 28, 2004
local villagers, including women, in marine	MPA Authority	
biodiversity monitoring		
Discuss with relevant local agencies their	TUCN and HM	March 31, 2004
engagement in sustaining the program	MPA Authority	
Continue to stress importance of proper	IUCN and HM	Ongoing
MPA management for marine biodiversity	MPA Authority	
conservation and fisheries improvement		
Introduce school curriculum with budget to	IUCN and HM	February 15, 2004
all schools along Nha Trang Bay	MPA Authority	
Discuss with villagers whether a portion of	IUCN and HM	January 31, 2004
AIG funds should be shifted to	MPA Authority	
Environmental Community Investments		
Submit any proposed new investment for	IUCN and HM	February 28, 2004
community environmental needs to IDA	MPA Authority	
Include environmental analysis and	IUCN and HM	January 15, 2004
management needs with second batch of	MPA Authority	
proposed BSP loans to be submitted to the		
IDA		
Submit updated assessment report to the	TUCN and HM	May 31, 2004
IDA on credit program	MPA Authority	
Finalize and submit draft management plan	IUCN and HM	February 15, 2004
to the IDA	MPA Authority	
Prepare and submit gender support plan to	IUCN and HM	February 28, 2004
IDA	MPA Authority	
Finalize needs and budget for new HM	TUCN and HM	March 15, 2004
MPA Authority office	MPA Authority	
Establishment and staffing of NPSC	IUCN	February 28, 2004
Form Scientific Advisory Committee with	IUCN and HM	April 30, 2004
first meeting	MPA Authority	
Formulate exit strategy	IUCN and	January 15, 2004
	Provincial SC	
Submission of Work Plan for 2004	IUCN and HM	January 20, 2004
	MPA Authority	

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#### **Attachment 1. Credit Scheme**

- The mission observed the great efforts have been taken place by the project implementing team and the MPA authority to carry out the credit scheme and villagers' awareness of credit principals and procedures for obtaining loans are increasing. The mission agreed with VBSP that a flexible loan payment schedule should be applied, and principal of the loan can be paid back monthly or by installment if borrowers choose to do so. It is also agreed that Ioan maturity should be based on the cash flow cycle of activities financed by the loan, instead of after 12 months for every single loan. Especially for those economic activities such as trading, snail curtain making, chick and duck raising, the loan maturity term should be less than 6 months to match the cash flow cycle and ultimately reduce the risk to the borrower and the credit fund. Loans should be disbursed to borrowers when they are needed instead of at the convenience of the credit officer of VBSP. The mission noticed that a separate account and record have been maintained by VBSP to manage the credit fund under this project, which is in line with the World Bank's project financial management requirement. The mission met with VBARD and clarified concerns that VBARD would only finance loans larger than VND10 million, and is pleased to learn that VBARD is willing to work with the project and provide loans to the villagers who have viable business plan and collateral and are certified by the Commune People's Committee. The current pilot credit scheme would provide the borrowers with good credit history to secure larger loans with VBARD in the future.
- 2. The main purpose of the project-supported credit scheme is to improve access to credit for those peoplsc

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#### **Attachment 2. Procurement**

# **Procurement Implementation Progress**

1. As December of 2003, majority of procurement items (about 80%) as specified in the project's updated procurement arrangement and agreed with the Bank have been done. While the project still has 2 years ahead, this show good progress in terms of procurement implementation.

# Procurement for Remainder of the Project

2. As reported by the IUCN, only a few procurement items (individual consultants, goods and equipment, and constructions) need to be done in 2004 and 2005. The list of these outstanding items and tentative implementation schedule are in the Annex below.

## Expost Review

- 3. The mission has carried out a procurement expost review covering those contracts awarded during the period from the last post review (May 2002) to date. As reported, there are a total of 40 goods, works and services contracts. These contracts are very small in value (the biggest is about US\$5,500). Procurement methods used are international/national shopping for goods, small works and community participation for works, and selection of individual consultants for services.
- 4. The mission has selected a sample of contracts (see the list below) for detailed review. Generally, it was found that these procurements had been done in accordance with the agreed procurement procedures. The mission has the following recommendations for improving transparency of the project's procurement documentatio 2 0 Tt US\$Ir J/TT12 1 3f0 -2eTl3wo

**Annex 1 - Procurement Planning for Remaining Outstanding Items** 

Item No.	Category	Cost Estimate (US\$)*	Proc. Method	Bank Review	Completion Time
	Works				
1.3.11	Refurbishment of project office	13,500	Small Works	Expost	Jan. 04
?	Construction of visitor center/field station on Hon Mun	25,000	Small Works	Expost	Jan. 04
1.3.12	NIO displays	5,000	Small Works	Expost	Mar. 04
	Equipment				
1.3.8	Miscellaneous office equipment	2,400	National Shopping	Expost	2004
1.3.13	Moorings	3,500	National Shopping	Expost	2004
3.3.7	Diving equipment	1,000	National Shopping	Expost	Dec. 04
?	GPS	500	National Shopping	Expost	Jun. 04
?	AIG trials goods- new B\L	12,000	National Shopping	Expost	Jun. 05
	Services				
2.1.3	AIG technical specialists	18,000	Individual Consultant	Expost	May 05
4.2.4	External Evaluation Mission 1	20,000	Individual Consultant	Expost	May 05
?	4 more patrol officer	8,800	Individual Consultant	Expost	Jan. 04
	Miscellaneous				
	Variousitems	180,000	Statement of expenditure (SOE) or other method as appropriate		May 05

Note: \* Figures are based on CTA's estimates of completion percentages.

Annex 2 – List of Contracts Selected for Expost Review

No	Description	Contract Amount	Signing Date	Contractor/ Supplier/ Consultant	Proc. Method
	Works				
1	Construction of Bich Dam health clinic and market, Dam Bay kindergarten (Vung Kham village)	VND 72,600,000	Apr. 9, 03	Hoang Long Construction & Trading Co.	Small Works
2	Construction of 6 toilets in Vung Ngan village	VND 4,200,000	Nov. 7, 02	Mr. Nguyen Van Hung	Community Participation
	Equipment				
3	Supply of diving gears	US\$ 2,790	Sep. 03	Mekong Diving Equipment Supply Co.	International Shopping
4	Supply of plastic drums	VND 10,890,000	Apr. 10, 03	Hai Nghiep Shop	National Shopping
5	Supply of wood	VND 8,371,000	Apr. 10, 03	Khanh Vinh Product Introduction Center	National Shopping
	Services				
6	Casual Technical Officer		Jan. 13, 03	Mr. Jean Phillipe Imbert	Individual Consultant
7	Credit Officer		Dec. 1, 03	Ms Tran Thi Thuc Doan	Individual Consultant
8	Accountant		Jun. 10, 03	Mr. Luong Vinh Thinh	Individual Consultant