

Ex-post evaluation

Protection and promotion of forest ecosystems, Vietnam

Title	Promotion of sustainable forest management and biodiversity to reduce greenhouse gases (KfW8)		
Sector and CRS code	Forest development (31220)		
Project number	2011 66 222		
Commissioned by	Federal Ministry for Economic Cooperation and Development		
Recipient/Programme executing agency	Ministry of Finance / Ministry of Agriculture and Rural Development (MARD)		
Project volume/ Financing instrument	14.851 million EUR		
Project duration	2014 - 2022		
Year of report	2025	Year of random sample	2025

Objectives and project outline

The project's outcome objective was the participatory and sustainable protection and promotion of forest ecosystems in selected districts within the north-western Vietnamese provinces of Yen Bai, Bac Kan, Lai Chau, Lao Cai and Ha Giang. At the impact level, the project aimed to contribute to the conservation of biodiversity in forest ecosystems, taking into account the interests of the local population. To this end, a participatory and incentive-based protection management system was established with the involvement of the local population, and sustainable forest management strategies were introduced.

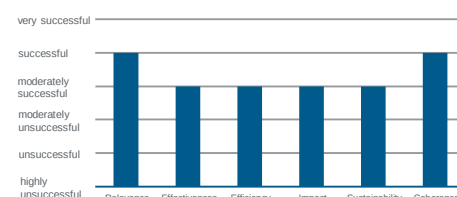
Key findings

Despite limited achievement of its objectives, the project was able to push for important development of the Vietnamese forestry sector. The participatory protected area management system and some of the technical approaches developed in the project have become established over time, beyond the project regions.

The project has been rated “moderately successful” for the following reasons:

- The project was relevant due to its holistic approach and addressed key bottlenecks in protected area management and sustainable forestry in line with the priorities of the Vietnamese and German governments in the forestry sector.
- The expansion of participatory conservation management through a geodata-supported system proved to be very effective and led to a significant reduction in forest violations. Combined with income and investment opportunities (VDF) for the local population, the approach proved to be sustainably effective.
- The introduction of sustainable forest management methods was only partially successful. Challenges included the high administration needs in widely scattered project areas and economic pressure on the target group.
- The granting of land use rights (red books) to local communities formed an important basis for state financing of forest protection measures and thus contributes to improving the livelihoods of the population.

Overall rating:
moderately successful



Conclusions

- Less complexity (fewer provinces and measures) increases the chances of success due to more intensive support options.
- Integration into existing (financing) systems, such as PFES, is crucial for the sustainable impact of performance-based conservation agreements.
- The introduction of new forestry approaches requires early and long-term support for farmers to achieve measureable affects.
- Poverty reduction measures that only have a delayed positive impact on the income of the target group require timely and appropriate compensation payments to ensure the willingness of the intended beneficiaries to participate.

Ex-post evaluation – assessment according to OECD DAC criteria

Overview of the rating per criterion:

Relevance	2
Coherence	2
Effectiveness	3
Efficiency	3
Overarching developmental impacts	3
Sustainability	3
Overall rating:	3

Abbreviations:

AK	Final assessment
GDP	Gross domestic product
BMZ	Federal Ministry for Economic Cooperation and Development
CFM	Community-based forest management
DAC	Development Assistance Committee
DARD	Department of Agriculture and Rural Development
EUR	Euro
FZ	Financial cooperation
FZ E	FZ Evaluation
ha	Hectare
HDI	Human Development Index
HH	Households
IUCN	International Union for the Conservation of Nature
MARD	Ministry for Agriculture and Rural Development
MBFP	Management Board Forestry Projects
NPMU	National Project Management Unit
NTFP	Non-timber Forest Products
NGO	Non-governmental organisation
ODA	Official Development Assistance
PFES	Payment for Forest Environmental Services
PMU	Project Management Unit
PP	Project review
PPB	Project appraisal report
PV	Project proposal
SDG	Sustainable Development Goals
SMART	Spatial Monitoring and Reporting Tool
TZ	Technical cooperation
USD	US dollar
VBARD	Vietnamese Bank of Agriculture and Rural Development
VDF	Village Development Funds/Facilities
VFDS	Vietnam Forestry Development Strategy
VFMB	Village Forest Management Boards/Village Committees
VSCG	Village Savings and Credit Groups

Background and context of the project

In recent decades, Vietnam has undergone significant change, bringing both economic success and considerable challenges in terms of protecting natural resources. Since the 1970s, the country's forest area has declined sharply, partly because of the Vietnam War, illegal logging and slash-and-burn farming¹. Although reforestation programmes have led to an increase in forest area, the quality of the forests has suffered greatly. This not only threatens biodiversity and climate resilience, but also reduces the functioning of forests as natural carbon sinks.

Economic progress – Vietnam is considered a middle-income country since 2010 – rising population pressure and increasing agricultural use are also putting strains on natural resources. In contrast, in the north-west of the country, one of the poorest regions, forest areas are increasingly being cleared for agricultural land and thus generate additional income. This development leads to soil erosion and reduces the water storage capacity of the soil in a catchment area that is important for the Black and Red Rivers. In addition, soil fertility is declining, which in turn increases the demand for additional agricultural land and leads to further deforestation. On the other hand, however, the declining forest areas also jeopardises the income opportunities of those group of the population that depend on these forests and on the use of non-timber forest products (NTFPs). This is particularly true of the ethnic minorities living in north-western Vietnam. Forest areas are also increasingly under threat in protected areas. Against this backdrop, the introduction of sustainable forest management methods is crucial to addressing the ecological and social challenges in Vietnam and protecting the country's valuable natural resources.

Since the 1990s, German development cooperation has supported Vietnam in its efforts to develop the forest sector in a more sustainable manner. The various FC projects built on each other thematically and were conceptually adapted to the respective sectoral requirements over time.

As in previous phases, the implementing agency for the evaluated project "Promoting sustainable forestry and biodiversity to reduce greenhouse gases" ("KfW8") was the Ministry of Agriculture and Rural Development (MARD). The project management unit (PMU) at national level was assigned to the Management Board Forestry Projects (MBFP) of the MARD. At provincial level, activities were managed by the respective Department for Agriculture and Rural Development (DARD), supported by actors at district level.

Brief description of the project

The project aimed to protect and promote forest ecosystems in selected districts of the north-western Vietnamese provinces of Yen Bai, Bac Kan, Lai Chau, Lao Cai and Ha Giang. The project pursued a two-pronged approach: on the one hand, it promoted an integrated forest management system for natural and commercial forests, which, in addition to protecting ecosystems and their biodiversity, also offers an opportunity to improve the income situation of the forest-dependent population. On the other hand, model mechanisms for the protection of biodiversity in protected areas were developed with the active participation of the local population. The primary target group was the population in the project areas, especially those whose livelihoods depend directly or indirectly on the surrounding forest areas and who should therefore benefit particularly from the project measures.

The activities were tailored to the specific needs within each province. Component 1 in Lao Cai and Ha Giang focused on preserving biodiversity in existing protected areas (special-use forests). This was to be achieved by establishing a participatory forest protection system based on performance-related protection contracts. Component 2 aimed to achieve a more balanced relationship between ecological sustainability and economic benefits in the forest areas of Yen Bai and Bac Kan, which are dominated by monocultures (primarily acacia and pine), by introducing sustainable forest management approaches (thinning, underplanting with native plants). Finally, under Component 3, degraded natural forests in Lai Chau should be protected from further biodiversity loss by transferring land use rights to local communities and introducing *community-based forest management* (CFM), including a participatory forest protection system. The project also supported the establishment of savings accounts and so-called *Village Development Facilities*, which were intended to increase income and investment opportunities for villages through the remuneration of conservation services and forestry work – in the form of village savings groups (*Village Savings and Credit Groups*, VSCG) or municipal investment funds (*Village Development Funds*, VDF). A link to the Vietnamese *Payment for Forest Environmental Services* (PFES) system was intended to ensure long-term and sustainable support for the communities beyond the end of the project.

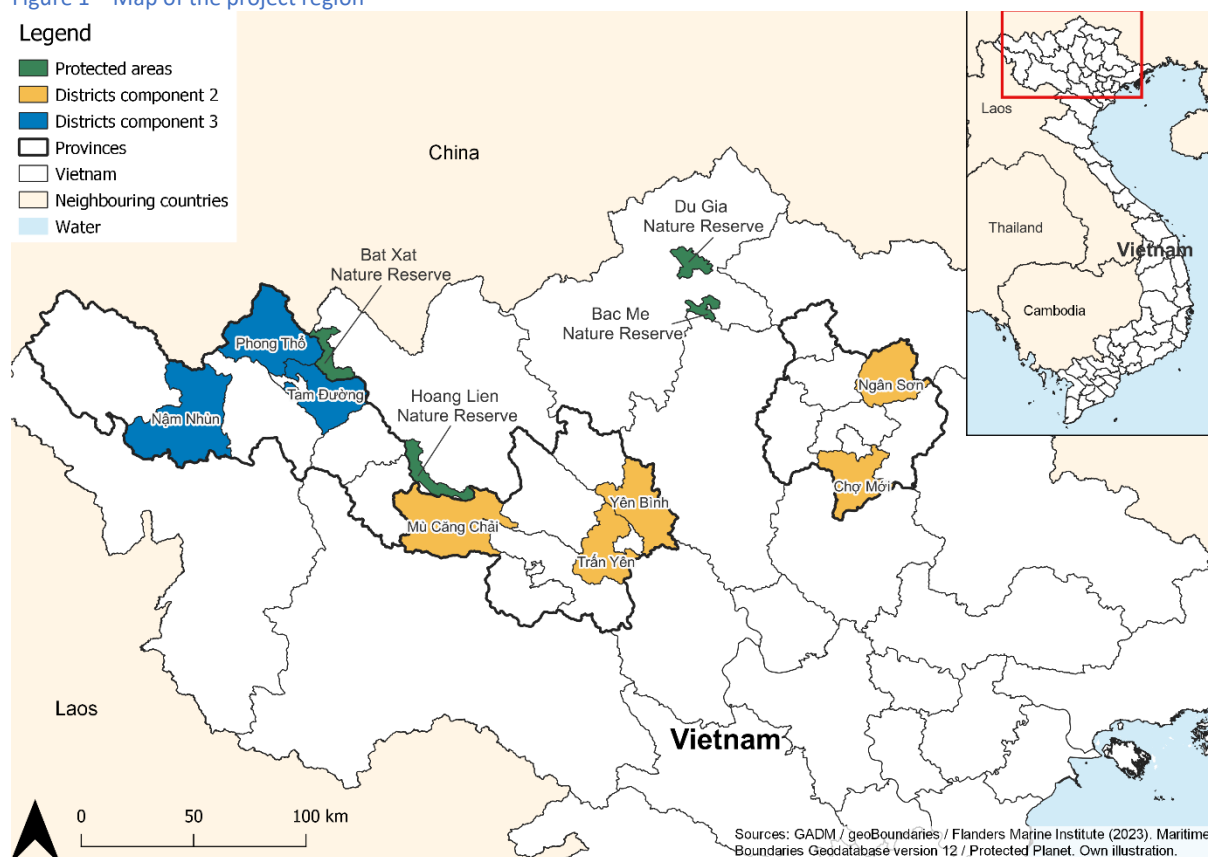
¹ In this report, "slash-and-burn" refers to the burning of remaining surface vegetation after timber has been harvested and removed. This is the predominant practice, particularly in monoculture plantations.

Breakdown of total costs

In million EUR	Inv. (plan)	Inv. (actual)
Total costs	25.50	14.815
Own contribution	5.50	4.769
External financing	25.50	10.046
<i>of which budget funds (BMZ)</i>	<i>25.50</i>	<i>10.046</i>

Map/satellite image of the project country including project areas

Figure 1 – Map of the project region



Source: openstreetmaps.org, edited by KfW

Rating according to OECD DAC criteria

Relevance

1. Alignment with policies and priorities

The project objectives were aligned with the strategic goals of the Vietnamese government (including *the Vietnam Forestry Development Strategy 2006–2020* and *Five-Year Plan for the Forestry Sector 2011–2015*), which included sustainable forest management approaches, protection and conservation of biodiversity through the involvement of local communities, the transfer of land use rights to local communities and the improvement of living conditions in rural areas. These objectives remain valid at the time of the evaluation. In addition, the existing national PFES financing system was expanded, thereby further developing a central component of Vietnam's forestry sector strategy. The objectives are also in line with national legislation in the forestry sector, such as the *Law on Forestry* (2017) and the *Law on Biodiversity* (2018). With the merger of the two lead ministries, MARD (*Ministry of Agriculture and Rural Development*) and MONRE (*Ministry of Natural Resources and Environment*), to form MAE (*Ministry of Agriculture and Environment*) in March 2025, it is expected that the focus on biodiversity conservation and promotion will be further expanded.

The project was in line with the overarching goal of German development cooperation, "²," and the agreed area of action "Preservation of biodiversity and forest ecosystems through protected area management and sustainable use."

It is therefore consistent with the *Sustainable Development Goals* (SDGs) of the 2030 Agenda and contributes to SDG 1 ("No poverty"), SDG 13 ("Climate action") and SDG 15 ("Life on land") (at the time the project was proposed, the project was based on *the Millennium Development Goals*).

2. Alignment with the needs and capacities of beneficiaries and stakeholders

Overall, forest degradation and biodiversity loss were observed in the project provinces, which was partly due to the poverty of the local population and further exacerbated their living conditions. The population in the project region consists mainly of ethnic minorities who live primarily from subsistence farming and are dependent on the natural resources of the surrounding land. However, the area, which is characterised by steep slopes, is difficult to use for agriculture, so that ever larger areas are needed, including forest areas. The dwindling forest areas, however, in turn limit the income opportunities of the local population. According to World Bank figures from 2010, 60.1% of the population in the north-west was considered poor; among ethnic minorities alone, the figure was 72.8%.

The common forest management methods used in monoculture plantations also contributed to soil depletion, which had a negative impact on tree quality. However, due to insufficient expertise and a lack of best practice examples for sustainable forest management methods, these methods were used as standard by farmers. Added to this is the pressure on incomes in large sections of the population, which requires harvests at short intervals and thus counteracts sustainable practices.

The project activities and their objectives of biodiversity conservation in conjunction with socio-economic development were therefore tailored to the needs of the target group, and the interrelated core problems were correctly identified. The villages participating in the project were selected based on their proximity to protected areas or community forest areas and on the intensity of forest resource use by the local population. Participatory planning and implementation from the outset ensured that the needs of all groups living in the villages were considered. During the implementation phase, decisions were also made jointly at village meetings convened for this purpose and organised by the relevant village committees. As the target group consisted primarily of ethnic minorities, their interests were automatically considered. The traditionally strong role of women in Vietnam was confirmed by the active participation of representatives of *the women's unions* active in the villages. Discussions during the evaluation revealed that the interests and needs of women were considered appropriately.

² The overall objective is to build capacity to support MARD, MONRE and non-state actors in implementing the targets set out in the Green Growth Strategy for the protection and sustainable use of biodiversity and natural resources as a contribution to sustainable and inclusive growth in Vietnam.

3. Appropriateness of the design

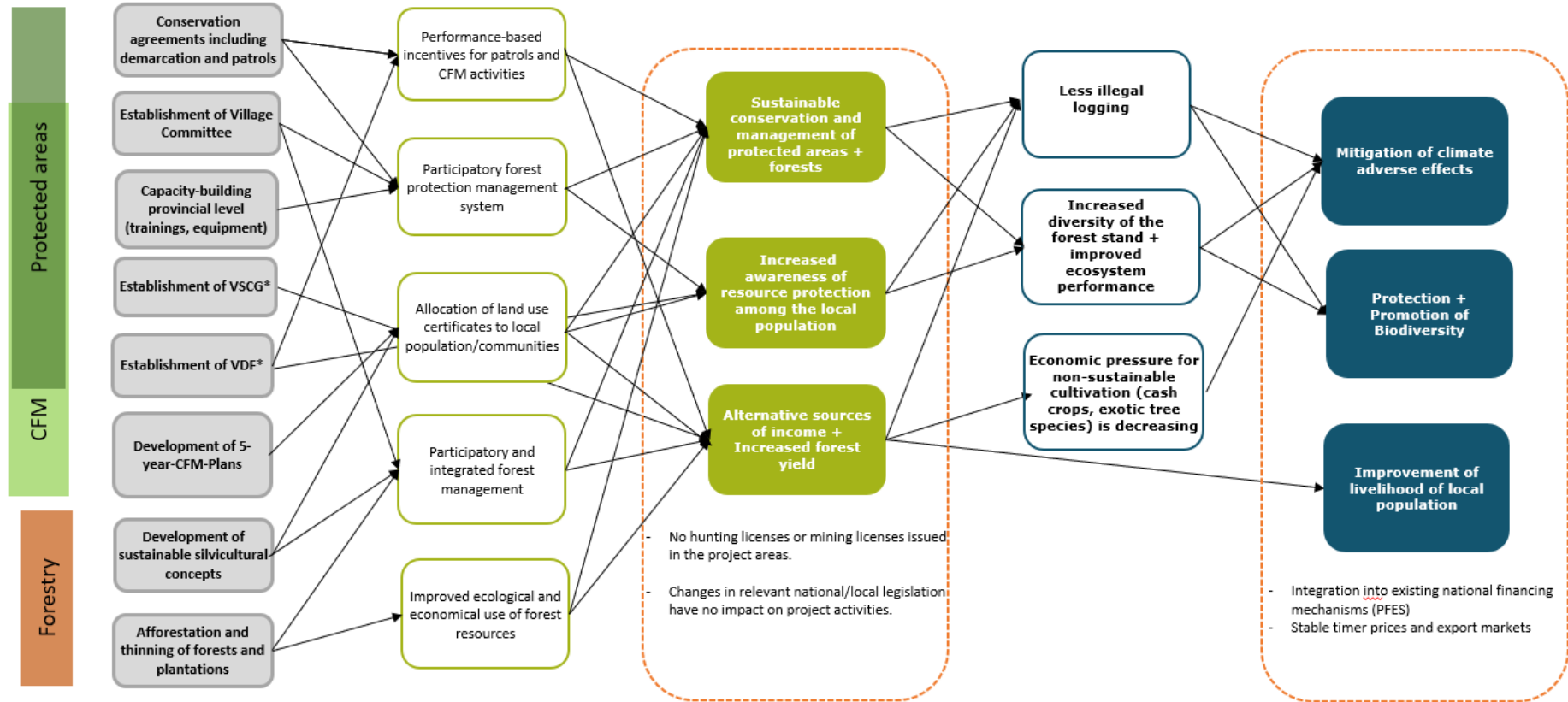
From a conceptual point of view, the measures were fundamentally suitable for helping to solve the above-mentioned core problems of forest degradation and biodiversity loss, while at the same time alleviating the prevailing income pressure on the local population. It was possible to build on the experience gained in the previous phases, during which the effectiveness of the participatory protection system, the savings account approach and forestry approaches had been proven. The protection and sustainable management of natural resources in different types of forest (protected areas, commercial forest, natural forest) preserves and strengthens biodiversity and improves the respective forest ecosystems, leading to greater resilience to the effects of climate change and, in the long term, to a reduction in greenhouse gases. At the same time, performance-based payment systems for protection and management activities and increased forest yields contribute to improving livelihoods and raising awareness of resource conservation among the local population.

The impact relationships postulated during the review are still considered plausible after the evaluation. However, unexpected challenges arose in various areas during the project that had not been adequately considered in the design. These include a lack of support from the provinces in some areas, a lack of involvement of the private sector and difficulties in obtaining the necessary guidelines. In addition, the heterogeneity of the target group and the scattered project locations and their impact on the implementation requirements for the PMUs had not been considered. Due to the national logging ban, the conceptual approach for CFM could not be fully implemented. The requirements of the technical forest management approaches for improved acacia plantation management proved to be too high in view of the management capacities and starting conditions of the participating farmers.

At the time of the project appraisal, the plausible impact chain had not been adequately translated into an appropriate target system with appropriate target formulation, indicators and target values, which made it very difficult to verify the results and impacts. The target system was therefore revised during the evaluation and additionally reconstructed in the form of a theory of change (see Figure 2 above).

The project pursued a holistic approach to sustainable development. The measures primarily focused on the protection and management of natural resources. Participatory approaches are intended to reduce dependence on financial resources and human capacities at the provincial and district levels, thereby enabling effective and sustainable protection management. The transition to modern forestry concepts requires a major shift in the mindset of the local population in the short term but can deliver sustainable improvements in forest ecosystem services in the medium to long term. A decisive prerequisite for sustainable effects is the absence of further mining concessions in the project area and continuous support from the provincial level for forestry conversion. At the economic level, the improvement of the income situation through performance-based protection contracts and remuneration for forestry work is to be secured in the long term through existing financing systems, particularly PFES. The income-generating effect should be enhanced by paying the remuneration into a savings account set up for each village at the local AgriBank (Vietnamese Bank of Agriculture and Rural Development – VBARD) and using the resulting compound interest. The payments consisted of annual payments based on the protection contracts per village and monthly payments for the members of the patrol teams and the village committee responsible for administration (*Village Forest Management Board, VFMB*). At the start of the project, the population in the participating villages jointly decided whether the project funds received at village level should be used for community investments (VDF) or savings and credit groups (VSCG). The concept had already been successfully applied in previous phases of the project. It was also planned that improved economic profitability of the plantations through forestry measures would generate higher and more stable incomes in the medium to long term. Better wood processing facilities should also lead to an increase in the value of wood sales and thus also contribute to higher incomes. The social dimension is considered through the participatory approach to planning and implementation. The strong involvement of the local population and the transfer of land use titles to local communities should strengthen their right to have a say and their right to use natural resources.

Figure 2 – Presentation of the theory of change



*VSCG: Village Savings and Credit Groups; VDF: Village Development Fund

Output
 Intermed. Outcome
 Outcome
 Intermed. Impact
 Impact
 Assumptions/Risks

The measures also made a comprehensive contribution to the bilateral development cooperation objectives relating to forest protection in Vietnam (see above).

4. Adaptability - Response to change

During implementation, various changes to the legal framework had a negative impact on the execution of planned activities or prevented them altogether. For example, the introduction of a logging ban by a decree of the Vietnamese Prime Minister in December 2014 meant that the CFM plans had to be adjusted, as there were no longer any opportunities for timber harvesting by local communities. The amended regulations on the use of ODA funds in 2017 also had an extremely negative impact on the measures that had been designed. The permissible focus for investments was changed, meaning that the loan portion could no longer be used for non-investment costs such as capacity building, workshops, technical monitoring, expansion materials, equipment and recurring costs. However, as this accounted for most of the funds that had been freed up and there was little need for further investment measures within the project, no alternative uses could be identified. In addition, due to the complex approval structure and budget planning on the part of the Vietnamese government (much of which must be approved by the Prime Minister), reallocations or changes to the budget and implementation plan are difficult to implement. As a result, funds amounting to approximately EUR 10.7 million were not spent by the end of the project.

Rating summary

The project was conceptually well suited to solving the core problems and built on the experience gained in previous projects. At the time of the project review, it was in line with the policies and priorities of the Vietnamese and German governments and took the capacities and potential of the implementing partner and the target group into account. The establishment of a participatory protection management system involving the local population and the resulting relief for the responsible authorities is still considered essential for preserving and strengthening biodiversity in the forests, supported by approaches to sustainable forest management. Both also offer significant potential for increasing the income of the local population and thus contributing to a sustainable improvement in living conditions. However, it was not possible to respond adequately to changes in the legal framework that arose during the project or to changes in responsibilities at PMU level. Nevertheless, the relevance of the project is assessed as successful based on the above-mentioned aspects.

Relevance: 2

Coherence

5. Internal coherence

The coherence of the project is evident in its seamless integration and build-up on existing development cooperation projects in Vietnam's forestry sector. The project builds on earlier financial cooperation (FC) and technical cooperation (TC) projects and fits well into the overall concept of German development cooperation in environmental protection and resource conservation in Vietnam. During project implementation, there were various areas in which the project cooperated with TC projects (e.g. the project "Protection and sustainable use of biodiversity and ecosystem services of forests in Vietnam"), particularly in the context of protected area management and community forest management. This cooperation included the use of geodata for the SMART tool (Spatial Monitoring and Reporting Tool³) in the context of village forest protection systems, the use of bank accounts for protection contracts and PFES payments, and the development of materials to raise awareness and further develop CFM concepts. In addition, development workers were temporarily deployed at the provincial level. Close cooperation in these areas created synergies between the various FC and TC projects, which were still in place at the time of the evaluation. The CFM concept benefited from over 20 years of experience in developing CFM methodology in Vietnam and is therefore closely aligned with previous FC projects.

In addition, the project makes a valuable contribution to achieving Vietnam's national climate targets (NDCs). The Vietnamese government has also signed the United Nations Framework Convention on Climate Change and the Kyoto Protocol, as well as the Paris Climate Agreement. These international commitments are incorporated into

³ SMART is a holistic platform for the management of protected areas that makes it easy to collect, visualise, store, analyse, report and use a wide range of data. It also allows data to be easily transferred from local patrol teams to the relevant authorities, who can evaluate the data and use it for higher-level analysis.

Vietnam's national legislation and environmental protection strategy. This project is therefore based on these national guidelines and contributes to supporting the Vietnamese government's climate protection and environmental objectives and guidelines.

6. External coherence

The project activities were in line with the Vietnamese government's policy objectives in the sector. The measures are particularly consistent with the Five-Year Plan for the Forestry Sector and the *Vietnam Forestry Development Strategy* (VFDS, 2006–2020), specifically with the priorities "*Sustainable forest management and development*" and "*Protection and conservation of biodiversity and development of environmental services*". To implement the above-mentioned objectives, the Vietnamese government has produced various *investment policies* between 2010 and 2020 and provided the financial resources specified in the VFDS to implement the measures planned to achieve the objectives. This demonstrates the strong efforts of the Vietnamese government, which were effectively supported by the project evaluated here.

When developing technical guidelines, existing practices in the sector were built upon and further improved. In addition, new, innovative guidelines were developed that comply with international standards. To date, these technical guidelines have been applied by DARD in several provinces (Lao Cai, Bac Kan, Ha Giang), demonstrating that the concepts have closed a gap that neither the Vietnamese government nor other donors active in the sector had previously addressed. The project thus contributes to the existing framework in the forestry sector in Vietnam without duplicating efforts. In addition, the approach has also been adopted by projects with other international donors such as USAID in Vietnam and has contributed to the further development of the forestry sector in the country.

With MARD/MBFP as the executing agency and national PMU and DARD as the provincial PMU, the project drew on existing structures. This avoided inefficient duplication of structures and ensured that the capacities acquired through the project will remain in place and can continue to be used in the relevant institutions.

Rating summary:

The project complemented projects implemented by German development cooperation and other donors as well as Vietnam's own efforts. Furthermore, the project drew on existing national structures and was in line with the Vietnamese government's approach to sustainable forest management and biodiversity conservation. Coherence is therefore considered successful.

Coherence: 2

Effectiveness

7. Achievement of (intended) objectives

The outcome-level objective adjusted as part of the EPE was to protect and manage the supported forest and protected areas in a participatory and sustainable manner (including sustainable management).

The achievement of the outcome-level objective can be summarised as follows:

Table Target achievement Outcome:

Indicator	Status at PP	Target value according to PP/EPE	Actual value at AK	Actual value at EPE
(1) Active involvement of the local population in the protection of special-use forests.	No active involvement of local communities in management activities for special-use forests	151 villages have active patrol teams (including performance-based protection contracts) for the protection and monitoring of forests. ⁴	Patrol teams are active in all 151 villages and are remunerated on a performance basis (including reporting) on the basis of protection agreements.	Achieved. Discussions during the evaluation trip confirm the continuity of patrols when funding is available.
(2) Number of violations of forestry laws in the project areas.	• No hunting licences issued for the project areas during the project period. • Natural forests are threatened by encroachment and severe degradation	Reduction of violations in protected areas by 20% by the end of the project period.	• Violations were reduced by >20% (verifiable using SMART data) • No hunting licences or mining concessions issued for the project areas	Achieved.
(3) Improvement of forest ecosystem services.	• Acacia plantations will not be thinned until harvest • Natural regeneration will be eliminated by slash-and-burn at the end of the production cycle	Time frame: Project year 5-7 • Improved ground vegetation through thinning with native tree species compared to areas outside the project region • HH report improved ecosystem services • Newly planted native species are not felled and are integrated into the second production cycle	• HH within local communities report improved ecosystem services (water)	Partially achieved. • No improvement in ground vegetation due to return to slash-and-burn practices after project end.
(4) Improvement in the economic profitability of forestry	• Acacia plantations are not thinned until harvest • Acacia trees are harvested at an early stage of growth and sold primarily to produce wood chips	Time frame: Project year 5-7 • Improved growth performance of pine and acacia plantations compared to areas outside the project region	• HH report better growth performance of acacia • HH report positive changes in income due to increased sales value of acacia after a longer growth phase	
(5) Awareness of the importance of protecting	No baseline values	Increase in awareness among the local population by 20% by the end of the project	• HH surveys show a positive trend in terms of changes in awareness.	• Anecdotal confirmation of increased awareness of the

⁴ At the start of the project, the number of communities was reduced from around 200 to 152 based on the results of village threat assessments. The total number was then reduced to 151 communities when two communities were merged.

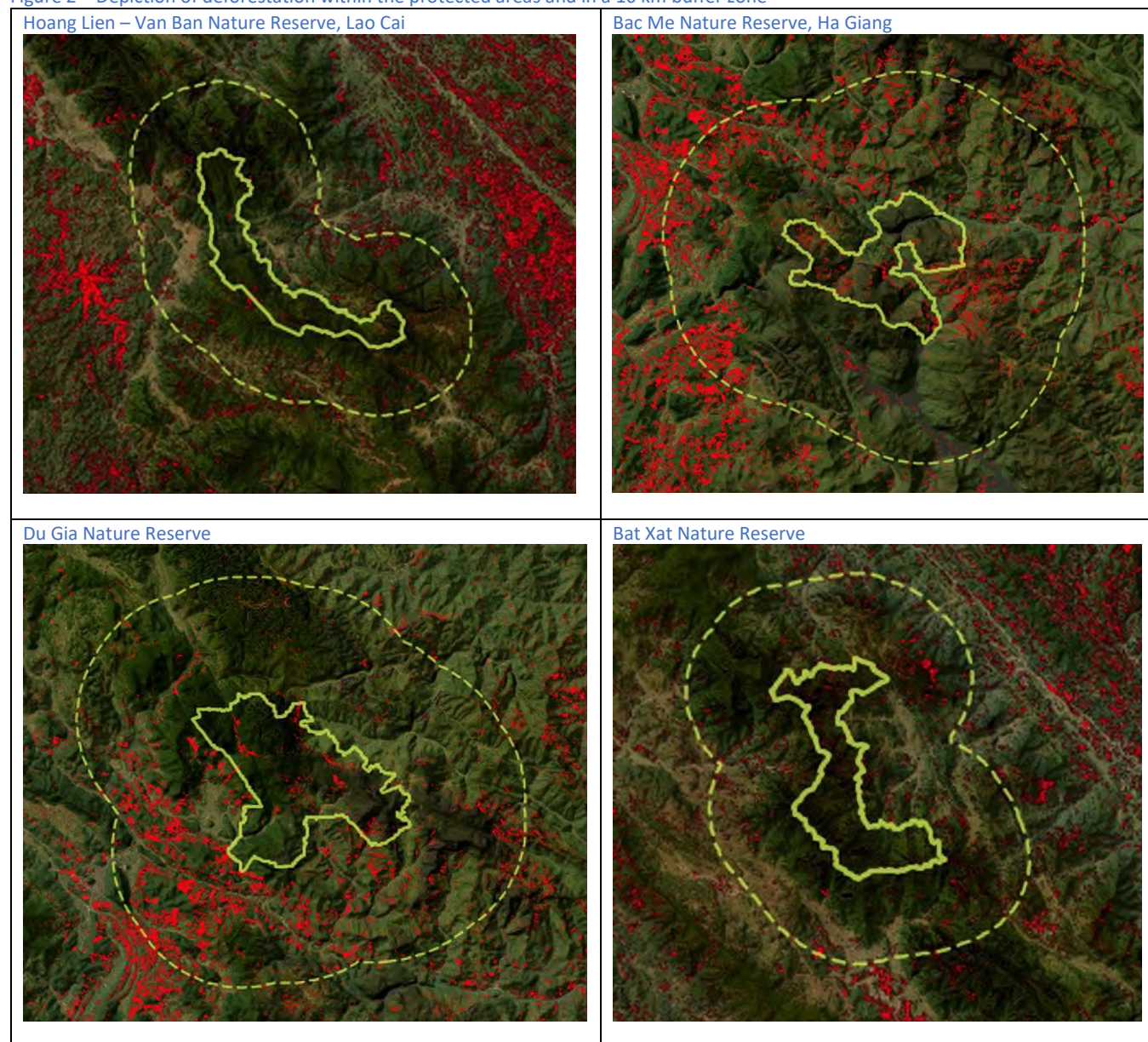
forest re-sources		period compared to reference households		importance of protecting forest resources among the local population
(6) Promotion of alternative sources of income through the establishment of <i>village development facilities</i>	No VDFs in Vietnam to date – to be introduced as an innovative instrument in the project.	At least 151 villages use <i>Village Development Facilities</i> to manage performance-based payments in the form of municipal investments (VDFs) or village <i>Village Savings and Credit Groups</i> (VSCGs)	• In all 151 villages within the 22 municipalities, <i>Village Development Facilities</i> are used for individual microloans to generate income or for municipal investments. • HH report positive economic effects from participation in VDFs/VSCG (Ha Giang: 23%/72%; Lao Cai: 80%)	Partially achieved. • Anecdotal confirmation that living conditions have improved in the long term, enabling payments for protection activities to continue through PFES or the provincial government.

8. Contribution to the achievement of objectives

Component 1 (protected areas): The measures financed to preserve biodiversity in four protected areas included a) involving 151 local communities in protected area management through regular patrols, b) concluding conservation agreements (Village Conservation Agreements) with the respective communities, c) setting up a dedicated account for each participating community to pay for the work of the patrol teams, d) equipping the villages with *spatial monitoring and reporting tools*, e) setting up Village Development Facilities (VDFs) to promote alternative sources of income, and f) producing training materials for environmental education in primary schools and conducting initial training courses for primary school teachers. The planned services were delivered in full and contributed to the achievement of indicators 1, 2, 5 and 6. *Village Forest Management Boards* (VFMBs) were introduced in all 151 riparian villages within the 22 municipalities and functional *Village Development Facilities* (VDFs) were established, which were managed by the VGMB. An account was set up at the local AgriBank for each of the villages, into which the project payments for the services agreed in the protection contracts were paid. In addition, 151 village patrol teams were formed, which secured patrol routes determined in a participatory process and received financial support for this through a performance-based protection contract. All teams were trained accordingly and equipped with the necessary equipment; data collection and reporting were carried out digitally using SMART software. At the time of the evaluation, all protection agreements could be continued through local financing options such as PFES or support from the provincial government, so that the patrol teams within the protected areas remain active. All stakeholders confirm that the effectiveness of the patrols has increased because of the training provided and the use of SMART, and that violations of forestry laws have decreased because of participatory protected area management. The latter is confirmed by SMART data. The development of the degree of deforestation shown using satellite data also supports the findings from the project. Figure 2 shows the four protected areas and a 10 km buffer zone within which the project was not active with patrols. The red markings on the maps show the tree loss between 2000 and 2021. The marked tree loss therefore also represents activities prior to the start of the project. Even if deforestation cannot be completely avoided within the protected areas, the figures still allow a positive conclusion to be drawn about the effects of protected area management. At the time of writing, one of the protected areas (Bat Xat) is about to be granted national park status, which is at least partly due to the successful implementation of the project activities. Depending on the village, the payments based on the protection agreements were used either for individual loans (VSCG) or for community investments (VDF). All stakeholders attested to the importance of these payments and the VDF for the development of the village and the additional income opportunities for the local population. Discussions with various stakeholders, such as representatives of the local *Women's Union* and farmers' associations, confirm this impact. A decisive factor in the successful implementation of the activities under Component 1 was the high level of

commitment on the part of the provinces, which continuously promoted the implementation of the project activities and continued to support them even after the end of the project.

Figure 2 – Depiction of deforestation within the protected areas and in a 10 km buffer zone



Source: Own representation based on: Leaflet | Tiles © Esri — Source: Esri, i-cubed, USDA, USGS, AEX, GeoEye, Getmapping, Aerogrid, IGN, IGP, UPR-EGP, and the GIS User Community, Hansen, M. C., P. V. Potapov, R. Moore, M. Hancher, S. A. Turubanova, A. Tyukavina, D. Thau, S. V. Stehman, S. J. Goetz, T. R. Loveland, A. Kommareddy, A. Egorov, L. Chini, C. O. Justice, and J. R. G. Townshend. 2013. "High-Resolution Global Maps of 21st-Century Forest Cover Change." *Science* 342 (15 November): 850–53. Data available online at: <http://earthenginepartners.appspot.com/science-2013-global-forest>.

Under Component 2 (Commercial Forests), measures were implemented that were primarily aimed at promoting appropriate silvicultural practices in smallholder forest plots (acacia and pine plantations) in the provinces of Yen Bai and Bac Kan. The planned measures included a) introduction of sustainable forestry practices in small plantations (thinning, underplanting, longer rotation periods), b) conversion of state-managed pine forests to mixed deciduous forests through newer harvesting methods (and investment in wood processing equipment) and underplanting; c) developing technical concepts and training materials and opening savings accounts for smallholders, d) interplanting within and near protected areas. The component primarily aimed to achieve indicator 3. The measures were designed to reduce the economic and ecological disadvantages associated with monocultures, such as biodiversity loss and soil erosion, thereby contributing to an improvement in the ecosystem services provided by the forest and its economic profitability.

However, the measures planned for state forests could not be implemented due to changes in legal requirements regarding tree density and the national ban on logging in natural forests. Only underplanting with native species was carried out, but this was only marginally successful due to significant management deficits at the responsible DPMU. In addition, Yen Bai Province made only a very limited area available for the implementation of the measures. This also applies to inter-row planting in and around protected areas. The introduction of sustainable forestry practices in small plantations included a combination of thinning and enrichment planting with native species, as well as the introduction of longer rotation periods, which should lead to improved forest ecosystems in the long term. At the same time, project payments for thinning and planting activities and, in the long term, improved return opportunities were intended to improve the economic situation of smallholders. Although the technical approach of thinning, planting native species and introducing longer rotation periods is still considered adequate by all stakeholders, the output fell far short of the targeted area and thus of the number of participating farmers (1,000 hectares instead of the targeted 5,000 hectares). There are many reasons for this: institutional and management problems at the provincial level (especially in Yen Bai) led to significant delays in project activities, with the result that many of the farmers who were initially interested lost interest and/or switched from acacia to cinnamon cultivation (due to higher profits). A lack of human resources at provincial level and frequent staff changes necessitated unplanned repetitions of training sessions. At the same time, the technical requirements of the forestry approaches required intensive support for the participating farmers, which could not be adequately provided due to staffing problems and a very heterogeneous and widely dispersed target group. As a result, some of the participants were unable to meet the requirements and therefore did not receive any financial compensation, as this was linked to the fulfilment of certain ' ' criteria, such as the quality of the thinning activities carried out. This could have been avoided, at least in part, with better support. Some farmers also had to cut down the acacia trees early due to economic constraints, which also led to their withdrawal from the project. Other reasons for farmers leaving the project included damage caused by severe storms (which meant that the trees no longer met the technical requirements), a sharp fall in prices for acacia wood and a lack of sales markets due to export restrictions to China because of the COVID-19 pandemic.

In Bac Kan, which was only added as a project region at a later stage due to additional funding, the initial difficulties were overcome during the project and significant successes were achieved, albeit on a small scale. Once again, this was due to the high level of initiative shown by the PMU at provincial level, which recognised the potential of the measure and supported it with great commitment. Farmers who implemented the new forest management methods on their own land were able to achieve significantly higher prices for the sale of acacia wood, which, despite additional expenses for logging teams and transport, increased their returns compared to conventional management. Discussions during the evaluation revealed that individual successes had greatly increased interest in the new approach among farmers in the district, and some adopted the new methods after the end of the project with the help of farmers participating in the project. The goal of improving the income situation of the target group was thus achieved, albeit to a much lesser extent. However, the goal of improving biodiversity, which was to be achieved primarily through underplanting and longer rotation periods, was not achieved, as most farmers returned to the traditional practice of slash-and-burn. For the evaluation, the higher incomes of individual farmers are assessed positively, but with a lower weighting, as the income effects were achieved with a smaller number of farmers. The large-scale return to traditional slash-and-burn practices has a negative impact on the effectiveness of the project.

The other objectives targeted under this output, particularly the improvement of pine plantations, the conversion of pine forest to mixed forest and the introduction of modern wood processing methods, could not be achieved. This was also due to the lack of support from Yen Bai Province, which in some cases only provided a greatly reduced pilot area for measures. Some measures were completely prohibited due to changes in national guidelines (conversion to mixed forest), while others were only inadequately implemented by the PMU at provincial level (thinning of pine plantations).

Component 3 (natural forests) aimed to protect natural forests in Lai Chau province from further biodiversity loss through *community-based forest management (CFM)* for sustainable forest management and protection. The planned measures included a) the preparation of five-year land use plans (CFM plans) at village level; b) the establishment of VFMBs and the preparation of land use and protection management regulations (*Village Forest Protection and Development regulations*); c) zoning the community forest and participatory determination of patrol routes, and d) issuing land use certificates (*red books*) to all 47 communities covering a total of 12,000 hectares of commercial forest. The component aimed at far-reaching protection and management activities and was thus intended to contribute to all the above indicators.

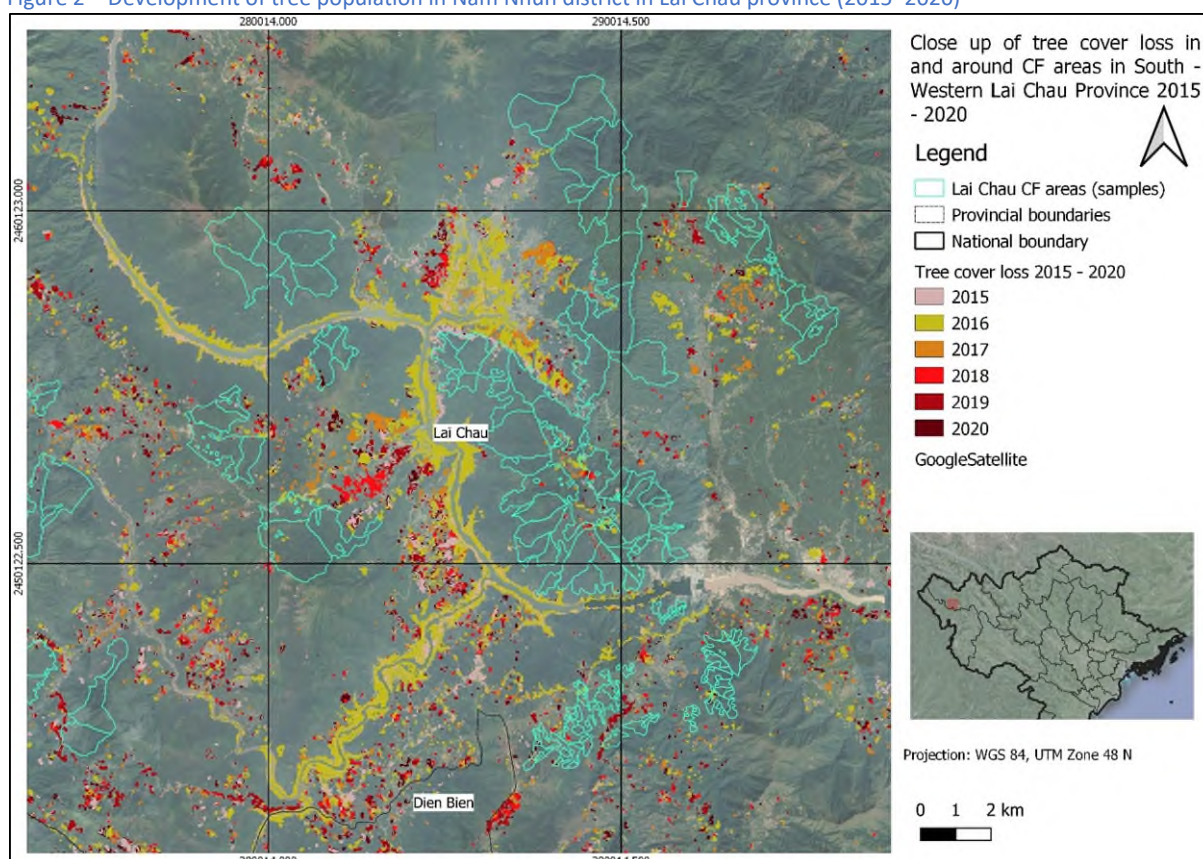
Forty-seven villages were to receive land use certificates (known as *red books*) covering a total of 12,000 hectares of natural forest to protect and manage these areas sustainably under CFM plans. *Village Forest*

Management Boards were successfully established in all villages, along with corresponding land use plans and protection agreements. However, further implementation was severely restricted due to changes in the legal framework and management problems at national and provincial level. The CFM plans were originally intended to form the legal basis for sustainable and legal logging quotas for the villages, as had already been successfully implemented in previous phases of the project. However, this component had to be scrapped due to the logging ban introduced at the end of 2014. As a result, the activities planned within the CFM plans had to be reduced to the use of NTFPs (non-timber forest products) and village forest protection systems (patrol teams). The land use certificates enabled local communities to conclude direct PFES contracts and not be dependent on mediation by the provincial government. Although the logging ban certainly had positive effects in terms of reducing deforestation, it also meant the loss of a lucrative source of income for the local population after they had obtained land use rights. In addition, there were extreme delays in the process of conducting the necessary forest inventory and land surveying (required for the issuance of land use certificates), with the result that only 12 of the 47 planned certificates had been transferred by the end of the project. By the time of the evaluation, however, the provinces had been able to close this gap and, as agreed, hand over the remaining 35 certificates to the villages. The incomplete forest inventory data also prevented the development of forest management plans, which were intended as part of the CFM plans. This severely limited the achievement of the objective of sustainable management of commercial forest areas.

However, it was possible to establish a functioning forest protection system in all villages, which was designed in the same way as Component 1, except for the use of SMART software.⁵, within which the protection patrols were remunerated over the course of the project. Here, too, payments were made via village savings accounts set up for this purpose. The financing of the protection activities was secured after the end of the project through PFES. The subsequent granting of land use rights (red books) to the local communities was decisive in this respect, as these rights form an important basis for state financing of forest protection measures and have thus also contributed to improving the livelihoods of the population. Reports from the patrols and PMUs, as well as satellite data from *Global Forest Watch*, confirmed the effectiveness of the patrols through a significantly lower number of forest violations and positive changes in the degree of forest cover within the project region compared to forest areas outside the project region. The figure below shows the CFM areas supported by the project (outlined in turquoise) and the loss of tree cover in the surrounding area per year.

⁵ The introduction of SMART software was not considered necessary here, as it was assumed that the communities would have a sufficiently strong interest in protecting the forest resources they manage and use once they had received the land use certificates (unlike in protected areas, where the local population has no or only very limited rights of use).

Figure 2 – Development of tree population in Nam Nhun district in Lai Chau province (2015–2020)



Source: internal project documentation

Overall, beneficiaries benefited from the measures to varying degrees, as the implementation of activities in the project regions was more or less successful. Economic goals were most clearly achieved through the conclusion of performance-based protection contracts and the establishment of *village development facilities*, which enabled additional income, further investment opportunities or lower contribution payments for community investment projects (components 1 and 3). Further economic impacts were achieved through initial thinning measures (component 2), but only to a limited extent. Social impacts were evident through the participatory monitoring systems and integrated forest management concepts, and through the transfer of land use rights to local communities in component 3. Ecological impacts with positive effects for the target group were also observed in the provinces of Yen Bai and Bac Kan, particularly with regard to availability and water balance (better availability, fewer floods), which suggests an improved forest ecosystem.

Several internal and external factors are responsible for the achievement and non-achievement of the intended objectives. The main internal factors have already been mentioned in the description of the components. A key external factor that had a positive impact on the achievement of the objectives was the piloting of PFES payments via bank accounts by the Vietnamese government, which led to the sustainable adoption of project activities in protection contracts. Cooperation with technical cooperation projects and technical cooperation advisors, particularly with regard to protection patrols and training, was also an important success factor.

However, there were also significant external obstacles that hampered or partially undermined the achievement of the objectives. Changes to ODA guidelines in Vietnam led to the mandatory cancellation of various activities with⁶, which severely hampered implementation. In addition, there were delays in the disbursement of project funds due to restructuring at the provincial level. The *Annual Plan of Operations*, which served as the basis for annual disbursements, was also very inflexible and was usually approved late. Adjustments were difficult or only possible with considerable delay, leading to discrepancies between the approved budget and actual project requirements. *National Steering Committee meetings* could have mitigated or even avoided some of the implementation problems mentioned above due to political changes. However, these meetings were held only very

⁶ This primarily concerned activities such as capacity building, workshops for farmers and DPMU staff, equipment, etc.

sporadically. Finally, the COVID-19 pandemic prevented further training and the necessary support for the target groups due to the lack of opportunity for field visits.

9. Quality of implementation

Due to the different implementation priorities in the provinces and a complex management structure with a national PMU, five PMUs at provincial level and 13 PMUs at district level, the project placed high demands on the national level and the supporting consulting team. These demands were further exacerbated by changes in responsibilities between the national and provincial levels during the project period. The project management structures in Vietnam were correspondingly multi-layered and reflected the government system at the time of project planning. However, stakeholders in Bac Kan reported lengthy decision-making processes and delays. The Vietnamese government is currently reforming these structures to increase effectiveness, including through the merging of provinces. Although the structure was appropriate, feedback to the national management level was not always adequately addressed, while at the local level there was more active coordination between PMUs and local communities.

The quality of project implementation and management varies significantly across different areas. Implementation was successful in protected area management (Component 1), mainly due to the participatory approach. The selection of villages and the activities carried out were tailored to specific needs and the local context, and the patrol teams and *village forest management boards* received relatively close support from the PMUs. In contrast, the quality and implementation of forest management in the plantations (component 2) was relatively weak. There was a lack of coordination between the technical approaches and national regulations, which led to insufficient integration of the new approaches. The involvement and conviction of the project implementers and the target group regarding the positive effects of these approaches was only achieved to a very limited extent. Attempts were made to improve this during the project period by changing staff within the PMUs and providing further training. However, this was only successful in one province and due to the advanced stage of implementation, could not completely offset the delays. Nevertheless, this change of course had an overall positive effect, particularly due to the high level of commitment on the part of the province. In the area of *community forest management* (CFM) (component 3), implementation was severely hampered by weaknesses on the part of the implementing agencies, particularly in procurement.

10. Unintended effects (positive or negative)

No negative or positive unintended effects on people or the environment were identified during either the planning or implementation phase. The zoning of protected areas under Component 1 and the defined protection agreements were implemented in a socially acceptable manner, maintaining the customary rights of use of the local population and without resettlement or reallocation of agricultural production areas. However, after the end of the project, the project funds remaining in the villages' savings accounts had to be repaid in full due to requirements imposed by the Vietnamese Ministry of Finance. As in the previous projects, it was intended that the funds should remain available to the local population as long as they fulfilled their agreed obligations. The repayment of the funds led to a loss of trust in some provinces between the PMU at provincial level (DARD) and the local population, which had previously been significantly improved thanks to closer cooperation within the protection patrols.

Rating summary

In summary, it can be said that the project was effective to varying degrees in its different components. While the conservation area management objectives were achieved, in particular the active involvement of the local population and the reduction of forest law violations in the project areas, the project fell significantly short of its intended objectives in the area of forestry measures (plantation management, CFM approaches). Nevertheless, the project is still considered to be of limited success overall, as the measures to promote protected area management accounted for almost two-thirds of the project funds and thus became the main component after the budget adjustments.

Effectiveness: 3

Efficiency

11. Production efficiency

At the time of the project review, a total of EUR 20.5 million was available from FC funds, of which EUR 15 million was earmarked as loans and EUR 5.5 million as grants. The partner was expected to contribute an additional EUR 5 million from its own resources. This meant that the total funding available for the project at the time of planning amounted to EUR 25.5 million. Of the loan amount, approximately 34% was allocated to component 1, 41% to component 2 and 22% to component 3, while the remaining amount was earmarked for general administrative costs. In the grant component, around 62% was planned for project activities and 38% for consultancy costs.

At the end of the project period, the funds spent from the FC share totalled EUR 10,046,204.47, which corresponds to approximately 49% of the total amount. The Vietnamese contribution was spent at a rate of 52%. Most of the savings were made within the loan portion, as numerous legal changes meant that many activities had to be cancelled and could not be replaced by suitable alternatives. This affected measures such as training in particular, but also equipment for forestry measures, as these were not recognised as investments in development policy projects and therefore could not be financed by loan funds under the new legal provisions. In addition, a large part of the measures under component 2 were financed from the loan portion. However, as this component could only be implemented to a greatly reduced extent, as described above, there was a corresponding significant reduction in the expenditure of funds under the loan component. The expenditure of the amount earmarked for project activities on the three components corresponds to the above-described status of implementation and degree of target achievement (Component 1: approx. 60%; component 2: approx. 20%; component 3: approx. 17%). A similar distribution applies to the grant portion of the funds, 74% of which was spent. Even though a large portion of the funds earmarked for the project could not be spent, these figures indicate that the funds were used efficiently. For example, significantly less funds were spent under component 2, which fell short of the targets set. As a result, the weighting of the three components in terms of financial expenditure shifted at the time of the final inspection and evaluation.

The limited disbursement of the project is due to various reasons: Political changes restricted the scope of activities that could be financed with project funds.⁷ In addition, there were delays in the implementation of activities, which were largely cost-, partly due to complex procedures for annual budget preparation and approval at national level by the national PMU and the responsible authorities, as well as by consultants and the FC. A shortened implementation phase due to differently defined start dates (at the time of signing the loan/grant agreement vs. at the start of activities) further limited the time available for activities, and a planned project extension was not possible due to changed administrative requirements. In addition, the COVID-19 pandemic prevented access to the project areas from 2020 onwards and further reduced the scope of activities implemented, particularly under components 2 and 3. Overall, it can be said that the funds were used sparingly and in accordance with the planned cost structure. This depended heavily on the cost norms set at the start of the project, which were partly based on national cost norms and partly developed by the national PMU with support from the consultant⁸. These norms reflected the local conditions at the time of planning. During implementation, they were partially adjusted to account for inflation. However, during interviews conducted during the evaluation, some stakeholders, particularly with regard to component 2, stated that the cost standards were inadequate and, in some cases, a limiting factor in implementation. One example of this was the relatively low daily rate for labourers, which was used as the basis for remuneration for forestry activities such as thinning or planting and did not cover the labour costs of the participating farmers. This was based, among other things, on discussions with smallholders and their cost estimates, but the labour costs required depend heavily on the location and quality of the plantation, and the cost standards set did not therefore cover the costs for all participants. In addition, the lower limit of the estimates was deliberately chosen during the planning stage to avoid smallholders participating in the project solely for financial gain. The aim was to attract smallholders who had the necessary economic resources to cope with the delay in income generation due to the longer rotation period and to be able to continue the new forestry practices after the end of the project. However, there was still potential to increase motivation among farmers and thus increase the impact within the output by raising the cost standards.

⁷ Example: Directive No. 18/2019/CT-TTg, which amended the use of ODA and foreign soft loans.

⁸ The cost standards set the remuneration financed by the project for project participants for, among other things, patrol, thinning and planting activities. These are mostly based on local remuneration structures to avoid distortions in the labour market. In some cases, they are also set lower to prevent free-riding and increase effective incentives for own contributions.

Some procurements also proved challenging, partly due to insufficient cost standards that were not appropriate for the local context and complex procurement guidelines on both the Vietnamese side and on the part of KfW. In some cases, this led to further delays with sometimes significant consequences, as it prevented the implementation of follow-up activities such as the allocation of land use rights. This situation was further exacerbated by the COVID-19 pandemic.

Consulting costs accounted for approximately 10% of the total costs during the planning phase; these were spent in full. Although the proportion of consulting services amounted to approximately 20% at the end of the project due to the significantly reduced amount of project funds spent, this is still considered reasonable. In addition to supporting the implementation of the measures, the technical support also included the preparation of various technical concepts and training materials, all of which were provided in two languages and, according to various stakeholders, will continue to be used after the end of the project. In addition, the complexity of the project increased significantly due to many legal and administrative changes as well as unexpected weaknesses within the PMUs, which had a corresponding impact on the consultant's workload.

12. Allocation efficiency

The VSCGs required a high level of monitoring and support to assist the administration at village level and ensure that loans were granted and used in accordance with the rules. In comparison, the effort required for the VDFs was significantly lower. An analysis of preferences for VSCGs compared to VDFs could have provided valuable insights into whether VDFs could be established in all project locations without compromising impact at the target group level. Otherwise, there is no evidence that the funds available during project planning could have been used more efficiently. The approach of transferring protected area management to non-governmental organisations (NGOs), which is widespread in other regions such as West Africa, is not a viable alternative in the Vietnamese context. On the one hand, the country is able and willing to take on its sovereign tasks independently due to its strong state structures, as demonstrated in this project by the continuation of protected area management after the end of the project. On the other hand, existing administrative and financial barriers make it difficult to pass on some of the funds promised to the Vietnamese government to an NGO. However, it would be desirable for NGOs to take on specific tasks, such as biodiversity monitoring or the introduction of innovative elements, in future projects. The reallocation of funds freed up due to necessary cuts in activities also proved unfeasible due to the complex administrative structure of the Vietnamese implementing agency.

Rating Summary

In summary, it can be said that the project implemented the planned activities in a cost-effective and efficient manner but had to contend with significant delays and thus a limited scope of implementation. This is also reflected in the amount of funds spent. Even though the relationship between input and output is largely based on local cost standards, a reallocation of funds would have potentially increased the impact. The efficiency of the project is therefore assessed as limited.

Efficiency: 3

Overarching development policy impacts

13. Overarching (intended) developmental changes

The objective adjusted as part of the EPE was to conserve and enhance biodiversity in forest ecosystems in north-western Vietnam, considering the interests of the local population. Specifically, the project was intended to contribute to mitigating the effects of climate change and improving the living conditions of the local population. Two indicators were defined for measurement (see table below), but these were not measured at the start of the project, or only with a delay. As a result, only inadequate baseline data is available. The baseline study for the indicator species, carried out by an international NGO, was completed with considerable delay in 2018 and showed average biodiversity in the project areas of Component 1. Using various survey methods for mammals (small mammal traps, camera traps and transect surveys), the team from the responsible NGO recorded an average of 19 (Ha Giang) to 28 (Lao Cai) mammal species, 96 bird species and 22 species of amphibians and reptiles in the various protected areas.

No baseline data was collected on forest diversity. As almost all farmers with acacia plantations had returned to slash-and-burn practices at the time of the evaluation, no change in forest diversity could be observed.

Nevertheless, biodiversity can be assumed to have been preserved in terms of the protection of existing biodiversity, particularly in protected areas and in forest areas designated as CFM. Data-based evaluations (using SMART data) and satellite data show positive effects in almost all project regions in terms of a reduction in violations of forestry laws and, in some cases, significantly lower declines in forest cover (Lai Chao). Assuming that lower forest loss contributes to biodiversity conservation, it can be concluded that in areas with less deforestation and lower levels of intervention in forest resources, existing biodiversity can at least be maintained at current levels, even if no direct conclusions can be drawn about the state of biodiversity in the forests.

However, the impact of increased and improved protection measures on biodiversity conservation could not be determined due to a lack of monitoring data. This was due to significant delays in the process of commissioning an international organisation to carry out annual monitoring of specified biodiversity indicators in the four protected areas. However, stakeholders in Bat Xat report that various studies conducted by the Vietnamese-Russian Tropical Centre have identified 22 and 58 animal and plant species listed on the IUCN Red List of Threatened Species and in Vietnam's Red Book, respectively⁹.

Results from household surveys conducted at the time of the final review confirm this. However, whether this can contribute to the overarching goal of increasing biodiversity in the medium to long term depends on the continuation of participatory forest protection management.

The achievement of the objective at impact level can be summarised as follows:

Table Target achievement impact:

Indicator	Status PP	Target value according to PP	(optional) Actual value at AK	Actual value at EPE
(1) Change in population numbers of indicator species in forest ecosystems supported by the programme compared to baseline values.	However, density, occurrence and sighting frequency of indicator species according to baseline were not surveyed until 2019.	At least 70% of the population of indicator species in the protected areas supported by the project are stable in number or have increased on average over the last three years of the project.	No data.	At the time of the ex-post evaluation, there was anecdotal evidence that the overall condition of forests in the project area had improved, and fewer violations were being reported. An independent study in the Bat Xat Nature Reserve found that forest cover has increased, several new native plant species have been added and eight new species have been added to the IUCN/Vietnamese Red List of Threatened Species. The indicator is therefore partially fulfilled.
(2) Increased diversity of forest cover within acacia plantations compared to	No data available.	At least 15% of acacia plantations will improve the diversity of the tree population	No data.	The indicator is not fulfilled due to the return to slash-and-burn practices and thus no effect of

⁹ Source: <https://trungtamnhietdoivietnga.com.vn/da-dang-sinh-hoc-khu-he-chim-khu-bao-ton-thien-nhien-bat-xat>; last accessed on 14 July 2025

areas without forestry measures.		through thinning with native tree species and extended regeneration phases.		underplanting beyond the end of the project.
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14. Contribution to overarching (intended) developmental changes

Regarding the protection and conservation of biodiversity, particularly in protected areas and forest areas designated as CFM, the reduction in forest damage can most likely be attributed to the project. Data from Global Forest Watch on changes in forest cover showed significantly lower declines in forest cover in project regions compared to forest areas outside the project region. As the evaluation results show that the protection activities, particularly the patrols, were continued after the end of the project, it can be assumed that the impact has been further improved or at least maintained. Discussions with other stakeholders, such as an international NGO working in one of the project regions, also confirmed the positive impact of the patrols on the frequency and severity of forest violations. Illegal logging in particular has been significantly reduced. In addition to the regular protection patrols, the decline in forest violations is also due to increased awareness among the local population of the importance of biodiversity. Members of protection patrols report that the training they received, and the experience gained through the patrols enabled them to pass on their knowledge to the local population. The increased awareness was confirmed to the evaluation team on several occasions by various stakeholders.

Biodiversity in smallholder plantations, which are monoculture plantations, could not be improved due to the return of most farmers to traditional slash-and-burn practices. Nevertheless, the provincial government responsible continues to show interest in the forestry approach and would like to continue supporting its implementation in a slightly modified form with its own resources. This is a clear indication of the broad impact of the forestry measures introduced in the project and the technical concepts and training materials developed. The latter will enable the provinces involved and other interested provinces to continue the concept independently after the project has ended and adapt it in line with developments within the Vietnamese forestry sector.

The economic improvements at the target group level, as described in the section on effectiveness, can also be attributed to the project. However, they are lower than expected due to falling timber prices (component 2) and a lack of opportunities to sell timber (component 3). On the other hand, securing financing for the protection contracts through PFES or provincial budgets has made it possible to maintain the economic improvements for the local population, so that these will also contribute to improving living conditions in the longer term. Through its activities, the project has made a significant contribution to connecting local communities to the national PFES system and enabling direct PFES contracts through the transfer of land use rights. At the time of the evaluation, most communities were receiving PFES payments. However, the repayment of the remaining VDF funds in the villages' savings accounts due to Vietnamese government requirements (see also point 10 under Effectiveness) had a negative impact. Retaining the funds and continuing the VDFs could have significantly increased the positive impact on the living conditions of individuals and communities through savings and compound interest.

In the medium to long term, the conversion of forestry methods in smallholder plantations to longer rotation periods, thinning and the planting of native species should also result in a more stable and higher-quality tree population, thereby generating higher sales revenues for the target group. Due to the very limited implementation of these approaches under Component 2, it is unclear whether these concepts can be sustained in the long term despite their proven effectiveness on a small scale. The fact that both the responsible provincial authority and many smallholders are interested in applying the new methods of thinning and longer rotation periods in a slightly adapted form on additional areas is a positive sign. However, to achieve positive effects on biodiversity and the forest ecosystem, it remains essential to refrain from slash-and-burn practices. Without further technical and financial support for smallholder farmers, this will remain a challenge.

In addition, the project was able to introduce some new approaches and have an impact beyond the project regions. For example, in cooperation with TZ, the payment of PFES contributions to local communities or individuals via bank accounts was piloted in one project region and proved to be significantly more advantageous than cash payments in terms of transaction costs. The *Vietnam Administration of Forestry* therefore recommended in 2018 that this type of transaction be used as a national guideline for all PFES payments. In addition, the approach of village forest protection systems and, in particular, the participatory approach to zoning forest areas

and setting up patrols has been adopted in the guidelines of some of the provinces involved in the project (especially in Lao Cai and Ha Giang). The new forestry approaches for acacia plantations were also adopted by the relevant provincial government despite the small area covered by the project, as interest within the region had grown significantly after the project was completed due to the effectiveness of the approaches among some farmers. There was also anecdotal evidence that the technical guidelines for the new forestry approaches for acacia plantations are being applied on a larger scale beyond the project region by the commercial timber industry to increase income, which would also benefit the selling farmers. In addition, the technical guidelines were also mentioned and used in a TZ project on scaling up sustainable forestry and certification in Vietnam.

The statements made under the sub-aspect of effectiveness regarding internal and external factors that contributed significantly to the achievement or non-achievement of the project's intended development policy objectives are equally valid here.

15. Contribution to overarching (unintended) developmental changes

As described in point 10 of the sub-aspect of effectiveness, apart from the repayment of VDF funds in the planning phase, there were no negative or positive unintended effects on people or the environment during the implementation phase.

Rating summary

In summary, it can be said that due to a lack of monitoring data on biodiversity and forest diversity, no direct statements can be made about the overall achievement of the project's objectives. However, by triangulating data (SMART data, satellite images, discussions with stakeholders, studies, etc.), it can be concluded that the activities have had a positive impact on forest quality. The project was able to positively influence the interests of the local population, in particular by improving their livelihoods. The achievement of overarching development policy impacts by the project is therefore assessed as limited.

Overarching development policy impacts: 3

Sustainability

16. Capacities of beneficiaries and stakeholders

Vietnamese forestry policy aims to increase the total area of forests and improve their quality, protect natural forests, promote land use rights for local communities and improve forestry livelihoods and employment opportunities. This is laid down in numerous regulations and strategies, such as the Vietnam Forestry Development Strategy, and is implemented by the provincial government and the relevant authorities. One example of this is the national PFES financing system, which provides financial compensation for the active protection of forests through protection agreements with communities or individuals. However, the Vietnamese government is dependent on international support to implement further measures, as its own financial resources are insufficient to meet the needs. ODA funds and projects financed from these funds therefore play an important role.

The high political importance of the forestry sector is also reflected in the implementation structures. In the previous phases and during project preparation, the provincial authorities demonstrated a high level of motivation and competence in programme planning, with the provincial forestry authority (DARD) acting as the main partner. There is a strong commitment to forest protection and community involvement. Cooperation with various authorities has been very cooperative in all phases to date. Agricultural extension centres at district level play an important role in capacity development at community level and are crucial for linking the programme and beneficiaries. However, most provincial authorities and district project management units do not have sufficient human, financial and material resources and are therefore heavily dependent on external support. This can be partially offset at national level by the responsible ministry (MARD, since 03/2025 MAE) or the national project management unit, which has many years of experience in dealing with internationally funded projects. However, at the time of the evaluation, international funding was essential for larger programmes. Apart from this, the Vietnamese side has always been able and willing to make the required contributions and has shown clear ownership with regard to the assumption of sovereign tasks such as protected area management.

At the level of those target group, the economic situation is decisive for the implementation of sustainable protection and management methods in the forestry sector. As the poverty rate in north-western Vietnam, the project

region of the evaluated project, is very high compared to the national average, the target group is dependent on financial support to offset the opportunity costs associated with the measures. In addition, many smallholders have limited forestry skills, so the introduction of new technical concepts must be accompanied by appropriate capacity-building measures. Experience shows that with such support, smallholders are able to successfully implement even complex methods.

17. Contribution to supporting sustainable capacities

The project contributed significantly to the further development of existing approaches and the introduction of new ones for the protection and conservation of forests in north-western Vietnam. For example, the introduction of SMART for village forest protection systems led to a significant improvement in patrols and ensured that the provinces continue to use data-based reporting for protection systems. DARD representatives reported that they are actively continuing the participatory approaches, which has been facilitated by the development and documentation of relevant concepts and training materials. The documents were produced in two languages, enabling them to be used widely. However, capacities vary between provinces. In Lao Cai, the participatory village forest protection system has been institutionalised and replicated in many parts of the province. The responsible DARD has further developed and improved the guidelines on its own initiative and updated the data-driven system to now use smartphones instead of data loggers. In Ha Giang, on the other hand, patrols had to be partially suspended or reduced due to a lack of funds.

Through training in sustainable forestry techniques (thinning, etc.), individual households have strengthened their capacity to manage their land (mostly small plantations) so that they can independently continue the approach initiated by the measure and strengthen their economic and ecological resilience. Despite the limited success during the project period, it has been reported that, with the support of project participants, thinning is now also being taken up by farmers who did not participate in the project. Thus, knowledge transfer within the communities appears to be taking place, albeit more slowly than originally expected. However, the component of enrichment planting with native species is only being continued in very few cases, as most farmers have returned to traditional slash-and-burn practices. Regarding the transfer of land use rights, the establishment of VFMBs and CFM plans tailored to their needs has provided the target population with an important prerequisite for the sustainable protection and management of forests. In addition, land use certificates have opened entitlement to direct PFES contracts and payments, from which many of the communities were already benefiting at the time of the evaluation, further strengthening resilience.

In terms of improving livelihoods, interviews with local stakeholders indicated that the positive effects are sustainable. The project successfully transitioned many of the participating villages to sustainable financing of protection activities through the PFES system or the provincial budget, thereby strengthening the economic resilience of the target group. The transfer of land use certificates plays an important role here, as it gives local communities the right to direct PFES contracts and payments. In addition, land use rights now give communities greater security regarding their right to use forest resources, which also has a positive impact on the resilience of the target group. The savings accounts set up during the project will continue to be used to receive payments, which maintains the possibility of benefiting from interest income. The fact that the funds remaining in the VDFs had to be returned at the end of the project period (see Effectiveness) has thus reduced the intended effects, but not eliminated them entirely.

18. Durability of impacts over time

Vietnam's *Green Growth* Strategy aims, among other things, to use natural resources efficiently, reduce greenhouse gas emissions, tackle climate change and contribute to poverty reduction. A wide range of national programmes are in place to achieve this, including the VFDS. Accordingly, no fundamental change in the orientation of Vietnam's national strategy is to be expected in the future. A stable context conducive to the positive effects of the measure can therefore be assumed. However, the regulatory environment in Vietnam's forestry sector is very dynamic and new requirements are to be expected on a regular basis. Changes such as the introduction of the logging ban at the end of 2014 could not be anticipated during project planning and have influenced the achievement of some of the objectives. However, this will primarily be relevant for future projects, and it is not expected that the effects achieved by the project evaluated here will be jeopardised by new requirements, as these are fully in line with Vietnam's forestry strategy. The sustainability of the effects depends largely on the context, as sustainable financing of the protection measures will be fundamental to motivating the population to protect natural resources. However, given the long-standing existence of the PFES system and the anchoring of protection goals and concepts in guidelines and strategies at national and provincial level, a lasting effect can be assumed.

The same applies to the expansion of sustainable forestry concepts to forests and plantations to restrict the cultivation of ecologically harmful *cash crops* and monocultures and to strengthen forest ecosystems by planting native and resistant species. Here, further expansion, which is necessary to achieve the climate targets, will depend on the initiative of the provinces themselves. Sufficient positive (economic) incentives must continue to be provided to motivate the target group to switch from conventional methods to sustainable approaches, which will only generate higher returns in the long term and may even lead to economic losses in the short term. The development of timber prices for Vietnamese producers will also be decisive, as this influences the cultivation of alternative *cash crops* and can therefore jeopardise sustainable forest management approaches. Although the project has positive effects on the living conditions of the local population, these are not sufficient to fundamentally strengthen the economic resilience of the target group. The continuation of the measures introduced by the project and thus its long-term effects depend accordingly on the continuation of financial incentives such as long-term PFES protection contracts.

Rating summary

Regarding the sustainability of the concepts introduced by the project, the participatory forest protection system presents a positive picture. Given the existing financing structure and the competence and capacity of the provinces involved, the approach to forest protection and thus to safeguarding existing biodiversity can be considered sustainable. However, this applies only to a very limited extent to the new forestry approaches (component 2), and it remains to be seen whether the provinces will be able to introduce the techniques more widely as part of their own strategies. The sustainability of the project is therefore assessed as limited.

Sustainability: 3

Overall rating: 3

Overall, the project fits in with KfW's long-standing and successful support for Vietnam in the forestry sector and is in line with the national strategies of the Vietnamese government and the provinces involved. The concept of sustainable forest protection and management combined with economic incentives for the local population addresses the core problems and is therefore highly relevant. However, the project was only able to achieve the objectives and impacts formulated during project planning to a limited extent or, due to a lack of data, only to a limited extent. The reasons for this are manifold and, in addition to the complexity of the project, include changes in the administrative environment, management problems and behavioural changes among the local population as the direct target group. Nevertheless, the project was able to provide important impetus for the Vietnamese forestry sector. Many of the technical foundations developed in the project are still in use today, in some cases adapted to the local context, and have become established beyond the project sites over time. The established performance-based forest protection systems have been shown to reduce forest damage and at the same time contribute to improving the economic situation of the local population. Thanks to the successful transfer to national financing systems, the transfer of land use certificates to local communities and the commitment of the provinces, a sustainable impact can be assumed. The introduction of new forestry techniques was only implemented to a very limited extent and was therefore unable to deliver the expected ecological and economic benefits. Further developments in this area depend crucially on whether the new approaches are incorporated into the provinces' forestry strategies and further supported by them. The evaluation identified positive approaches among both the local population and the provinces, but large-scale implementation will remain a challenge due to the widespread practice of slash-and-burn forestry. Overall, the project is assessed as having been partially successful.

Contributions to the 2030 Agenda

Through the protection and sustainable management of forest and protected areas, the project makes an important contribution to the implementation of the goals of the 2030 Agenda, to which the German Federal Government is committed, and to the implementation of the Paris Climate Agreement. In particular, the project's activities support the achievement of SDG 1 ("No poverty"), SDG 13 ("Climate action") and SDG 15 ("Life on land"). The project's holistic approach also promotes integrated sustainable development in a region characterised by forest degradation and an above-average poverty rate among the population, which consists mainly of ethnic minorities. The measures focused primarily on the protection and management of natural resources to increase the

ecosystem services of the forests in the medium to long term, preserve and strengthen biodiversity, and thus contribute to mitigating the effects of climate change. At the social level, the local population's right to have a say and access to natural resources were strengthened through participatory approaches and the granting of land use titles. At the same time, the project aimed to stabilise incomes in the long term through performance-based protection contracts and forestry measures. Both have a positive impact on the resilience of the target group over time.

Project-specific strengths/ weaknesses and general conclusions/ lessons learned

The strengths and weaknesses of the project include in particular:

- The introduction of the SMART system led to a significant improvement in reporting by patrol teams within the village forest protection systems, making it possible to track forest violations more effectively and efficiently.
- Despite the necessary repayment of funds, the establishment of savings accounts laid the foundation for long-term investment opportunities for local communities, as the accounts will continue to be used for PFES payments after the end of the project, thereby generating positive interest income.
- Thanks to the bilingual documentation of the technical concepts and training materials, the project enables the further use and adaptation of the measures and the integration of the approaches into forestry strategies at national and provincial level.
- With the involvement of five provinces and three different implementation approaches, the project was too complex and placed high demands on the individual PMUs in terms of coordination and management of activities.
- High complexity and a lack of flexibility in administrative processes, particularly regarding budget planning, approvals and contract awards, led to significant delays and a lack of flexibility, which in turn resulted in a reduction in the measures implemented.

Conclusions and lessons learned:

- In complex projects involving the introduction of new approaches, a participatory approach and the early involvement of key stakeholders are crucial for building the trust and *commitment* necessary for successful implementation.
- High alignment with national strategies and integration into existing structures (such as PFES) is a decisive factor for sustainable impact.
- Potential poverty-reducing measures that only have a delayed positive impact on the income of the target group require timely and appropriate compensation payments to ensure the willingness of the intended beneficiaries to participate.
- The introduction of forestry approaches with high technical requirements requires the full support of those involved, starting with the distribution of high-quality seedlings and extending to compensation payments in the event of unforeseeable losses (e.g. storm damage).

Evaluation approach and methods

Methodology of the ex-post evaluation

The ex-post evaluation follows the methodology of a rapid appraisal, i.e. a data-supported, qualitative contribution analysis and represents an expert judgement. This involves attributing impacts to the project through plausibility considerations based on the careful analysis of documents, data, facts and impressions. Where possible, this also includes the use of digital data sources and modern techniques (e.g. satellite data, online surveys, geocoding). Causes of any contradictory information are investigated, attempts are made to eliminate them, and the assessment is based on statements that are - if possible - confirmed by several sources of information (triangulation).

Documents:

KfW project documents, data and reports from the project promoter, comparable evaluations.

Data sources and analysis tools:

On-site data collection, monitoring data from the partner, GPS data, satellite images

Interview partners:

KfW operational staff, project promoter, target group, consultant.

The analysis of impacts is based on assumed interdependencies, documented in the impact matrix developed during the project appraisal and, if necessary, updated during the ex-post evaluation. The evaluation report presents arguments as to why which influencing factors were identified for the identified results and why the analysed project presumably made which contribution (contribution analysis). The context of the development project is considered with regard to its influence on the results. The conclusions are set in relation to the availability and quality of the data basis. An evaluation design is the reference framework for the evaluation.

For project evaluations, the method offers a - on average - balanced cost-benefit ratio, in which the knowledge gained, and the evaluation effort are in equilibrium, and allows a systematic assessment of the effectiveness of FC projects across all project evaluations. The individual ex-post evaluation can therefore not fulfil the requirements of a scientific assessment in the sense of a clear causal analysis.

The following aspects limited the evaluation:

None.

Methodology of the performance evaluation

A six-point scale is used to assess the programme according to the OECD DAC criteria. The scale values are as assigned follows:

- Level 1** Very successful: results significantly above expectations
- Level 2** Successful: results fully in line with expectations, without significant deficiencies
- Level 3** Moderately successful: below expectations, but positive results dominate
- Level 4** Moderately unsuccessful: is significantly below expectations and negative results dominate despite recognisable positive results
- Level 5** Unsuccessful: despite some positive partial results, the negative results clearly dominate.
- Level 6** Highly unsuccessful: the project is useless or the situation has worsened

The overall rating on the six-point scale is based on a project-specific weighting of the six individual criteria. Levels 1–3 of the overall rating indicate a 'successful' project, while levels 4–6 indicate an 'unsuccessful' project. It should be noted that a project can generally only be classified as "successful" in terms of development policy if the achievement of the project objectives ("effectiveness") and the impacts at the overall objective level ("over-arching developmental impacts") as well as the sustainability are rated at least as "moderately success" (level 3).

The annex to this report is available upon request (German only).

Imprint

FZ E

Evaluation Department of KfW Entwicklungsbank
FZ-Evaluierung@kfw.de

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KfW Bank Group
Palmengartenstraße 5-9
60325 Frankfurt am Main, Germany