

3. Project Evaluation and Recommendations

3-1 Project Effect

The implementation of the Project can be expected to have the various effects listed in Table 3-1.

Table 3-1 Project Effects

Present Situation and Problems	Improvement Measures under Japanese Assistance	Direct Effects and Degree of Improvement	Indirect Effects and Degree of Improvement
<p>Due to the lack of coastal protection forests, damage by shifting sand, strong winds, sand movement, etc. occurs, disrupting the lives of local residents who live near coastal sandy sites.</p>	<p>Creation of coastal protection forests</p>	<p>i. Creation of coastal protection forests with an average tree height of 1 m or more over 2,000 ha (some 80% of the total area of the project sites) in coastal sandy area which are experiencing the severe sand movement.</p> <p>ii. Reduction of the damage caused by shifting sand, strong winds, sand movement, etc. to agricultural as well as fishing villages (decrease of the ratios of local households which have experienced damage by strong winds and shifting sand from 88.0% and 59.6% respectively).</p>	<p>i. The new forests will provide minor sources for the absorption of CO₂ in the air, contributing to the prevention of global warming.</p> <p>ii. The new forests will contribute to the conservation of the natural environment and the enhancement of biodiversity in coastal areas.</p> <p>iii. The continual forest maintenance work will increase the employment opportunities for local residents.</p> <p>iv. Firewood and organic matters will be supplied through the continual forest maintenance work.</p> <p>v. The productivity of farmland and fisheries facilities near the coastal protection forests will improve.</p> <p>vi. New housing land, farmland and fisheries facilities will be created near the coastal protection forests.</p> <p>vii. The coastal protection forests will function as tide control forests, alleviating the damage caused by high tide and tsunami.</p>

Along with the effects identified in the table above, various indicators for the achievements of the Project will also be used as shown in the table below.

Objectively Verifiable Indicators for the Outputs	More than 2,000 ha (approximately 80% of the total project area and 0 ha under the present situation) of coastal protection forests with a mean tree height of 1 m or more will have been created one year after (in the first rainy season) the completion of the Japanese assistance.
Objectively Verifiable Indicators for the Project Purpose	<ul style="list-style-type: none"> <li data-bbox="518 495 1425 696">i. The number (ratio) of local households damaged by strong winds will be found to have decreased in a questionnaire survey to be conducted at least five years after the completion of the Japanese assistance (at the time of the Basic Design Study, 88% or 161 households out of 183 households were damaged by strong wind every year). The assistance would decrease by 70% of total damages. <li data-bbox="518 730 1425 952">ii. The number (ratio) of local households damaged by shifting sand will be found to have decreased in a questionnaire survey to be conducted at least five years after the completion of the Japanese assistance (at the time of the Basic Design Study, 59.6% or 109 households out of 183 households were damaged by shifting sand every year). The assistance would also decrease by 70% of total damages.

(1) Objectively Verifiable Indicators for the Outputs

A target indicator value of 80% is adopted on the grounds that the fact-finding survey on the forest conditions conducted at the time of the Inspection of Warranty against Defects (which took place toward the end of the first rainy season after the completion of the Japanese assistance) for PACSA found that the general survival rate for the newly created coastal protection forests was 81%. Compared to PACSA, the growth conditions under the present Project are inferior because of the fact that the Project will be implemented in technically more difficult areas. At the same time, however, it is judged that a survival rate similar to that of PACSA can be achieved through a review of the soil improvement agents and fertilizers and lengthening of the tending period in view of the problems encountered by PACSA.

Concerning the tree height, the average tree height of newly planted trees is assumed to be at least 1 m even in frequently-submerged areas and ordinary sand areas.

The timing for evaluation should take place at the end of the rainy season because the defoliation of the planted trees in the dry season makes it difficult to judge whether the trees are alive or dead.

(2) Objectively Verifiable Indicators for the Project Purpose

As described in "1-3-3 Environmental and Social Considerations", of the 183 questionnaire respondents

who live near the project sites, 161 respondents or 88% experience damage by strong winds almost every year while 109 or 59.6% experience damage by shifting sand almost every year. The use of the damage ratios as indicators allows the measurement of how much the damage to households by strong winds and shifting sand has been reduced.

While the effect of a coastal protection forest to prevent damage by shifting sand can be realized relatively soon after planting, the effect of protection against strong winds cannot be readily felt unless the planted trees grow to a certain height. Given the total project period of 25 years, it is unrealistic to evaluate the Project after its completion as in the case of other ordinary projects. For this reason, the timing for evaluation is set at the fifth year or later from the completion of the Japanese grant aid cooperation as local residents will still be able to remember the Inputs, i.e. the said cooperation. This timing is also preferable as it can be assumed that the effects of the protection against strong winds and shifting sand will commence around that time. The questionnaire survey conducted as part of the Study found that damage by strong winds and shifting sand to local residents was greater than initially believed. However, because of the lack of a detailed survey on the exact nature and frequency of the damage, it is not possible to state what types of damage can be reduced and by how much in a concrete manner. It is, therefore, necessary to conduct a detailed baseline survey at the detailed design stage to further elaborate these indicators.

3-2 Recommendations

3-2-1 Pending Tasks to be Tackled by the Recipient Country and

The Vietnamese side must deal with the following tasks which are necessary to achieve and sustain the project effects.

(1) Forest Maintenance

The implementation of forest maintenance and protection by the Vietnamese side is the key to the continued achievement of the project effects. Based on reflections on PACSA, it has been decided to appoint those responsible for forest maintenance and protection (mainly local residents), prior to the commencement of the work. As a result, the forest maintenance system during the implementation period of the Japanese assistance will be strengthened.

The forest maintenance work by the Vietnamese side after the completion of the Japanese assistance received certain positive appraisal in PACSA. However, the forests will experience crown closure 5 – 10 years after the implementation of the Japanese assistance and improvement cutting and thinning will be required to ensure the healthy growth of the trees in the subsequent years. As the coastal protection forests created under the Project are classified as protection forests which can be used to obtain thinned wood, forest products and non-wood products, the formulation of a long-term and rational forest management plan is necessary.

The South Central Coast Region where the project sites are located is currently experiencing waves of development in various sectors. Intensive discussions on appropriate forest maintenance and utilization methods will be necessary with the organizations concerned so that the newly created protection forests under the Project will continually perform their protection forest function at a high level for as long as possible. These discussions should include the procedure to permit the conversion of land use from forest in certain cases in connection with other development activities.

(2) Extension of Coastal Protection Forest Creation Techniques

The higher program for the Project is 5MHRP which includes an aim at the creation of 100,000 ha of coastal protection forests nationwide. As the total area of the coastal protection forest compartments created by PACSA and the Project will be only slightly more than 6,000 ha, the continuous implementation of projects similar to the present Project throughout Vietnam using the techniques

adopted under the Project as well as those which have been modified and improved to reflect the local conditions is necessary to achieve the target of 5MHRP.

The inclusion of a soft component program in APSA has been abandoned due to the perceived difficulty of effectively implementing a soft component program and, therefore, the Vietnamese side will be entirely responsible for education and extension activities. Accordingly, sufficient capacity on the Vietnamese side to effectively conduct extension activities and to formulate plans is required to make the best use of the Project as a model for future projects.

3-2-2 Technical Cooperation and Collaboration with Other Donors

In the course of the Study as well as the implementation of PACSA, the feasibility of providing various types of technical cooperation, including the dispatch of short-term experts, long-term experts and/or JOCV members and project-type technical cooperation, has been continually examined and the application of any of these schemes has not been realized for the following reason; In the case of a large-scale simultaneous afforestation project like the present Project, the main activities include forest management as well as disease and pest control after the planting work but these activities alone are not sufficient to qualify for technical cooperation by Japan. As the Vietnamese side conducted certain forest maintenance activities under PACSA, what it wants from Japan is financial assistance for measures to improve forests of poor growth, disease and pest control, etc. There has been no request by the Vietnamese side for technical assistance.

What remains possible at present is technical cooperation for rural development around the project sites. This technical cooperation could be conducted to examine how to utilize the coastal protection forests created under the Project from the viewpoint of integrated regional development which incorporates not only issues related to forestry but also issues related to agriculture, fisheries, irrigation, health care, poverty reduction, industrial development and gender. In any case, it is necessary to narrow the possible targets for further Japanese cooperation through continuous discussions with the Government of Vietnam in the course of project implementation in the coming years.

Meanwhile, various recommendations can be made in regard to collaboration with other donors. In Vietnam, donors have agreed with a policy of creating forests in mountain areas with funding by the WB, KfW, JBIC, etc. and of creating coastal forests with Japanese grant aid. However, as one of the original purposes of Japanese grant aid is to provide a model for self-reliant extension afterward, it will not be easy to add a second or third phase to APSA. Given the prospect that many pending issues relating to the effectiveness of a coastal afforestation project and technical matters are to be solved with the

implementation of the Project, it may well be possible to proceed with the further creation of coastal protection forests based on ODA loans linked to small-scale AR-CDM projects and/or small-scale AR-CDM projects by private (afforestation) companies.

There is a definite need for continuous examination of how to realize the bridging role of the Project from the viewpoints described above to facilitate the implementation of similar projects so that the creation of coastal protection forests will become widespread in Vietnam.

Appendices

1. Member List of Study Team
2. Study Schedule
3. List of Parties Concerned in the Recipient Country
4. Minute of Discussions

1. Member List of Study Team

(1) Implementation Review Study Team

Name	Job Title	Occupation
Mr. TOJO, Yasuhiro	Leader	Deputy Resident Representative, JICA Vietnam Office, Japan International Cooperation Agency (JICA)
Mr. OZAKI, Yoshihiro	Planning and Management	Rural Development Team, Project Management Group, Grant Aid Management Department, JICA
Mr. YAMAZAKI, Hideto	Chief Consultant/Forestry Management and Planning	Kokusai Kogyo Co., Ltd.
Mr. HATAKEYAMA, Akira	Afforestation Planning I / Facility Planning	Kokusai Kogyo Co., Ltd.
Mr. YAMAZAKI, Norikazu	Afforestation Planning II / Environmental Condition Survey	Kokusai Kogyo Co., Ltd.
Mr. FUJII, Minoru	Implementation Planning/Cost Estimation	Kokusai Kogyo Co., Ltd.
Ms. FUSE, Yoshiko	Interpreter	Kokusai Kogyo Co., Ltd.

(2) Draft Report Explanation Team

Name	Job Title	Occupation
Mr. TOJO, Yasuhiro	Leader	Deputy Resident Representative, JICA Vietnam Office, Japan International Cooperation Agency (JICA)
Mr. OZAKI, Yoshihiro	Planning and Management	Rural Development Team, Project Management Group, Grant Aid Management Department, JICA
Mr. YAMAZAKI, Hideto	Chief Consultant/Forestry Management and Planning	Kokusai Kogyo Co., Ltd.
Mr. HATAKEYAMA, Akira	Afforestation Planning I / Facility Planning	Kokusai Kogyo Co., Ltd.
Ms. FUSE, Yoshiko	Interpreter	Kokusai Kogyo Co., Ltd.

2. Study Schedule

(1) Implementation Review Study

		Schedule (DRAFT)						
		JICA	Mr. Hideto YAMAZAKI (Chief consultant / Forestry management planning)	Mr. Akira HATAKEYAMA (Afforestation planning I / Facility planning)	Mr. Norikazu YAMAZAKI (Afforestation planning II / Natural condition survey)	Mr. Minoru FUJII (Implementation planning / Cost estimation)	Ms. Yoshiko FUSE (Interpreter)	
20 Feb.	Wed		NRT-HAN					
21 Feb.	Thu		10:30 Visit to JICA 11:00 Courtesy visit to EOJ 13:30 MARD (ICD/Forestry Projects Management Board)					
22 Feb.	Fri		9:00: Meeting with MARD (ICD/Forestry Projects Management Board) 14:00 Meeting with MARD (FD)					
23 Feb.	Sat		Move to Tam Ky via Da Nang, Meeting with DARD (Quang Nam)					
24 Feb.	Sun		Confirmation of the survey data (Quang Nam)					
25 Feb.	Mon		Confirmation of the survey data (Quang Nam)					
26 Feb.	Tue		Move to Quang Ngai, 14:00 Meeting with DARD (Quang Ngai)			Confirmation of the survey data (Quang Nam District)		
27 Feb.	Wed		Confirmation of the survey data (Quang Ngai)			Move to Quang Ngai		
28 Feb.	Thu		Arrive at HAN	9:00 Meeting with DARD (Binh Dinh)		Confirmation of Quang Ngai Project Site	Arrive at HAN	
29 Feb.	Fri		9:00 Visit to JICA 10:30 Courtesy visit to EOJ 14:00 MARD (ICD/FPMB)	Move to Quy Nhon, Meeting with DARD & PC		Confirmation of Quang Ngai Project Site	Courtesy visit to EOJ, JICA, MARD (Forest Dept.)	
1 Mar.	Sat		Move to Tam Ky Via Da Nang	Move to Tam Ky		Move to Quy Nhon	Move to Tam Ky Via Da Nang	
2 Mar.	Sun		Site Survey			Confirmation of survey data (Binh Dinh)	Site Survey	
3 Mar.	Mon		Meeting with DARD of Quang Nam, Quang Gai and Binh Dinh Provinces, Move to Hanoi via Da Nang			Confirmation of Binh Dinh Project Site	Meeting with DARD of Quang Nam, Quang Gai and Binh Dinh	
4 Mar.	Tue		Meeting with EOJ	Meeting with DARD (Quang Nam)		Move to Tam Ky	Meeting with EOJ	
5 Mar.	Wed		Meeting with MARD			Confirmation of Quang Nam Project Site	Meeting with MARD	
6 Mar.	Thu		Meeting with MARD			Confirmation of Quang Nam Project Site	Meeting with MARD	
7 Mar.	Fri		Signing of minutes of discussion, Report to EOJ, JICA Leave form HAN			Confirmation of Quang Nam Project Site	Signing of minutes of discussion, Report to EOJ, JICA	
8 Mar.	Sat		Arrive at NRT	Market Survey		Survey for Sub-Compartment (Quang Nam)	Market Survey	
9 Mar.	Sun		Move to Tam Ky via Da Nang				Leave form HAN	
10 Mar.	Mon		Survey for Sub-Compartment (Quang Nam)					Arrive at NRT
11 Mar.	Tue		Survey for Sub-Compartment (Quang Nam)					
12 Mar.	Wed		Work Road Survey (Quang Nam)	Existing Tree Survey (Quang Nam)				
13 Mar.	Thu		Project Sign Board Survey (Quang Nam)	Existing Tree Survey (Quang Nam)				
14 Mar.	Fri		Project Sign Board Survey (Quang Nam)	Existing Tree Survey (Quang Nam)		Survey for Watch Tower (Quang Nam)		
15 Mar.	Sat		Project Sign Board Survey (Quang Nam)			Survey for Watch Tower (Quang Nam)		
16 Mar.	Sun							
17 Mar.	Mon		Explanation for the District People's Committee	Existing Tree Survey (Quang Ngai)				
18 Mar.	Tue		Report to DARD (Quang Nam), Move to Quang Ngai	Existing Tree Survey (Quang Ngai)				
19 Mar.	Wed		Project Board Survey (Quang Ngai)					
20 Mar.	Thu		Project Board Survey (Quang Ngai)					
21 Mar.	Fri		Explanation for the District People's Committee (Duc Pho District)	Survey for Watch Tower (Quang Ngai)	Final Checking of Drawing	Work Road Survey (Quang Ngai)		
22 Mar.	Sat		Report to DARD (Quang Ngai)	Survey for Watch Tower (Quang Ngai)	Final Checking of Drawing	Work Road Survey (Quang Ngai)		
23 Mar.	Sun		Move to Quang Nam					
24 Mar.	Mon		Move to HAN via Da Nang					
25 Mar.	Tue		Report to MARD, Market research					
26 Mar.	Wed		Report to MARD, Market research					
27 Mar.	Thu		Report to MARD, Market research					
28 Mar.	Fri		Report to EOJ, JICA, MARD (ICD/Forestry Projects Management Board), Leave from HAN					
29 Mar.	Sat		Arrive at NRT					

(2) Draft Report Explanation Study

		JICA	Consultant Members
19 May	Mon	/	Dept. Narita→ Arrv. Hanoi
20 May	Tue		Discussion with MARD
21 May	Wed		Site Survey
22 May	Thr		Site Survey
23 May	Fri		Site Survey
24 May	Sat		Site Survey
25 May	Sun	Dept. Narita→ Arrv. Hanoi	Move to Hanoi
		Internal Meeting	
26 May	Mon	Courtesy Call to EoJ, JICA, Discussion with MARD	
27 May	Tue	Discussion with MARD	
28 May	Wed	Discussion with MARD, Signing Minutes, Report to EoJ	
		Dept. Hanoi→	Procurement Survey
29 May	Thr	→ Arrv. Narita	Procurement Survey, Dept. Hanoi→
30 May	Fri	/	→ Arrv. Narita

3. List of Parties Concerned in the Recipient Country

(1) Implementation Review Study

[Hanoi]

Ministry of Agriculture and Rural Development : MARD

*Forestry Department

Deputy Director General	PHAM MINH THOA
	PHAM MANH CUONG
JICA Expert (Forestry)	MIKIHIRO INOUE
Secretary for JICA Expert	DO THU THUY

*International Cooperation Department:ICD

Deputy Director General	HOANG THI DZUNG
Management Board for Forestry Project, MBFP	
Deputy Director	PHAN THANH NGO
ICD Program Officer	NGUYEN ANH MINH

Embassy of Japan in Vietnam

Second Secretary	RINYA YUTANI
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JICA Vietnam Office

Senior Deputy Resident Representative	YASUHIRO TOJO
Project Formulation Advisor	EIKO KOJIMA

[Quang Nam Province]

Department of Agriculture and Rural Development : DARD)

Vice Director	PHAN VAN HAU
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*Planning and Finance Division

Vice Director	LE MINH HUNG
---------------	--------------

*Financial Section

Deputy Chief	LEMINH HUNG
--------------	-------------

*Forestry Development Division

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Specialist	NGUYEN ANH QUOC

*Preparation Board of Transmigration

Vice Director	TRAN CONG TAM
Specialist	TRINH SUAN AN
	HOANG CHAU SON

Natural Resources and Environment Division

Director	LUU VAN TUYEN
Survey Engineer	HA NGOC DAI
Survey Specialist	PHAN TAN NGHIA

People's Committee of Thang Binh District

*Foreign Economic Relation Division

Chief

NGUEN VAN HUONG

Staff

NGUYEN BAO ANH

LE VAN HUNG

People's Committee of Tam Ky City

Vice Chairman

TRAN NAM HUNG

*Economical Section

Chief

HO HUY QUYNH

Technician

PHAM PHU CAN

*Financial Planning Section

Deputy Chief

NGUYEN DUY AN

Binh Minh Commune

Vice Director

CAO XUAN TAN

*Landuse Division

Staff

NGUYEN VAN HUNG

Staff

NGUEN VAN THIEP

*Forestry Protection Division

Staff

NGUYEN THAN THANH

Binh Dao Commune

Deputy Chairman

TRAN CONG HON

In-charge of the Transportation and Water

NGUYEN THE VINH

Economy Officer

BUI TRUONG

Land Officer

VO KHAC LAM

Binh Hai Commune

Deputy Chairman

LE VAN HUNG

*Economy Section

Land Officer

HO VAN CHUNG

NGUYEN HIEP

[Quang Ngai Province]

Department of Agriculture and Rural Development : DARD

Director of APSA

NGO VAN HOA

Specialist

TRAN KIM NGOC

Staff

LE GIAO LE

NGUYEN HOANG NGUYEN VU

TRAN VAN MINH

HO TRUONG PHU

TRAN THANH NAM

NGUYEN ANH TUAN

*Agriculture and Rural Development Consulting Center

Director	LE HUU
Head of Survey Engineering Division	NGUEN TIN
Deputy Head of Survey Engineering Div.	NGUEN THANH HAI
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*Accountant Division

LE HOAI LAM

Duc Pho District

*People's Committee
Forestry Engineer

PHAM VU TAN

*Consultative Centre of Duc Pho Agriculture and Rural Development

NGO HOA

Pho Chau Commune

Staff of Land and Construction	NGUYEN HONG LOAN
Staff of the Traffic – Water System-Agriculture-Forestry-Farming and Fishery	PHAM THE DIEN
Technical Staff	PHAM CONG CUONG

Pho An Commune

*Land Use Division
Staff

NGUYEN XUAN THANG

Pho Vinh Commune

*Land Use Division
Staff

NGUYEN VAN BAY

Pho Khanh Commune

Director	LO DONG DAN
*Land Use Section	PHAM KIM DANH

[Binh Dinh Province]

Department of Agriculture and Rural Development : DARD

Vive Director	PHAN TRONG HO
*Planning Division	
Chief of Accountant Office	DUONG THUONG DUNG
Expert	HOAUNG XUAN BINH
Engineer	LE BA THUA
Survey Engineer	TU CONH LY
*Forestry Development Division	
Director	NGUYEN THE DUNG
Chief of Technical Design	TRAN AN
Design Team Expert	TRAN QUOC HY
Forestry Engineer	NGUYEN LE HOAN VU
Staff	NGUYEN THANH KHAM

*Water Resources and Mines, Department of Natural Resources and the Environment

Director

HUYNH QUANG VINH

Phu My District

*Agricultural Office

Deputy Chief

PHAN TAN

*District Accountancy

Staff

LE HOAI LAM

*People's Committee

Specialist

LE VAN DUNG

(2) Draft Report Explanation

Ministry of Agriculture and Rural Development : MARD

- International Cooperation Department:ICD
 - Deputy Director General HOANG THI DZUNG
 - Management Board for Forestry Project, MBFP
 - Deputy Director PHAN THANH NGO
 - ICD Program Officer NGUYEN ANH MINH
- Forestry Department
 - JICA Expert (Forestry) MIKIHIRO INOUE

Embassy of Japan in Vietnam

Second Secretary RINYA YUTANI

JICA Vietnam Office

Resident Representative HIROAKI NAKAGAWA
Project Formulation Advisor EIKO KOJIMA
Assistant Program Officer HOANG THU THUY

4. Minute of Discussions

(1)March 7th 2008

Minutes of Discussions on the Implementation Study
on the Afforestation Project on Sandy Area in the
Socialist Republic of Vietnam

MINUTES OF DISCUSSIONS
ON THE IMPLEMENTATION REVIEW STUDY
ON THE AFFORESTATION PROJECT ON SANDY AREA
IN THE SOCIALIST REPUBLIC OF VIETNAM

Based on the results of the Preparatory Study, the Government of Japan entrusted a Basic Design Study on the Afforestation Project on Sandy Area (hereinafter referred to as "the Project") to the Japan International Cooperation Agency (hereinafter referred to as "JICA"). JICA sent the Basic Design Study Team to the Socialist Republic of Vietnam (hereinafter referred to as the "Vietnam") from 30 July 2006 to 12 September 2006.

However, on the Basic Design Explanation in February 2007, destruction of a part of the forest established under the Project for Afforestation on the Coastal Sandy Area in Southern Central Vietnam (hereinafter referred to "PACSA") and possible overlap between the Master Plan on Chu Lai Open Economic Zone: Phase 2, Resettlement plan of Coastal Habitats Avoiding Natural Disaster and the Project were found out. The Japanese side requested the Vietnamese side to resolve the concerns above, and the Government of Vietnam replied to the Japanese side by the official letter of Ministry of Agriculture and Rural Development assuring reforestation for the destructed area, the measures to avoid harmful overlap and the prior consultation with the Japanese Government to secure the effect of the Project, if any overlap between PACSA and other projects can be anticipated necessarily.

On the basis of the above, the Government of Japan decided to conduct an Implementation Review Study to confirm the engagement above by the Government of Vietnam and make a necessary review on the Basic Design of the Project. JICA sent the Implementation Review Study Team (hereinafter referred to as "the Team") to Vietnam, which is headed by Mr. Yasuhiro TOJO, Senior Deputy Resident Representative, JICA Vietnam Office, and is scheduled to stay in the country from 20 February 2008 to 17th March 2008.

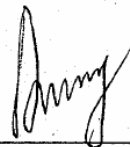
The Team held discussions with the officials concerned of the Government of Vietnam and conducted a field survey at the study area.

In the course of discussions and field survey, both parties confirmed the main items described on the attached sheets. The Team will proceed to further works and prepare the Implementation Review Report.

Hanoi, 7 March 2008



Mr. Yasuhiro TOJO
Leader
Implementation Review Study Team
Japan International Cooperation Agency



Ms. Hoang Thi DZUNG
Deputy Director General
International Co-operation Department
Ministry of Agriculture and Rural Development
Socialist Republic of Vietnam

ATTACHMENT

1. Objective of the Project

The objective of the Project is to establish coastal protection forests in the Project Site in order to protect farmland, residential zone and industrial facilities near the Project Site and also to alleviate damages to infrastructures such as the National Road, local roads, and national railway line.

2. Planting areas

The planting areas are located in coastal districts in three provinces shown below and in Annex-1.

Quang Nam Province:	Thang Binh District
Quang Ngai Province:	Binh Son and Duc Pho Districts
Binh Dinh Province:	Phu My and Phu Cat Districts

3. Responsible and Implementing Agency

3-1. The Responsible Agency is the Ministry of Agriculture and Rural Development (hereinafter referred to as "MARD"), which is responsible for management and coordination of the whole Project among three above mentioned provinces. The organization chart is shown in Annex-2.

3-2. The Implementing Agencies are the respective Departments of Agriculture and Rural Development (hereinafter referred to as "DARD") of the three Provinces. The organization charts are shown in Annex-3.

3-3. To manage and to operate the Project, the Management Boards will be set up in MARD, DARD of each province and People's Committee of each concerned district immediately after the Project commences.

4. Components requested by the Government of Vietnam

After the discussions, both sides have confirmed the following items.

4-1. Both sides confirmed that the contents, number and location of the requested items agreed on the Basic Design Study described in Annex-4 shall be reexamined through field survey and analysis in Japan considering the reviewed planting areas.

4-2. Both sides confirmed that the planting areas confirmed on the Basic Design Study shall be reviewed by excluding the left-over areas as follows.

- Land used for other purposes such as agricultural lands, fishery farms, ponds, etc.
- Land used or planned for titanium mining.
- Land used or planned for other projects and the harmful effect on the Project due to overlap can be anticipated.
- Land whose condition is inappropriate for planting.



5. Japan's Grant Aid Scheme

5-1. The Vietnamese side understands the Japan's Grant Aid Scheme explained by the Team, as described in Annex-5.

5-2. The Vietnamese side will take the necessary measures, as described in Annex-6, for smooth implementation of the Project, as a condition for the Japanese Grant Aid to be implemented.

6. Schedule of the Study

6-1. The consultants will proceed to further studies in Vietnam until 17th March 2008.

6-2. Based on the report from the Team, the Government of Japan shall consider next procedure. In case the Government of Japan decides to continue positive consideration for implementation of the Project, JICA will prepare the draft report of the study in English and dispatch a mission in order to explain its contents.

6-3. In case that the contents of the report is accepted in principle by the Government of Vietnam, JICA will complete the final report and send it to the Government of Vietnam.

7. Other relevant issues

7-1. Reforest Plan for the destructed areas of PACSA

7-1-1. The Vietnamese side expressed regret for destruction of a part of the forest established under PACSA and assured reforestation. The Vietnamese side explained that necessary 19 ha of reforestation had been completed in last December and the Team confirmed that by site survey.

7-1-2. The Vietnamese side apologized on the change of the reforest site in Quang Nam Province without any notice to Japanese side. MARD understood the necessity of official discussion with Japanese side about changing reforest plan, and ordered DARD of Quang Nam Province not to occur same problems again. MARD promised to submit the letter to Japanese side on the background of the change in Quang Nam Province and the contents of order to DARD in March, 2008.

7-1-3. The Vietnamese side shall fulfill its obligations stipulated in the Exchanged Notes for PACSA signed between the Government of Vietnam and the Government of Japan on 15 November 2000 and 4 July 2001. The Vietnamese side shall protect and maintain the forests and facilities provided under the Japan's Grant Aid as well as the above reforested area.

7-1-4. The Vietnamese side shall not plan any projects which have harmful effects on PACSA.

7-1-5. In case the Government of Vietnam intends to plan other projects in the site including the forested areas of PACSA and the above reforested area, it shall consult the Japanese Government in advance.

7-2. Coordination with other projects planned in the Project area of Quang Nam Province

7-2-1. The Vietnamese side explained that detail of the plan of "Resettlement of coastal habitats

avoiding natural disaster” is not yet determined. Vietnamese side also explained that the area of “Extension of Chu Lai Open Economic Zone: Phase 2” is completely different from that of the Project.

7-2-2. The Vietnamese side promised to take sufficient consideration of the site to avoid harmful overlap between these plans and the Project.

7-2-3. If any possibility of overlap is occurred necessarily, the Vietnamese side shall consult the Japanese side about the measures to secure the effect of the Project.

7-3. Coordination with titanium mining in the Project area of Binh Dinh Province

7-3-1. The Vietnamese side (Binh Dinh Province) explained that due to the delay of the commencement of the Project based on the necessary coordination, 1457ha of the prepared site for the Project will be used for titanium mining and remaining area for the Project shall be only 132.59ha as shown in Annex-7.

7-3-2. The Vietnamese side promised to make final decision on the Project site in Binh Dinh Province as soon as possible and to submit official letter to Japanese side about Vietnamese request on the Project in March, 2008. The Team explained that based on the official letter of the MARD on request in Binh Dinh Province, the Government of Japan shall consider next procedure for the Project.

7-3-3. The Vietnamese side strongly requested additional study for the substitution site in Binh Dinh Province during the Implementation Study. The Team explained the scope and mandate of this study is to consider the contents of those agreed on the Basic Design Study.

7-4. Protection and Maintenance

7-4-1. Both side confirmed that the Vietnamese side has the responsibility for protection of the forest established under the Project except for the planting and tending period in each term. Both sides confirmed that the Vietnamese side has the responsibility for maintenance and protection after the completion of the Project. The Vietnamese side shall not plan any development projects which overlap with the Project in the Project area and have harmful effects on the Project.

7-4-2. Both sides confirmed that the contract planning with the residents for protection and maintenance of the planting areas shall be completed before planting in each term in order to maintain the forests established in good conditions.

7-4-3. The role-sharing plan for maintenance between the Japanese side and the Vietnamese side is shown in Annex-8.

7-4-4. Since the qualities of afforestation works rely largely on natural conditions, it is difficult to identify whether the damage has been caused by the contractor's defect or not. Therefore, the contractor shall not have any responsibility for the damage which might occur on the forests after handed over to the Vietnamese side.

7-5. Other undertakings to be taken by the Vietnamese side

The Vietnamese side shall implement the following arrangements in accordance with the schedule of the Project.

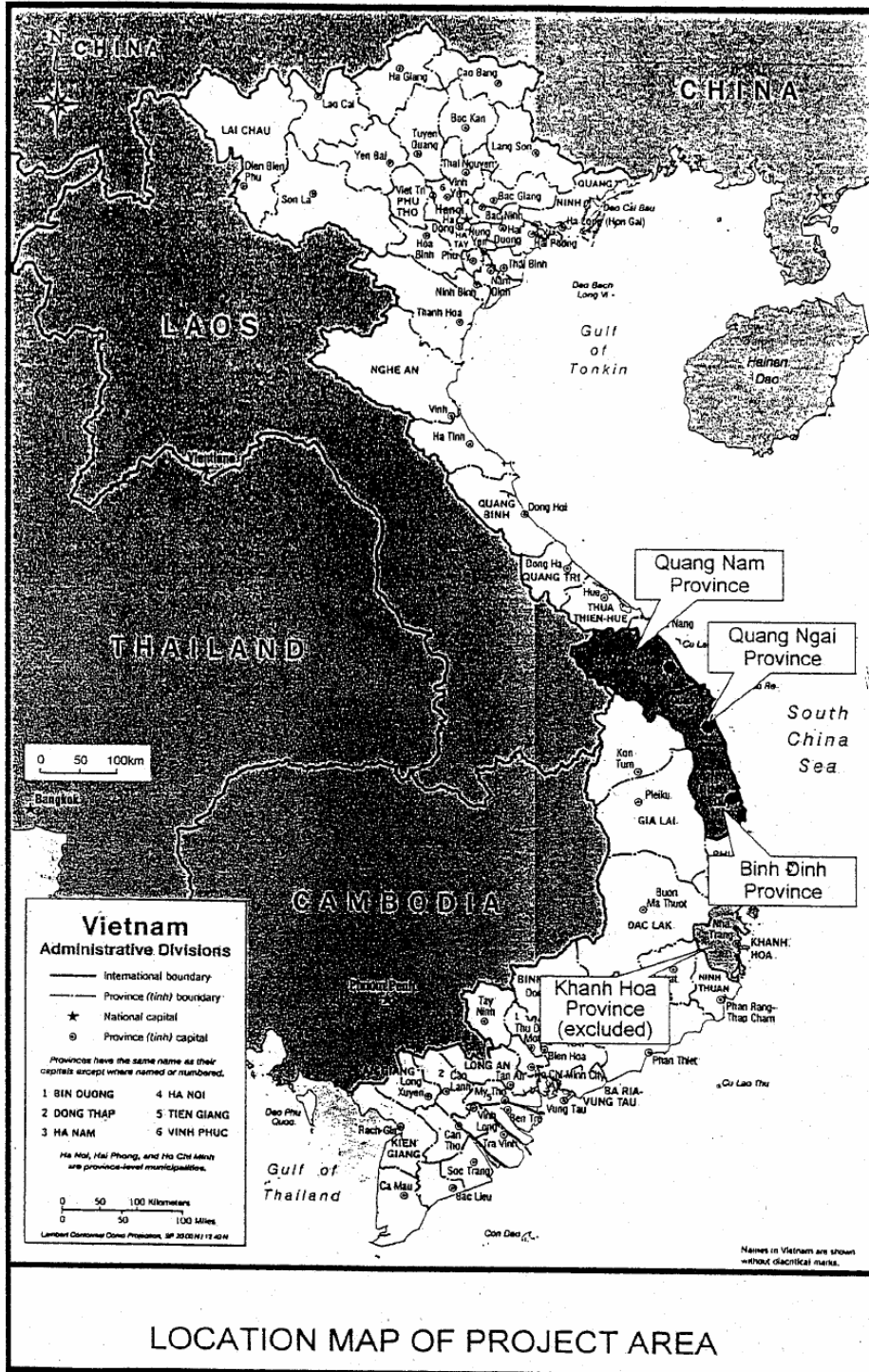
7-5-1. To elaborate awareness raising plans for inhabitants on protection and maintenance of the forests established under the Project and to carry out the plans before and during the afforestation works.

7-5-2. To remove obstacles and clear lands in the Project area.

7-5-3. To confirm the boundaries of the Project areas with the concerned DARD, People's Committees, and inhabitants in the area and explain to them that these areas are exclusively reserved for the Project and they are responsible for protecting the areas before, during and after the Project period.

- Annex-1 Planting areas
- Annex-2 Organization chart of Responsible Agency (MARD)
- Annex-3 Organization charts of Implementing Agencies (DARD) of the three Provinces
- Annex-4 List of Requested Items agreed on the Basic Design
- Annex-5 Japan's Grant Aid Scheme
- Annex-6 Major undertakings to be taken by each Government
- Annex-7 Official letter from Binh Dinh Province on titanium mining
- Annex-8 Role-sharing plan for maintenance of the forest established under the Project

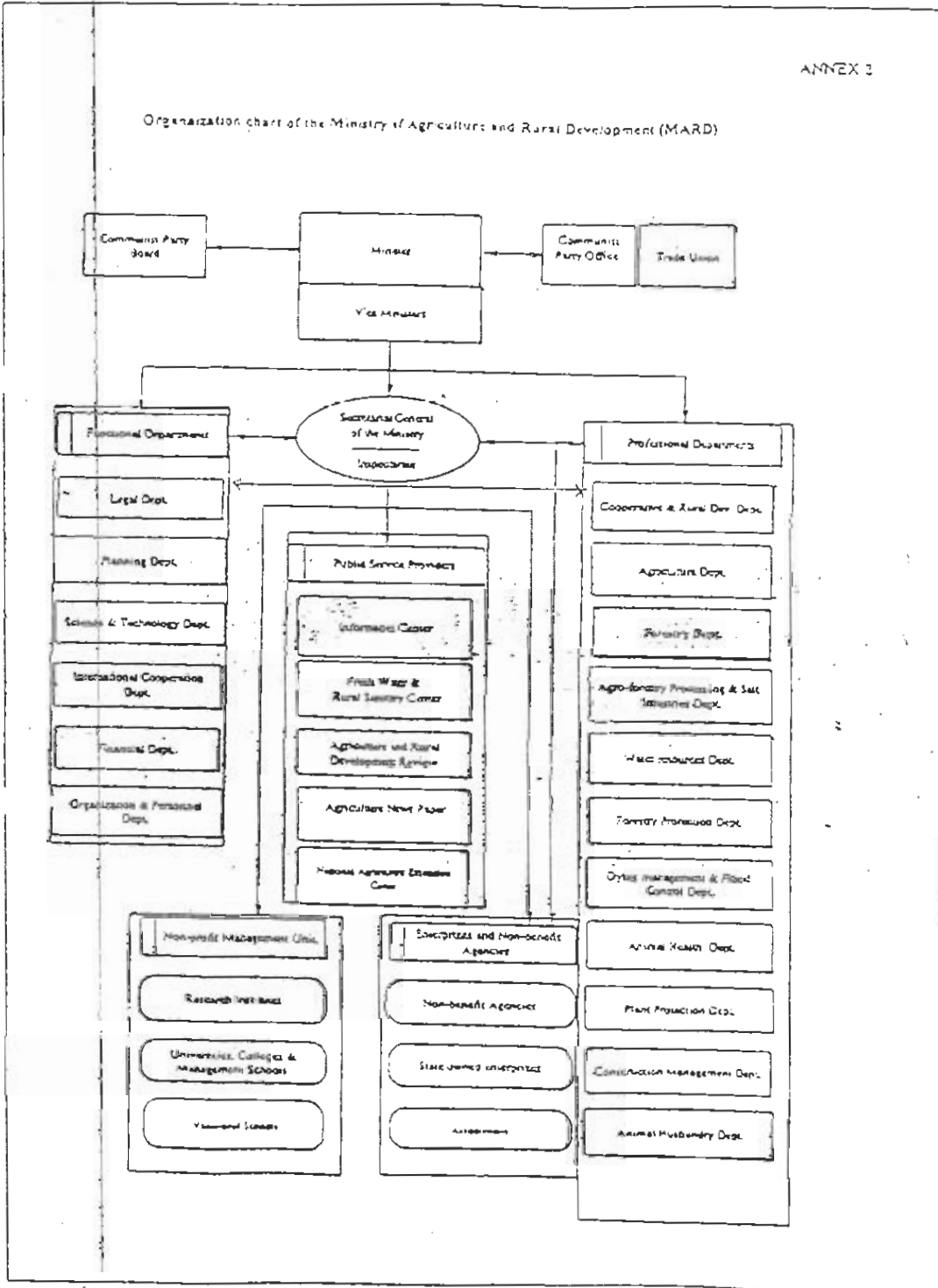




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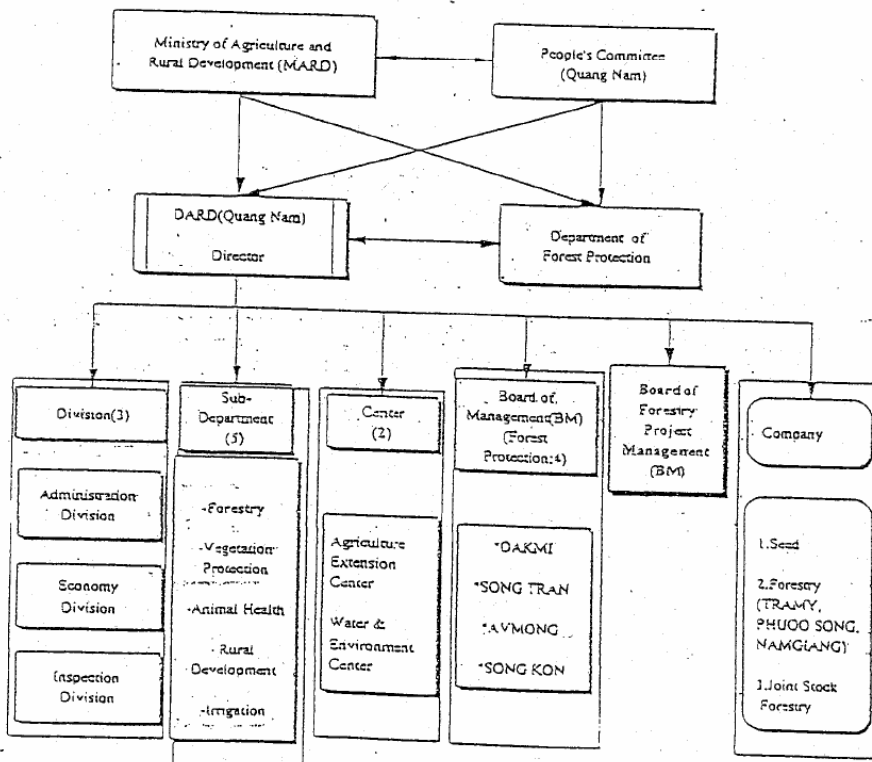
Organization chart of the Ministry of Agriculture and Rural Development (MARD)



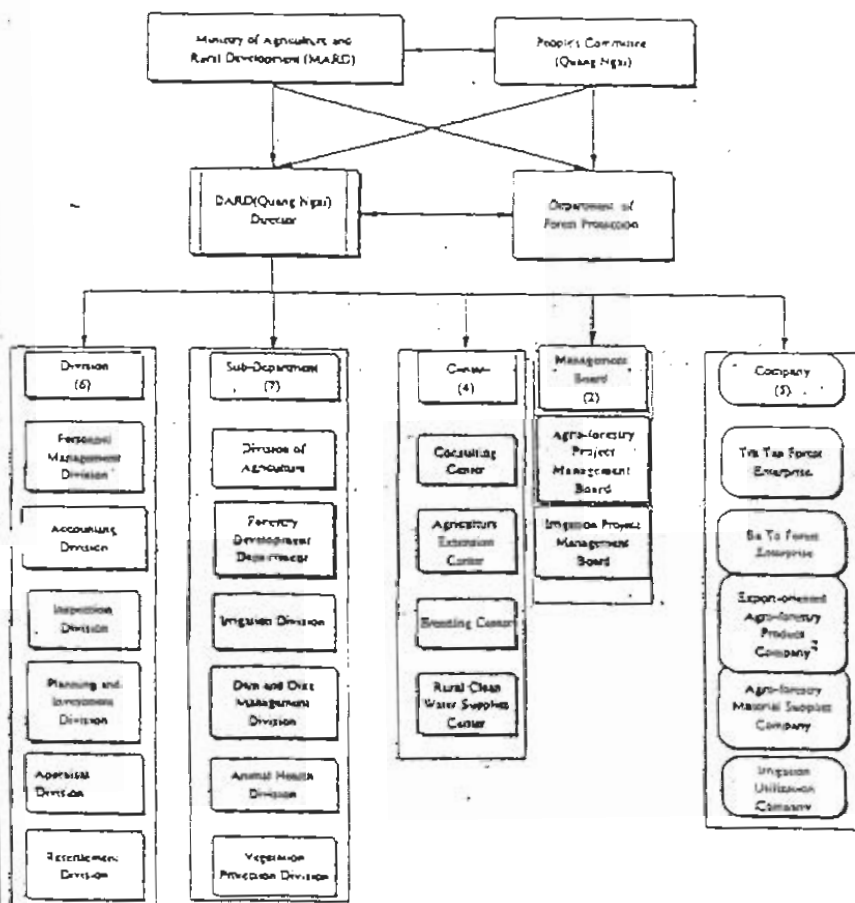
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Organization Chart of the Department of Agriculture and Rural development(DARD)
(Quang Nam Province)



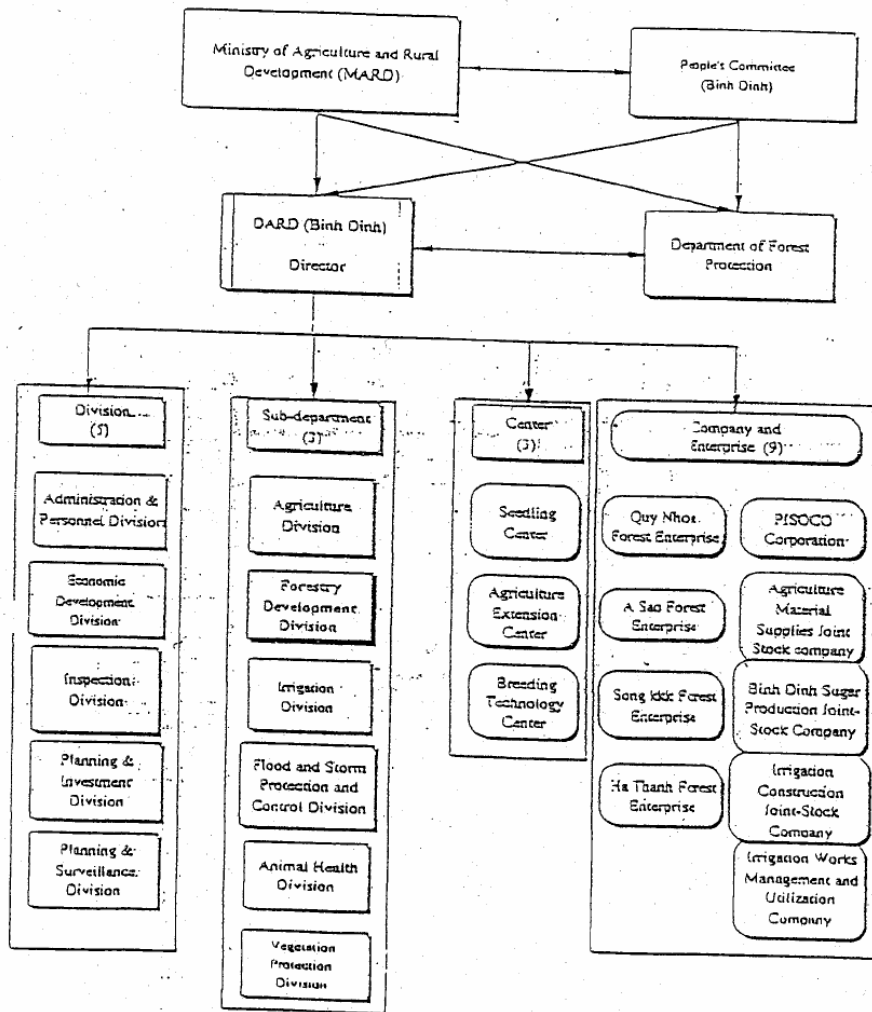
Organization Chart of the Department of Agriculture and Rural Development (DARD)
(Quang Ngai Province)



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Organization Chart of the Department of Agriculture and Rural development(DARD)
(Binh Dinh Province)



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Annex-4

Contents of request from Viet Nam to Japan

	Original request	Basic Design
Amount	24 hundred million Yen	10.92 hundred million Yen
Contents of the request	The Afforestation on sandy area in Quang Nam Province, Quang Ngai Province, Binh Dinh Province and Khanh Hoa Province. (Total:9,480ha) Work Road, Temporary Nursery, Equipment of the operation and maintenance (4WD, Motorcycle, PC etc.)	The Afforestation on sandy area in Quang Nam Province, Quang Ngai Province and Binh Dinh Province (Total:2,463.75ha) Work Road, Temporary Nursery, Lookout Tower, Project Sign Board



ANNEX-5 Japan's Grant Aid Scheme

The Grant Aid scheme provides a recipient country with non-reimbursable funds to procure the facilities, equipment and services (engineering services and transportation of the products, etc.) for economic and social development of the country under principles in accordance with the relevant laws and regulations of Japan. The Grant Aid is not supplied through the donation of materials as such.

1. Grant Aid Procedures

1) Japan's Grant Aid Scheme is executed through the following procedures.

Application	(Request made by a recipient country)
Study	(Basic Design Study / Implementation Review Study conducted by JICA)
Appraisal & Approval	(Appraisal by the Government of Japan and Approval by the Cabinet of Japan)
Determination of Implementation	(The Notes exchanged between the Governments of Japan and the Recipient Country)

2) Firstly, the application or request for a Grant Aid project submitted by a recipient country is examined by the Government of Japan (Ministry of Foreign Affairs) to determine whether or not it is eligible for the Grant Aid. If the request is deemed appropriate, the Government of Japan assigns JICA to conduct a study on the request.

Secondly, JICA conducts the Basic Design (or Implementation Review) Study, using a Japanese firm.

Thirdly, The Government of Japan appraises the project to see whether or not it is suitable for Japan's Grant Aid program, based on a report of the Implementation Review Study prepared by JICA, the results are then submitted to the Cabinet of Japan for an approval.



Fourthly, the project once approved by the Cabinet, becomes official with the Exchange of Notes (hereinafter referred to as the "E/N") signed by the Governments of Japan and the recipient country.

Finally, for the implementation of the project, JICA assists the recipient country in such manner as preparing tenders, contracts and so on.

2. Study conducted by JICA

(1) Contents of the Study

The aim of the study conducted by JICA on a requested project (hereinafter referred to as the "Project") is to examine the viability of the Project necessary for the appraisal of the Project by the Government of Japan.

The contents of the Study are as follows:

- Confirmation of the background, objectives, and benefits of the requested project and also institutional capacity of agencies concerned of the recipient country necessary for implementation of the Project.
- Evaluation of the appropriateness of the project to be implemented under the Grant Aid Scheme from a technical, social and economical point of view.
- Confirmation of items agreed on by both parties concerning the basic concept of the Project.
- Confirmation of the Project area by excluding the left-over areas
- Preparation of an undertaking design of the Project.
- Estimation of costs of the Project.

The contents of the original request are not necessarily approved in their initial form as the contents of the Grant Aid project. The Study of the Project is confirmed considering the guideline of Japan's Grant Aid scheme.

The Government of Japan requests the Government of the recipient country to take whatever measures are necessary to ensure its self-reliance in the implementation of the project. Such measures must be guaranteed even though they may fall outside of jurisdiction of the organization in the recipient country actually

implementing the Project. Therefore, the implementation of the Project is confirmed by all relevant organizations of the recipient country through the Minutes of Discussions.

(2) Selection of Consultants

For smooth implementation of the Study, JICA uses a registered consultant firm. JICA selects a firm based on proposals submitted by interested firms. The selected firm carries out an Implementation review study and writes a report, based upon the terms of reference set by JICA.

The consultant firm used for the Study is recommended by JICA to the recipient country to also work on the Project's implementation after the E/N, in order to maintain technical consistency and also to avoid any undue delay in implementation should the selection process be repeated.

3. Japan's Grant Aid

1) Exchange of Notes (E/N)

Japan's Grant Aid is extended in accordance with the Notes exchanged by the two governments concerned, in which the objectives of the Project, period of execution, conditioned and amount of the Grant Aid, etc., are confirmed.

2) "The period of the Grant Aid" means the one fiscal year which the Cabinet approves the project for. Within the fiscal year, all procedures such as exchanging of the Notes, concluding contracts with (a) consultant firm(s) and (a) contractor(s) and final payment to them must be completed. However, in case of delay in delivery, installation or construction due to unforeseen factors such as weather, the period of the Grant Aid can be further extended for a maximum of one fiscal year at most by mutual agreement between the two governments.

3) Under the Grant Aid, in principle, Japanese products and services including transport or those of the recipient country are to be purchased.

When the two governments deem it necessary, the Grant Aid may be used for the purchase of the products and services of a third country.

However the prime contractors, namely, consulting constructing and procurement firms, are limited to "Japanese nationals". (The terms "Japanese nationals" means persons of Japanese nationality or Japanese corporations controlled by persons of Japanese nationality.)

4) Necessary "Verification"

The Government of the recipient country or its designated authority will conclude contracts denominated in Japanese yen with Japanese nationals. Those contracts shall be verified by the Government of Japan. This "Verification" is deemed necessary to secure accountability to the Japanese taxpayers.

5) Undertakings required to the Government of Vietnam

In the implementation of the Grant Aid project, the recipient country is requested to undertake such necessary measures as the followings:

- a) To secure land necessary for the sites of the project and to clear level and reclaim the land prior to commencement of the construction and afforestation. Especially, where there are titanium mining developments in the Project area, they shall be withdrawn and leveled clearly before the Project implementation.
- b) To provide facilities for necessary distribution of electricity, water supply and drainage and other incidental facilities in and around the sites.
- c) To establish a responsible body such as a management board for operation and maintenance to protect planted forests by the Project.
- d) To allocate the planting areas of the Project to the local inhabitants with the determination of and persons in charges to operate and maintain the planted forests before planting in each term in order for the operation and maintenance of the planted forests in good conditions.
- e) To ensure all the expenses and prompt execution for unloading, customs clearance at the port of disembarkation and internal transportation of the products purchased under the Grant Aid.
- f) To exempt the Japanese nationals from customs duties, internal taxes and other fiscal levies, which will be imposed in the recipient country with respect to the supply of the products and services under the verified contracts.

- g) To accord the Japanese nationals whose services may be required in connection with the supply of the products and services under the verified contracts, such facilities as may be necessary for their entry into the recipient country and stay therein for the performance of the work.

6) "Proper Use"

The recipient country is required to operate and maintain the facilities constructed and equipment purchased under the Grant Aid properly and effectively and to assign staff necessary for this operation and maintenance as well as to bear all the expenses other than those converted by the Grant Aid.

7) "Re-Export"

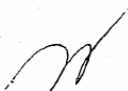
The products purchased under the Grant Aid should not be re-exported from the recipient country.

8) Baking Arrangement (B/A)

- a) The government of the recipient country or its designated authority should open an account in the name of the government of the recipient country in an authorized foreign exchange bank in Japan (hereinafter referred to as the "Bank"). The Government of Japan will execute the Grant by making payments in Japanese yen to cover the obligations incurred by the government of the recipient country or its designated authority under verified contracts.
- b) The payments will be made when payment requests are presented by the Bank to the Government of Japan under an Authorization to Pay (A/P) issued by the government of the recipient country or its designated authority.

9) Authorization to Pay (A/P)

The government of the recipient country should bear an advising commission of an Authorization to Pay and payment commissions to the Bank.



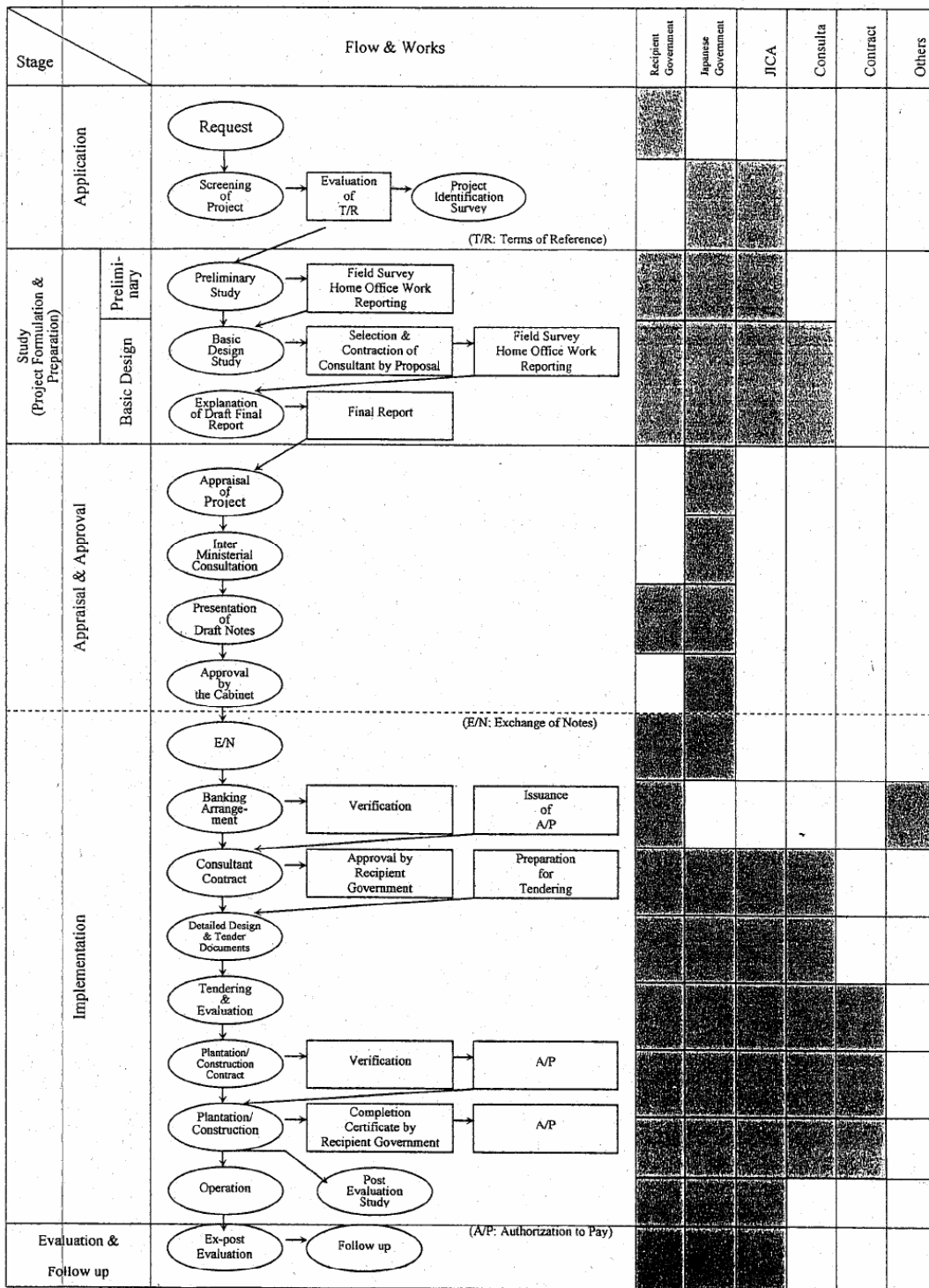


Figure: Flow Chart of Japan's Grant Aid Procedures

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ANNEX-6 Major undertakings to be taken by each Government

No.	Items	To be covered by Grant Aid	To be covered by Recipient Side
1	To secure land		•
2	To clear, level and reclaim the site when needed		•
3	To withdraw the existing titanium mining facilities in the Project sites and to level their areas after the withdrawal		•
4	To construct gates and fences in and around the site where necessary		•
5	To bear the following commissions to the Japanese bank for banking services based upon the B/A		
	1) Advising commission of A/P		•
	2) Payment commission		•
6	To ensure unloading and customs clearance at port of disembarkation in recipient country		
	1) Marine (Air) transportation of the products from Japan the recipient	•	
	2) Tax exemption and custom clearance of the products at the port of disembarkation		•
	3) Internal transportation from the port of disembarkation to the project site	(•)	(•)
7	To accord Japanese nationals, whose service may be required in connection with the supply of the products and the services under the verified contract, such facilities as may be necessary for their entry into the recipient country and stay therein for the performance of their work		•
8	To exempt Japanese nationals from customs duties, internal taxes and other fiscal levies which may be imposed in the recipient country with respect to the supply of the products and services under the verified contracts		•
9	To maintain and use properly and effectively the facilities contracted and equipment provided under the Grant		•
10	To bear all the expenses, other than those to be borne by the Grant, necessary for construction of the facilities as well as for the transportation and installation of the equipment		•

ANNEX - 7

PEOPLE COMMITTEE OF
BINH DINH PROVINCE

SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness

No: 609/UBND-NN

Quy Nhon, Feb. 29, 2008

Area of Project for afforestation
on sandy area - APSA

To: Ministry of Agriculture & Rural development

Before, when the P.M. have not approved the Planning on exploration, and exploitation of titanium, Binh Dinh province have co-operated with JICA and Consultant to survey the site for planting forest on sandy area. PC of Binh Dinh province have agreed with MARD that the project area was 1,589.59ha in 02 Phu My and Phu Cat districts.

According to The Decision No 104/2007/QĐ-TTg dated 13/7/2007 by The PM for approving the Planning on exploration, exploitation, processing and use of titanium ores in the 2007 -2015 period, with orientation toward 2025, PC of Binh Dinh province ordered related departments to check, compare the APSA plan area and plan area for exploration, and exploitation of titanium. The overlapping area is 1,457ha; remaining area is 132.59 ha.

According to the current regulation, the plan area for exploration, exploitation and processing of titanium belong to the decision of the PM. APSA project will start from 2009. But titanium exploiting titanium will take long time (15 - 20 years). So P.C. of Binh Dinh province would like to report to MARD and investor that the area for APSA in Binh Dinh is 133ha. If it is not achieved the requirement of project, PC of Binh Dinh would not join APSA.

Vice Chairman of PC of Binh Dinh province
Signed

CC:

- As above
- Chairman
- Central Forestry MB
- JICA
- DARD, DONRE

NGUYEN VAN THIEN

Role-sharing plan for maintenance between Japanese and Vietnamese side in AFSA

Year Fiscal Year Month	1			2			3			4			5			6		
	Term-1 1	Term-1 2	Term-1 3	Term-2 4	Term-2 5	Term-2 6	Term-3 7	Term-3 8	Term-3 9	Term-4 10	Term-4 11	Term-4 12	Term-5 1	Term-5 2	Term-5 3	Term-6 4	Term-6 5	Term-6 6
Implementation period																		
Implementation by the Japanese side				Planting Protection			1st Tending Protection			2nd Tending Protection			3rd Tending Protection					
Implementation by the Vietnamese side	Allocation of the planting area to the residents						Protection			Protection			Protection					

(2) May 26th 2008

Minutes of Discussions on the Implementation Study on the
Afforestation Project on Sandy Area in the Socialist
Republic of Vietnam (Explanation on Draft Report)

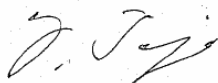
MINUTES OF DISCUSSIONS
ON IMPLEMENTATION REVIEW STUDY ON THE AFFORESTATION PROJECT
ON SANDY AREA IN THE SOCIALIST REPUBLIC OF VIETNAM
(EXPLANATION ON DRAFT REPORT)

In February 2008, the Japan International Cooperation Agency (hereinafter referred to as "JICA") dispatched a Implementation Review Study Team on the Afforestation Project on Sandy Area (hereinafter referred to as "the Project") to The Socialist Republic of Vietnam (hereinafter referred to as "Vietnam"), and through discussion, field survey, and technical examination of the results in Japan, JICA prepared a draft report of the study.

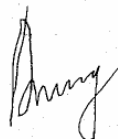
In order to explain and to consult Vietnam on the components of the draft report, JICA sent to Vietnam the Draft Report Explanation Team (hereinafter referred to as "the Team"), which is headed by Mr. Yasuhiro TOJO, Senior Deputy Resident Representative, JICA Vietnam Office, from May 19th to May 30th.

As a result of discussions, both parties confirmed the main items described on the attached sheets.

Hanoi, May 26th, 2008



Mr. Yasuhiro TOJO
Leader
Draft Report Explanation Team
Japan International Cooperation Agency



Ms. Hoang Thi DUNG
Deputy Director General
International Co-operation Department
Ministry of Agriculture and Rural
Development

ATTACHMENT

1. Components of the Draft Report

Vietnamese side agreed and accepted in principle the components of the draft report, e.g. site of the Project, afforestation plan for the Project, and cost estimation of the Project explained by the Team. Vietnamese side requested that bar chart for "Distribution of Plot to Locals" should be shortened as from June 2009 to September 2009. The Team agreed the request and promised that it will be corrected in final report of the Project.

2. Japan's Grant Aid scheme

The Vietnamese side understood the Japan's Grant Aid Scheme and the necessary measures to be taken by the Government of Vietnam as explained by the Team and described in Annex-5 and Annex-6 of the Minutes of Discussions signed by both parties on 7th March, 2008.

3. Schedule of the Study

JICA will complete the final report in accordance with the confirmed item and send it to the Government of Vietnam by the end of June.

4. Other relevant issues

The Vietnamese side agreed to implement the following arrangements in accordance with the schedule of the Project;

4-1. To confirm the boundaries of the Project areas with the concerned DARD, People's Committees, and inhabitants in the area and explain to them that these areas are exclusively reserved for the Project and they are responsible for protecting the areas before, during and after the Project period.

4-2. Confidentiality of the Project Cost Estimation

The Team explained the cost estimation of the Project as described in Annex-I. Both sides agreed that the Project Cost Estimation should never be duplicated or released to any outside parties before signing of all the Contract(s) for the Project. Vietnamese side understood that the Project Cost Estimation attached as Annex-I is not final and is subject to change.

4-3. To ensure necessary arrangement of afforestation permissions from authorizations concerned (including the security authorities) in the Project area.

4-4. To remove obstacles and clear the land in the Project area.