

Cote du document: EB 2010/101/R.29/Rev.1  
Point de l'ordre du jour: 14 c) iv)  
Date: 15 décembre 2010  
Distribution: Publique  
Original: Anglais

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Ouvrer pour que les  
populations rurales pauvres  
se libèrent de la pauvreté

## Rapport du Président

### Proposition de prêt et de don à la République socialiste du Viet Nam pour le

### Projet d'appui à l'agriculture, aux paysans et aux zones rurales dans les provinces de Gia Lai, Ninh Thuan et Tuyen Quang

#### Note pour les représentants au Conseil d'administration

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Conseil d'administration — Cent unième session  
Rome, 14-16 décembre 2010

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Pour: **Approbation**

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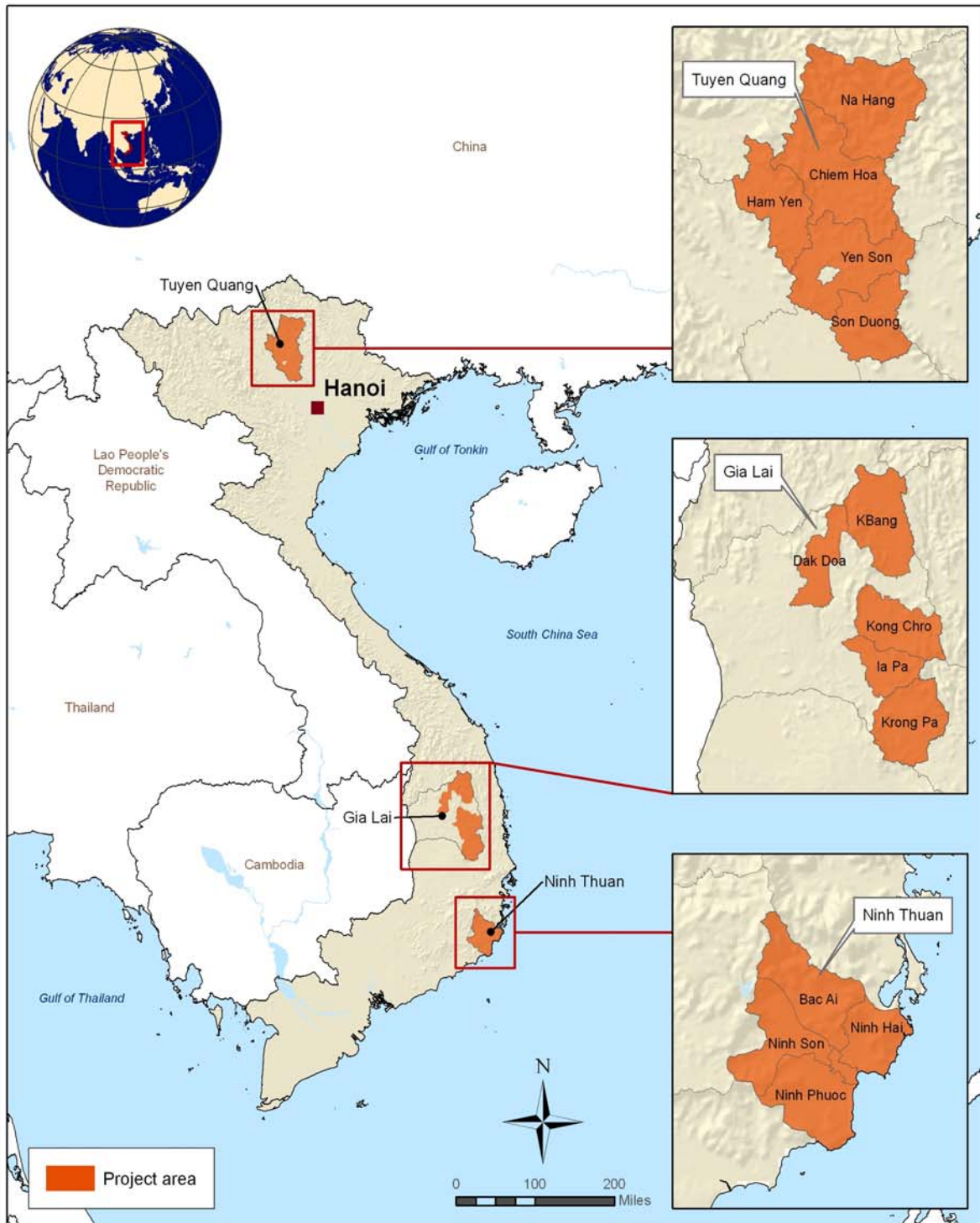
## Sigles et acronymes

FDC	Fonds de développement communal
PDSE	Plan de développement socioéconomique

# Carte de la zone du projet

Socialist Republic of Viet Nam  
 Tam Nong Support Project

President's report



22-9-2010



Source: FIDA

Les appellations figurant sur cette carte et sa représentation graphique ne constituent en aucun cas une prise de position du FIDA quant au tracé des frontières ou limites, ou aux autorités de tutelle des territoires considérés.

## République socialiste du Viet Nam

### Projet d'appui à l'agriculture, aux paysans et aux zones rurales dans les provinces de Gia Lai, Ninh Thuan et Tuyen Quang

#### Résumé du financement

<b>Institution initiatrice:</b>	FIDA
<b>Emprunteur:</b>	République socialiste du Viet Nam
<b>Organismes d'exécution:</b>	Comité populaire de la province de Tuyen Quang Comité populaire de la province de Ninh Thuan Comité populaire de la province de Gia Lai
<b>Coût total du projet:</b>	65,36 millions d'USD
<b>Montant du prêt du FIDA:</b>	31,5 millions de DTS (équivalent approximativement à 48,04 millions d'USD)
<b>Montant du don du FIDA:</b>	0,2 million de DTS (équivalent approximativement à 0,31 million d'USD)
<b>Conditions du prêt du FIDA</b>	40 ans, y compris un différé d'amortissement de 10 ans, avec une commission de service de trois quarts de point (0,75%) l'an
<b>Contribution de l'emprunteur:</b>	10,86 millions d'USD
<b>Contribution des bénéficiaires:</b>	6,14 millions d'USD
<b>Institution chargée de la préévaluation:</b>	FIDA
<b>Institution coopérante:</b>	Supervision directe par le FIDA

## Recommandation pour approbation

Le Conseil d'administration est invité à approuver la recommandation relative à la proposition de financement en faveur de la République socialiste du Viet Nam pour le Projet d'appui à l'agriculture, aux paysans et aux zones rurales dans les provinces de Gia Lai, Ninh Thuan et Tuyen Quang, telle qu'elle figure au paragraphe 36.

## Proposition de prêt et de don à la République socialiste du Viet Nam pour le Projet d'appui à l'agriculture, aux paysans et aux zones rurales dans les provinces de Gia Lai, Ninh Thuan et Tuyen Quang

### I. Le projet

#### A. Principal créneau de développement visé par le projet

1. Le Projet d'appui à l'agriculture, aux paysans et aux zones rurales dans les provinces de Gia Lai, Ninh Thuan et Tuyen Quang contribuera à instaurer le cadre de l'action publique et les dispositifs institutionnels relatifs à la nouvelle politique de développement rural adoptée par le Gouvernement vietnamien – connue sous le nom de *Tam Nong* ou Résolution 24 sur l'agriculture, les paysans et les zones rurales<sup>1</sup> –, ainsi qu'à renforcer les capacités et les approches nécessaires à sa mise en œuvre. Le projet aidera les provinces concernées à mettre en œuvre des réformes institutionnelles indispensables en faveur des pauvres, notamment des approches du développement agricole participatives plus décentralisées, émanant des intéressés eux-mêmes, et favorisera une participation accrue du secteur privé.

#### B. Financement proposé

##### Modalités et conditions

2. Il est proposé que le FIDA accorde à la République socialiste du Viet Nam un prêt d'un montant de 31,5 millions de DTS (équivalant approximativement à 48,04 millions d'USD) à des conditions particulièrement favorables, et un don d'un montant de 0,2 million de DTS (équivalant approximativement à 0,31 million d'USD), pour contribuer au financement du Projet d'appui à l'agriculture, aux paysans et aux zones rurales dans les provinces de Gia Lai, Ninh Thuan et Tuyen Quang. Le prêt aura une durée de 40 ans, y compris un différé d'amortissement de 10 ans, avec une commission de service de trois quarts de point (0,75%) l'an.

##### Système d'allocation fondé sur la performance (SAFP) du FIDA

3. L'allocation fixée pour la République socialiste du Viet Nam au titre du SAFP est de 68,75 millions d'USD sur les trois ans du cycle 2010-2012.

##### Corrélation avec les critères du cadre national de dépenses à moyen terme

4. Le projet s'inscrit dans le cadre des dépenses à moyen terme des provinces tel qu'il est défini dans leurs plans de développement socioéconomique (PDSE).

##### Endettement du pays et capacité d'absorption de l'État

5. En 2009, le produit intérieur brut (PIB) était équivalent à 92,6 milliards d'USD et la croissance réelle s'établissait à 5,4%, la dette extérieure du Viet Nam représentant, selon les estimations, une part de 32,8% du PIB.

##### Flux de fonds

6. L'emprunteur/bénéficiaire ouvrira quatre comptes désignés libellés en dollars des États-Unis, un pour chaque province et un pour le don, auprès d'une ou de

<sup>1</sup> Résolution n° 24-NQ/TW du 28 octobre 2008 du Septième Congrès adoptée lors de la Dixième Session du Comité exécutif central sur l'agriculture, les paysans et les zones rurales.

banque(s) ayant l'agrément du FIDA, afin d'y déposer les fonds du don et du prêt. De plus, chaque province ouvrira un compte de projet auprès de la trésorerie provinciale, libellé en monnaie locale.

#### **Modalités de supervision**

7. Le FIDA supervisera directement le projet.

#### **Dérogations aux conditions générales applicables au financement du développement agricole et aux politiques opérationnelles du FIDA**

8. Aucune dérogation n'est prévue.

#### **Gouvernance**

9. Dans les provinces ciblées, la gouvernance sera renforcée moyennant l'institutionnalisation, au niveau des villages, de processus de planification et d'exécution participatifs, axés sur les marchés et fondés sur les résultats et en développant les capacités en vue d'accroître la transparence et l'obligation de rendre des comptes, l'objectif étant une utilisation efficace des ressources publiques au niveau des communes, des districts et des provinces.

### **C. Groupe cible et participation**

#### **Groupe cible**

10. Le projet cible, dans les trois provinces, les ménages pauvres et les minorités ethniques (en situation de pauvreté ou de quasi-pauvreté).

#### **Méthode de ciblage**

11. Le projet est conforme à la Politique du FIDA en matière de ciblage. Par le biais de la mise en œuvre des réformes institutionnelles proposées, le projet introduira les concepts de développement au service des pauvres. Il a pour objectif spécifique d'insérer des groupes pauvres appartenant aux minorités ethniques, et en particulier des femmes, dans les chaînes de valeur ciblées. Les groupements d'intérêt commun et les groupes collaboratifs associeront des pauvres et des membres plus aisés afin d'élargir les opportunités et d'améliorer l'accès à l'apprentissage pour les ménages les plus pauvres. Le soutien financier apporté par le biais des fonds de développement communal (FDC) tiendra spécifiquement compte des intérêts des pauvres, des minorités ethniques et des femmes.

#### **Participation**

12. La participation au projet sera favorisée par les éléments suivants: i) **participation en connaissance de cause**: les activités de sensibilisation seront menées dans la langue locale et utiliseront du matériel approprié pour tous les membres des minorités ethniques et des ménages pauvres, qu'ils sachent lire ou non; ii) **évaluation rurale participative**: au sein des villages, les processus d'évaluation rurale participative incluront l'auto-évaluation et le classement en fonction du degré de pauvreté, qui permettront de consulter séparément différentes sous-catégories identifiées parmi les pauvres, les minorités ethniques et les femmes, de façon à classer par ordre de priorité leurs besoins et les options qui se présentent à eux, avant d'établir les plans de développement villageois; iii) **conseils villageois de développement**: des conseils de développement seront créés dans les villages afin de s'assurer que les activités sélectionnées (investissements productifs, formation et vulgarisation) figurent bien dans les PDSE des communes; et iv) **suivi participatif et audit social**: le système de suivi-évaluation comprendra spécifiquement des enquêtes auprès des ménages et des audits sociaux annuels, qui permettront de consulter des représentants des pauvres, des minorités ethniques et des femmes afin qu'ils donnent leur point de vue sur la performance du projet.

### **D. Objectifs de développement**

#### **Objectifs clés**

13. Le but du projet est d'améliorer la qualité de vie de la population rurale, en particulier de celle qui vit dans les zones les plus défavorisées (telles que décrites dans la Politique concernant l'agriculture, les paysans et les zones rurales). L'objectif est de promouvoir la participation durable aux activités économiques de

73 800 ménages appartenant aux minorités ethniques ou à la population rurale pauvre des provinces de Gia Lai, Ninh Thuan et Tuyen Quang.

#### **Objectifs relatifs aux politiques et aux institutions**

14. Le projet a pour but: i) d'améliorer le cadre institutionnel et des politiques publiques en matière de décentralisation; ii) d'accroître et de renforcer la participation du secteur privé en milieu rural et dans l'agriculture; et iii) de favoriser la participation des citoyens ruraux pauvres, appartenant notamment aux minorités ethniques, aux processus locaux de planification, de prise des décisions et de développement.

#### **Cohérence avec les politiques et stratégies du FIDA**

15. Conformément au programme d'options stratégiques pour le pays 2008-2012, le projet ciblera les pauvres, et notamment ceux qui appartiennent aux minorités ethniques dans les zones montagneuses rurales. Le projet répond aux priorités du FIDA consistant à promouvoir des relations commerciales équitables, des techniques agricoles améliorées et des services de production efficaces.

### **E. Harmonisation et alignement**

#### **Alignement sur les priorités nationales**

16. Le projet apportera un soutien aux provinces de Tuyen Quang, Gia Lai et Ninh Thuan au cours de la mise en œuvre de la stratégie *Tam Nong* et, plus précisément, des objectifs sectoriels récemment formulés, qui nécessitent une série de réformes institutionnelles, de nouvelles stratégies et des cadres d'action pour les pouvoirs publics.

#### **Harmonisation avec les partenaires du développement**

17. Le comité de pilotage du projet est le meilleur moyen pour coordonner, au niveau provincial, le partage des enseignements acquis. Par ailleurs, la formulation des PDSE des provinces constituera un mécanisme important pour harmoniser les pratiques et partager les savoirs.

### **F. Composantes et catégories de dépenses**

#### **Principales composantes**

18. Le projet comprend trois composantes: i) renforcement institutionnel pour la mise en œuvre des initiatives en faveur des pauvres prévues par la stratégie *Tam Nong*; ii) promotion de chaînes de valeur favorables aux pauvres; et iii) planification et réalisation d'un développement socioéconomique axé sur les marchés au niveau des communes.

#### **Catégories de dépenses**

19. Sept catégories de dépenses sont envisagées: i) véhicules, équipement et matériaux (9%); ii) travaux de génie civil (0,4%); iii) formation, cours, ateliers, assistance technique et études (19%); iv) fonds de développement communal (61%); v) fonds de développement en faveur des pauvres (7%); vi) services financiers (0,6%); et vii) exploitation et maintenance (3%).

### **G. Gestion et exécution: responsabilités et partenariats**

#### **Principaux partenaires d'exécution**

20. Le partenaire d'exécution pour la première composante est le Département du plan et de l'investissement dans chaque province; pour la deuxième composante, le Département de l'agriculture et du développement rural dans chaque province; et pour la troisième, les Comités populaires de district dans chaque district.

#### **Responsabilités en matière d'exécution**

21. Chaque partenaire d'exécution est chargé de: i) préparer un plan de travail et un budget annuel pour la composante dont il est chargé; ii) coordonner les divers organismes chargés de l'exécution du plan de travail et budget annuel; et iii) établir des rapports trimestriels sur l'avancement de la réalisation de la composante dont il s'occupe, à l'intention de l'unité de coordination du projet.

### **Rôle de l'assistance technique**

22. Une assistance technique sera requise dans les domaines suivants: i) formation à la planification des activités axées sur les marchés; ii) pendant les premières années du projet, analyse des chaînes de valeur, élaboration d'un plan d'action et développement de l'information commerciale; iii) mise au point de modules de formation et de matériel de vulgarisation appropriés; iv) préparation et examen approfondi des propositions soumises par le Fonds pour les activités agroalimentaires en faveur des pauvres; et v) formation de formateurs à l'intention des responsables du crédit à la Banque vietnamienne de financement de la politique sociale et à l'Agribank.

### **Situation des principaux accords d'exécution**

23. À l'heure actuelle, aucun accord d'exécution n'est disponible.

### **Principaux partenaires financiers et montants engagés**

24. Le coût total du projet est de 65,36 millions d'USD sur cinq ans. Les sources de financement sont le FIDA (74,0%), l'État (16,6%) et les bénéficiaires (9,4%).

## **H. Avantages et justification économique et financière**

### **Principales catégories d'avantages découlant du projet**

25. Environ 73 800 ménages bénéficieront directement du projet et 58 800 en profiteront indirectement au sein des 117 communes sélectionnées des provinces de Tuyen Quang, Gia Lai et Ninh Thuan. Parmi les ménages bénéficiaires, 90% appartiennent à des minorités ethniques et 46% sont des ménages pauvres.

### **Viabilité économique et financière**

26. Le taux de rentabilité économique interne du projet est estimé à 20%.

## **I. Gestion des savoirs, innovation et élargissement**

### **Modalités de gestion des savoirs**

27. Les supports d'information produits au projet comprennent des documents sur les bonnes pratiques, des études d'impact et des analyses des données annuelles, ainsi que des produits de communication. Les principaux acteurs sont le Département des coopératives et du développement rural et le Département de la coopération internationale du Ministère de l'agriculture et du développement rural, l'Institut des politiques et stratégies pour l'agriculture et le développement rural, les agents du projet chargés de la gestion ainsi que du suivi-évaluation, le Ministère du plan et de l'investissement, et le bureau du FIDA à Hanoï.

### **Innovations en matière de développement**

28. Les innovations du projet portent sur la participation des acteurs du secteur privé en tant que parties prenantes au processus de développement rural, l'adoption par le gouvernement d'une approche par filière au service des pauvres, et l'application de stratégies différenciées en ce qui concerne les communes selon qu'elles sont ou non "prêtes à intervenir sur les marchés".

### **Approche d'élargissement**

29. Au moment de l'évaluation à mi-parcours, une première analyse sera effectuée pour déterminer les coûts et les avantages du projet, son efficacité relative, son efficacité, les possibilités de dégager des économies d'échelle et les besoins institutionnels à satisfaire pour mettre en œuvre le modèle du projet. Sur la base des résultats de cette évaluation, la stratégie du projet pourra être adaptée pour le reste de la durée du projet; si le modèle du projet est jugé efficace et efficient, des plans seront envisagés pour en élargir l'application.



## J. Principaux risques

### Principaux risques et mesures d'atténuation

30. Le projet comporte trois risques principaux: i) un manque de compréhension de l'approche axée sur les marchés pour ce qui est de la planification des investissements publics; ii) une capacité limitée d'élaboration et de renforcement des filières favorables aux pauvres; et iii) au niveau des communes, une capacité limitée de passation des marchés, de gestion financière, de contrôle qualité et de supervision, d'exploitation et de maintenance pour les aménagements réalisés par les FDC. Les mesures d'atténuation prévues sont les suivantes: i) investissement dans le renforcement des capacités pendant la première année, de façon à créer des fondements solides pour une planification et une gestion des ressources efficaces; ii) adoption d'une approche de l'apprentissage par l'expérience pour appuyer la réalisation des activités création de filières; et iii) rédaction d'un manuel et de directives à l'intention des FDC avant tout décaissement, et orientations claires des conseils de développement communal lors de la phase initiale de la mise en œuvre des FDC.

### Classification environnementale

31. À l'issue des procédures d'évaluation environnementale du FIDA, le projet a été classé en catégorie B car il ne devrait pas avoir d'effet préjudiciable important sur l'environnement.

## K. Durabilité

32. Le projet sera mis en œuvre par des organes d'exécution existants, et des actions de renforcement des institutions, de formation et de développement des capacités seront organisées en cas de besoin. On encouragera le développement général du secteur privé afin de s'assurer que les activités choisies visent à générer des revenus pour les ménages ruraux et des actifs pour les pauvres.

## II. Instruments juridiques et autorité

33. Un accord de financement entre la République socialiste du Viet Nam et le FIDA constitue l'instrument juridique aux termes duquel le financement proposé sera consenti à l'emprunteur/bénéficiaire. Une copie de l'accord de financement négocié est jointe en annexe.
34. La République socialiste du Viet Nam est habilitée, en vertu de ses lois, à recevoir un financement du FIDA.
35. Je certifie que le financement proposé est conforme aux dispositions de l'Accord portant création du FIDA et aux Principes et critères en matière de prêts.

## III. Recommandation

36. Je recommande que le Conseil d'administration approuve le financement proposé en adoptant la résolution suivante:

DÉCIDE: que le Fonds accordera à la République socialiste du Viet Nam un prêt à des conditions particulièrement favorables d'un montant équivalant à trente et un millions cinq cent mille droits de tirage spéciaux (31 500 000 DTS), qui sera régi par des modalités et conditions conformes en substance aux modalités et conditions indiquées dans le présent rapport.

DÉCIDE EN OUTRE: que le Fonds accordera à la République socialiste du Viet Nam un don d'un montant équivalant à deux cent mille droits de tirage spéciaux (200 000 DTS), qui sera régi par des modalités et conditions conformes en substance aux modalités et conditions indiquées dans le présent rapport.

Le Président  
Kanayo F. Nwanze

# Negotiated financing agreement: "Tam Nong Support Project"

(Negotiations concluded on 9 December 2010)

## FINANCING AGREEMENT

Loan Number: \_\_\_\_\_

Grant Number: \_\_\_\_\_

Project Title: Agriculture, Farmers, and Rural Areas Support Project in the Gia Lai, Ninh Thuan, and Tuyen Quang Provinces (TNSP) (the "Project")

The Socialist Republic of Viet Nam (the "Borrower/Recipient")

and

The International Fund for Agricultural Development (the "Fund" or "IFAD")

(each a "Party" and collectively, the "Parties")

hereby agree as follows:

### Section A

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2) and the Special Covenants (Schedule 3).
2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, as may be amended from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein.
3. The Fund shall provide a Loan and a Grant to the Borrower/Recipient (the "Financing"), which the Borrower/Recipient shall use to implement the Project in accordance with the terms and conditions of this Agreement.

### Section B

1. The amount of the Loan is SDR 31 500 000, allocated as follows: Gia Lai SDR 7 250 000, Ninh Thuan SDR 8 380 000, and Tuyen Quang SDR 15 870 000.
2. The amount of the Grant is SDR 200 000, allocated to the Ministry of Agriculture and Rural Development (MARD).
3. The Loan is granted on highly concessional terms, as defined in the General Conditions.
4. The Loan Service Payment Currency shall be the US Dollar (USD).
5. The applicable Fiscal Year begins 1 January and ends 31 December.

6. Payments of principal and service charge shall be payable on each 15 June and 15 December.
7. The Borrower/Recipient shall open four Designated Accounts in USD, one for each province and one for the grant, in a bank acceptable to IFAD in order to receive advance Loan and Grant. Additionally, each province shall open a Project Account at the provincial treasury, to be maintained in local currency.
8. The Borrower/Recipient shall ensure that the Lead Project Agencies shall, on behalf of their respective provinces, provide counterpart financing for the Project in the total amount of USD 10 860 000 (of which USD 2 270 000 shall be allocated to payment of duties and taxes).

### **Section C**

1. The Lead Project Agencies shall be the Gia Lai Provincial People's Committee (PPC), the Ninh Thuan PPC, and the Tuyen Quang PPC for the Loan component of the Financing, and MARD for the Grant component of the Financing.
2. The following are designated as Project Parties:
  - (a) the Departments of Planning and Investment (DPI) of Gia Lai province, Ninh Thuan province, and Tuyen Quang province, or any successor(s) thereto;
  - (b) the Departments of Agriculture and Rural Development (DARD) of Gia Lai province, Ninh Thuan province, Tuyen Quang province or any successor(s) thereto;
  - (c) the District People's Committees (DPC) in the Project Area, or any successor(s) thereto; and
  - (d) the Commune People's Committees (CPC) in the Project Area, or any successor(s) thereto.
3. The Project Completion Date shall be the fifth anniversary of the date of entry into force of this Agreement.

### **Section D**

The Financing shall be administered and the Project supervised by IFAD.

### **Section E**

1. The following are designated as general conditions precedent to withdrawal, in addition to those contained in Section 4.02 b) of the General Conditions:
  - (a) The Designated and Project accounts shall have been opened.
  - (b) No withdrawal from the Loan Accounts shall be made until the three Project Implementation Manuals (PIMs) referred to in Para 12.1 Section II of Schedule 1 hereto shall have been submitted to and approved by the Fund and the respective PPCs.
  - (c) No withdrawal from the Grant Account shall be made until the Project Director for the Grant component of the Financing is appointed.

2. The following are designated as specific conditions precedent to withdrawal that are in addition to those contained in Section 4.02 b) of the General Conditions:

- (a) No withdrawal shall be made from the Loan Accounts in respect of expenditures under Category IV (Community Development Fund) until a Community Development manual shall have been submitted to and approved by the Fund and the respective PPCs.
- (b) No withdrawal shall be made from the Loan Accounts in respect of expenditures under Category V (Pro-poor Agribusiness Promotion Fund) until a Pro-poor Agribusiness Promotion Fund manual shall have been submitted to and approved by the Fund and the respective PPCs for use in all the Project provinces.
- (c) No withdrawal shall be made from the Loan Accounts in respect of expenditures under Category VI (Financial Services) until two manuals for the Women Economic Development Fund, one for Ninh Thuan province and one for Gia Lai province, shall have been submitted to and approved by the Fund and the respective PPCs.

The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Fund:

The President  
International Fund for Agricultural Development  
Via Paolo di Dono 44  
00142 Rome, Italy

For the Recipient:

Minister of Finance  
Ministry of Finance of the  
Socialist Republic  
of Viet Nam  
28, Tran Hung Dao Street  
Hoan Kiem District, Hanoi  
Socialist Republic of Viet Nam

This agreement, dated \_\_\_\_\_, has been prepared in the (English) language in six (6) original copies, three (3) for the Fund and three (3) for the Borrower/Recipient.

\_\_\_\_\_  
For the Fund

\_\_\_\_\_  
For the Borrower/Recipient

## Schedule 1

### Project Description and Implementation Arrangements

#### I. Project Description

1. *Target Population.* The Project shall target poor households and ethnic minority households (including both the poor and the near-poor) in 16 selected Project districts of the provinces of Gia Lai, Ninh Thuan, and Tuyen Quang ("Project Area").
2. *Goal.* The Project shall assist in implementing the Borrower/Recipient's recently adopted policy on Agriculture, Farmers, and Rural Areas (Resolution 24/2008/NQ/CP dated 28 Oct 2008). The goal of the Project is to improve the quality of life for rural people, with a particular focus on those living in the most disadvantaged areas (as described in the policy on Agriculture, Farmers, and Rural Areas).
3. *Objectives.* The objective of the Project is to increase the participation in economic activities of ethnic minority and rural poor households living in poor communes in the Project Area.
4. *Components.* The Project shall consist of the following Components:

**4.1 Component 1: Institutional Strengthening for Implementation of Pro-Poor Initiatives under the policy on Agriculture, Farmers, and Rural Areas.** This Component focuses on strengthening the policy and institutional environment for carrying out effective and sustainable pro-poor market-oriented innovations with a focus on ethnic minorities, and for engaging the private sector in the implementation of the policy on Agriculture, Farmers, and Rural Areas.

4.1.1. *Market-oriented economic management capacity building* (Sub-component 1.1). This Sub-component shall develop and use training programs build capacities for market-oriented economic management for senior staff members of government agencies involved in the implementation of the policy on Agriculture, Farmers, and Rural Areas.

4.1.2. *Institutionalization of market-oriented, results-based, participatory socio-economic development planning and implementation process* (Sub-component 1.2). This Sub-component aims to institutionalize market-oriented, results-based, participatory socio-economic development planning and implementation processes at the village, commune, and province levels. This institutionalization effort shall incorporate gender and climate change issues. A Market-Oriented Participatory Socio-Economic Development Plan Thematic Working Group (MOP-SEDP TWG) shall be established to develop and validate MOP-SEDP methodologies for application at the village and commune levels throughout the Project Area.

4.1.3. *Private sector development and partnership in agriculture and rural development* (Sub-component 1.3). This Sub-component aims to strengthen the business-enabling environment and facilitate private sector development as well as public-private partnership building in agriculture and rural development. This Sub-component shall establish a Business Environment Reform Thematic Working Group (BER-TWG) to conduct research on current policy and regulatory frameworks and provide advice to reform such frameworks in order to facilitate partnerships with private sector actors.

4.1.4. *Project coordination and knowledge sharing* (Sub-component 1.4). This Sub-component aims to assist the Project Area provinces in the

implementation of a key element of the policy on Agriculture, Farmers, and Rural Areas, namely, strengthening effective cooperation among four groups of stakeholders: government agencies, scientists and researchers, private businessmen, and farmers.

4.1.5. *Knowledge Collaboration with MARD* (Sub-component 1.5). Grant activities shall include (1) collecting the experiences gathered through the M&E process, Project progress reports, systematic consultation, and feedback from all IFAD supported projects in Viet Nam; (2) distribution of policy-related documentation to the central Government's policy makers, particularly related to the National targeted Programme for New Rural Development (NTP-NRD); and (3) providing relevant training for provincial and district staff.

**4.2 Component 2: Promotion of Pro-Poor Value Chains.** This Component focuses on making demand-driven and value chain-focused services (public and private) available in order to better connect poor ethnic minority households with market opportunities.

4.2.1. *Identification and prioritization of pro-poor value chains* (Sub-component 2.1). This Sub-component aims to identify, prioritize, and develop major pro-poor value chains in the Project Area. A value chain action plan shall be developed for each value chain, and interventions shall be concentrated at the district level. An Agri-Business Promotion Working Group (APWG) shall be established to participate in the value chain analysis prioritization and in the development of the value chain action plans.

4.2.2. *Value chain technical research and extension services* (Sub-component 2.2). This Sub-component is intended to ensure the production of value chain research and extension services (public and private sector providers) in order to improve the livelihoods of the rural poor.

4.2.3. *Promotion of pro-poor agribusiness initiatives* (Sub-component 2.3). This Sub-component is intended to increase private sector participation in the Project Area through the establishment of a district level Pro-Poor Agribusiness Promotion Fund. A manual shall be prepared for review and approval by the Fund to support this establishment.

4.2.4. *Improving access to financial services* (Sub-component 2.4). This Sub-component aims to increase the volume of lending and availability of credit to the Project's Target Population through the adoption of strategies for enhancing credit access and encouraging local savings, as well as through the provision of technical assistance. The Project shall support the Women Development Support Fund (WDSF) in Ninh Thuan in order to extend their operations throughout the Project Area. A Women Economic Development Fund (WEDF) for lending to women's savings and credit groups shall be set up in Gia Lai with the ultimate goal of setting up a microfinance institution to lend to women's groups. Separate manuals shall be prepared for each of these two fund initiatives, and submitted to the Fund for approval.

**4.3 Component 3: Commune Market-Oriented Socio-Economic Development Planning and Implementation.** This Component supports market-oriented planning and implementation by communes and villages. The objective is to enable targeted communes to effectively implement annual market-oriented plans for demand-driven, pro-poor rural development public investment that are integrated into the master government planning process.

4.3.1. *Planning Capacities for MOP SEDP* (Sub-component 3.1). This Sub-component aims to build local capacity at the commune and village levels

to use MOP-SEDP approaches for identifying priority investments for socio-economic development with a focus on poor and ethnic communities.

4.3.2. *Engaging the poor in value chains* (Sub-component 3.2). This Sub-component is intended to ensure that the Project's Target Population is engaged in value chains and benefiting from profitable market opportunities through the provision of assistance and support to various kinds of farmers' groups.

4.3.3. *Community Development Fund* (Sub-component 3.3). To complement Sub-components 3.1 and 3.2, this Sub-component shall provide the resources for putting the training received into action through the establishment of a Community Development Fund that shall make resources available for public infrastructure, human capacity building, and productive infrastructure, equipment and input investments to be managed by farmers' groups. A manual shall be prepared for review and approval by the Fund to support this establishment. For those villages applying for public infrastructure funding, it must be demonstrated that the economic benefits from such funding are reaching at least 50% of the households in the village. Evidence of such distribution shall be made available through annual reports.

## II. Implementation Arrangements

### 5. Project Steering Committees (PSC) – Provincial Level

5.1. *Establishment and Composition.* At the provincial level, the Provincial People's Committees (PPCs) shall provide policy guidance to the Project. The PPCs shall also approve the appointments of key staff in the Project Coordination Unit (PCU). In each Project province the PPCs shall issue a decision to establish Project Steering Committees (PSCs).

5.2. The PSCs shall be chaired by the chairperson or vice-chairperson of the respective PPC and shall meet on a quarterly basis. Members shall include those of the PSC for National Targeted Programme for New Rural Development (NTP-NRD), as well as the Chairman of the Enterprises Association, the Director of an agriculture research institute, chairpersons of the Project District People's Committees (DPCs), which are responsible for Project coordination activities at the district level or such other membership as may be agreed from time to time with the Fund. Two or more directors of private companies working with farmers in the Project Area shall be invited to attend the meetings of the PSCs to express their views as observers.

5.3. *Responsibilities.* The PSCs in each province shall be responsible for reviewing and approving their province's Annual Work Plans and Budget (AWBPs) and Annual Project Financial Statements, and for submitting these items to their respective PPC for approval. The PSCs shall also be responsible for ensuring compliance of Project activities with the terms and conditions of this Agreement.

## 6. Project Coordination Unit (PCU) – Provincial Level

6.1. *Establishment and Composition.* In each province, the respective PPCs shall issue a decision to establish a PCU. Each PCU shall be headed by a full-time Project Director and include the following full time staff: PCU Deputy-Director, Commune SEDP Officer, Senior M&E Officer, M&E Officer cum Knowledge Management Officer, Institution and Capacity Building Officer, Value Chains Development Officer, Market-oriented Economy Advisor, Chief Financial Officer/Chief Accountant, Accountant, Procurement and Civil Work Specialist, support staff, as needed, and such other staffers as may be agreed from time to time with the Fund.

6.2. *Responsibilities.* The PCUs shall assist the PSC in coordinating the provincial agencies and the PPC in managing governmental and IFAD resources. The PCUs shall report directly to the PSC and act as an advisory body for the PPC. The mandate of the PCU shall be to ensure: (i) the implementation of the Project; (ii) coherence of the project approaches and strategies, and integration among project activities; (iii) coordination and synergy of the Component Lead Agencies (CLAs), other co-implementing agencies (CIAs), and technical service providers, and the district and commune level agencies, and grassroots communities; (iv) mobilization of resources from the private sector, mass organizations, professional associations, research institutes, technical centres, and non-government organizations; (v) accountable management of IFAD and governmental resources through the preparation of a Project Implementation Manual, an AWPB, and a procurement plan, and through the selection of technical assistance and audit service providers, as well as through the establishment and operation of the M&E system; and (vi) knowledge sharing and policy development interventions.

6.3. **Component Lead Agencies (CLA).** For each Component, the PPC shall issue a decision designating a CLA. Whilst the CLAs will not establish separate implementation offices for the Project within their departments, they will appoint a director or deputy director and an accountant to work with the Project. In addition, there shall be one focal point per province. The functions of the CLAs include: (i) preparation of a Component AWPB in cooperation with the PCU for approval by the PSC; (ii) coordination of the implementation of the Component; and (iii) preparation of quarterly progress reports on component implementation for submission to PCU.

## 7. Project Coordination – District Level

7.1. District People's Committees (DPCs) shall be responsible for coordination of the project activities and for the integration of those activities into the organizational structures and mandates of the district-level line agencies and mass organizations. The DPC Chairman (or Vice-Chairman) shall be responsible for coordination of project activities. To assist the DPC in coordinating project activities, a District Agribusiness Support Unit (DASU) shall be established, pursuant to a issued decision by the PPC, directly under each DPC. The DASUs shall be directed by the respective DPC Chairmen and made up of a District Project Coordination Assistant to the DPC, an M&E Officer, a Commune SEDP/Community Development Fund (CDF) Planning Officer, a "Markets and Value Chain Development officer", an administrative assistant, and such other staffers as shall be decided from time to time with the Fund.

## 8. Project Coordination – Commune Level

8.1. The DPCs shall issue decisions establishing Commune Development Boards (CDBs) in each commune. The CDB shall be chaired by the Chairman of the CPC and composed of the Head of the Farmers' Union, the Head of the Women's Union,



the Head of the Youth Union, the Commune Agricultural Officer, the Commune Extension Worker, Commune Animal Health Worker, the Infrastructure Officer, the Village Head for each of the participating villages, Commune Accountant, and such other members as shall be decided from time to time with the Fund. The role of the CDB will be to coordinate all of the Project activities at the commune and village levels.

8.2. In all of the villages in the Project Area, Village Development Boards (VDB) will be established by the CPCs. The VDBs shall be made up of the Village Head, the Head of the Women's Union, the Head of the Farmers' Union, the Head of the Youth Union, and two representatives from better-off and poor households respectively.

## 9. Key Project Staff

9.1. *Recruitment of Key PCU Staff.* The full-time Project Directors, Deputy Project Directors, and Chief Financial Officers/Chief Accountants in each province shall be appointed by the PPC. The Grant activities will require the appointment of a Project Director and a Project Coordinator within the relevant departments, as decided by MARD.

## 10. Implementation Arrangements under Project Components

10.1. *Market-Oriented Economic Management Capacity Building (Sub-component 1.1):* The DPIs shall be directly responsible for coordinating the activities under this Sub-component.

10.2. *Institutionalization of market-oriented, results-based, participatory socio-economic development planning and implementation process (Sub-component 1.2):* The PPCs shall be ultimately responsible for issuing the guidance for the implementation of the MOP-SEDP. The DPIs shall work with the DPCs and CPCs of IFAD-supported communes to pilot, implement, and manage consolidation of the MOP-SEDP guidelines.

10.3. *Private sector development and partnership in agriculture and rural development (Sub-component 1.3):* The BER-TWG shall lead the activities of this Sub-component and advise the respective PPC concerning the approval or revision of new policies and guidelines for enabling private sector development.

10.4. *Project Coordination and Knowledge Sharing: (Sub-component 1.4)* The PPCs and PCUs are responsible for implementing this Sub-component.

10.5. *Knowledge Collaboration with MARD (sub component 1.5):* The Grant activities relating to knowledge sharing will be implemented by MARD through the relevant departments, as decided by MARD.

10.6. *Identification and Prioritization of Pro-Poor Value Chains (Sub-component 2.1):* The DARDs shall be responsible for coordinating the activities under this Sub-component, with technical assistance from the Department of Trade and Industry (DOTI).

10.7. *Value Chain Technical Research and Extension Services (Sub-component 2.2):* The DARDs and their related agencies, i.e. Provincial Extension Center, Plant Protection Sub-Bureau and Veterinary Sub-Bureau shall be responsible for implementing this Sub-component.

10.8. *Promotion of Pro-Poor Agribusiness Initiatives (Sub-component 2.3):* District Agribusiness Support Units (DASUs) shall be responsible for the implementation of this Sub-component.

10.9. *Improving Access to Rural Financial Services (Sub-component 2.4)*: The Viet Nam Bank for Social Policy (VBSP), AgriBank, and the Women's Union in Gia Lai and WSDF in Ninh Thuan shall be responsible for activities under this Sub-component.

10.10. *Planning Capacities for MOP-SEDP (Sub-component 3.1)*: The DPCs/DASUs shall have primary responsibility for organizing and implementing the orientation and training activities planned under this Sub-component.

10.11. *Engaging the Poor in Value Chains (Sub-Component 3.2)*: Mass organizations shall have the primary responsibility for identifying Common Interest Groups (CIGs) and Collaborative Groups (CGs) and shall provide assistance in conducting basic organizational assessments. The CPC/CDBs shall be responsible for assembling and managing the data base of existing CIGs/CGs. The DPCs/DASUs, as well as the mass organisations, shall provide assistance in identifying trainers to be contracted to address CIG/CG training needs as requested by the commune.

10.12. *Community Development Fund (CDF) (Sub-Component 3.3)*: The CPCs shall be responsible for ensuring efficient and effective use of CDF resources, including management and oversight of commune level investments.

## 11. Project Reviews

11.1. *Mid-Term Review*. The Borrower/Recipient, the PPC in each province and the Fund shall conduct a comprehensive mid-term review to assess implementation progress, to assess the extent to which the business environment is constraining the operation of value chains, and to determine appropriate revisions to the Project implementation arrangements and resource allocations to be complied with by the relevant Project Parties in order to ensure successful Project completion.

## 12. Project Implementation Manual (PIM)

12.1. *Preparation and Approval*. The Borrower/Recipient shall cause the PPC in each province to prepare and approve a Project Implementation Manual (PIM) as soon as practicable, but in no event later than 90 days after the entry into force of this Agreement. The PIM shall detail, among other things, the Project implementation responsibilities for planning, budgeting, financing, Loan and Grant disbursement, reporting, procurement, preparation of accounts and auditing, and the implementation of the Financial Services Sub-component micro-grants. In addition, the PIM shall incorporate a strong governance framework to empower the Target Population to play a bigger role in Project implementation. The PPC in each province shall approve the PIM only with prior agreement of the Fund, and provide a copy thereof to the Fund.

**Schedule 2***Allocation Table*

1. *Allocation of Loan and Grant Proceeds.* (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan and the Grant and the allocation of the amounts of the Loan and the Grant to each Category and the percentages of expenditures for items to be financed in each Category:

Category	Loan Amount Allocated (SDR)	Grant Amount Allocated (SDR)	Percentage of Eligible Expenditures
I. Vehicles, Equipment, and Material			100% net of taxes or 90% of total expenditures
a. TQ	1 230 000		
b. NT	625 000		
c. GL	675 000		
d. MARD		20 000	
II. Civil Works			100% net of taxes or 90% of total expenditures
a. TQ	80 000		
b. GL	35 000		
III. Training, Courses, Workshops, Technical assistance and Studies			100% of total expenditures
a. TQ	2 270 000		
b. NT	1 480 000		
c. GL	1 530 000		
d. MARD		180 000	
IV. Community Development Fund			100% net of taxes and beneficiaries' contribution
a. TQ	9 390 000		
b. NT	4 530 000		
c. GL	3 400 000		
V. Pro-Poor AgriBusiness Promotion Fund			100% net of beneficiaries' contribution
a. TQ	985 000		
b. NT	440 000		
c. GL	440 000		
VI. Financial Services			100% of total expenditures
a. NT	200 000		
b. GL	200 000		
VII. Operations and Maintenance			60% of total expenditures
a. TQ	335 000		
b. NT	265 000		
c. GL	245 000		
Unallocated – TQ	1 580 000		
Unallocated – NT	840 000		
Unallocated – GL	725 000		
<b>TOTAL</b>	<b>31 500 000</b>	<b>200 000</b>	

(b) The terms used in the Table above are defined as follows:

- I. Vehicles, Equipment, and Material related to sub-category I(d) means office equipment and publications.
- II. Civil Works relates to the construction and rehabilitation of the PCU buildings.
- III. Technical Assistance includes consultancy services for the Project.
- IV. The Community Development Fund (CDF) makes resources available for: (i) public infrastructure, (ii) human capacity development, and (iii) productive infrastructure, equipment and input investments managed by Common Interest Groups (CIGs) and Collaborative Groups (CGs).
- V. The Pro-Poor Agribusiness Promotion Fund (PAPF) makes resources available for proposals received jointly from businesses and CIGs from Project Area communes. To be considered, all proposals must contemplate matching PAPF contributions with an investment by the business submitting the application that is equivalent to at least 50% of the PAPF.
- VI. Financial Services makes resources available for the Women Development Support Fund (WDSF) in Ninh Thuan province and for setting up a Women Economic Development Fund (WEDF) in Gia Lai province.

2. *Start-up Costs.* Withdrawals in respect of expenditures for start-up costs for Category III incurred before the satisfaction of the general conditions precedent to withdrawal shall not exceed an aggregate amount of SDR 120 000.

### Schedule 3

#### *Special Covenants*

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Borrower/Recipient to request withdrawals from the Loan Account if the Borrower/Recipient has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Project:

- i) The PPCs in each province shall issue Guidelines on the preparation and implementation of commune market-oriented participatory socio-economic development planning and implementation in the Project Area before the end of the 1<sup>ST</sup> year of the Project. The PPCs shall issue similar Guidelines for their entire province by the end of the 3<sup>rd</sup> year of the Project.
- ii) The PCUs in each province shall ensure that gender is mainstreamed in all Project activities by using a guidance manual to be developed by the Project before the end of the first year of the Project.
- iii) The PPCs in each province shall issue a Decision concerning the establishment of the following thematic working groups: Market-Oriented Participatory Socio-Economic Development Plan Thematic Working Group (MOP-SEDP TWG), Business Environment Reform Thematic Working Group (BER-TWG), and Agribusiness Promotion Working Group (APWG) before the end of the first year of the Project.
- iv) The PCUs in each province shall develop appropriate Terms of References for each staff position to be funded by the Project. The PCU shall organise a fair and transparent process for identifying and selecting candidates who are skilled and capable of meeting all of the requirements contained in the terms of reference. It shall further obtain IFAD's prior agreement for key staff positions, such as Project Director, Deputy Project Director, and Chief Financial Officer/Chief Accountant. Key staff members shall serve throughout the entire Project Implementation Period and may only be removed by the PPC in each province after prior consultation with the Fund.
- v) The PPCs in each province shall ensure that Project activities comply with the Law on Environmental Protection, and the Circular on guideline for the strategic environmental assessment, environmental impact assessment, and environmental protection commitments in accordance with Decision No. 05/2008/TT-BTNMT, 8 Dec. 2008.
- vi) Should there be any negative impact on the lives of the Project beneficiaries as a result of the siting of power plants in Ninh Thuan province, the PCU shall inform the PSC and PPC in the province and informed consent shall be sought to ensure that the needs of affected communities are identified and that such communities are fairly compensated (financial and non-financial), should the need arise. A failure to adequately protect the interests of Project beneficiaries could lead to partial loan cancellation of affected activities.

## **Key reference documents**

### **Country reference documents**

Poverty reduction strategy paper

### **IFAD reference documents**

Project design document (PDD) and key files  
Country Strategic Opportunities Programme 2008–2012  
Administrative Procedures on Environmental Assessment

## Logical framework

Narrative Summary	Indicators (all data disaggregated by sex, income class and ethnicity)	Means of Verification	Assumptions on Risks
<b>GOAL</b> Increase the quality of life for rural people, especially those who live in the most disadvantaged areas (from Tam Nong) (QUALITY OF LIFE)	10% reduction in child (< 5 years) malnutrition (RIMS Indicators) by EOP: - Chronic malnutrition (height for age) - Acute malnutrition (weight for height) - Underweight (weight for age)	Impact surveys at baseline, mid-term and completion (RIMS) General Statistics Office	
<b>DEVELOPMENT OBJECTIVE</b> Sustained and profitable economic participation of 73,800 ethnic minority and rural poor households living in 117 poor communes in 16 districts of the three provinces of Tuyen Quang (five districts), Gia Lai (five districts) and Ninh Thuan (six districts). (INCOME)	25% increase in the household assets index (value of relevant productive assets) of poor and ethnic minority households in the project communes 20% reduction in the rate of income poverty for households in the project communes <sup>2</sup>  Average growth rate of agricultural GDP at the province level is at least 4% by year three <sup>3</sup>	Impact surveys at baseline, mid-term and completion (RIMS), Project M&E system; DPI planning system reports; DARD production monitoring systems.	Value chain bottlenecks or obstacles outside of the province will not constrain value chain development. Economic growth will remain steady in Viet Nam.
<b>Component 1: Institutional Strengthening for the Implementation of Pro-Poor Initiatives under Tam Nong</b>			
<b>OUTCOMES:</b> Policy and institutional environment strengthened to carry out effective and sustainable pro-poor market-oriented innovations with a focus on ethnic minorities, and to engage the private sector in the implementation of Tam Nong <sup>4</sup> (GOVERNMENT PLANNING)	25% increase in the number of agribusiness related private sector investment in project areas <sup>5</sup> MOP-SEDP approach mainstreamed into DPI's annual planning and budgeting process and integrating government resources at district and commune levels by EOP	PCI Website, provincial budgets, annual commune budgets, approved grants for CDF and APF, coordination meeting minutes	Improved governance, additional private sector investment, decentralization of rural investment budgets and improved multi-sectoral coordination will lead to specific opportunities for expanded economic engagement of targeted impact groups.
<b>Component 2: Promotion of Pro-Poor Value Chains</b>			
<b>OUTCOMES:</b> Demand driven, value chain focused services (public and private) available for connecting poor, ethnic minority households to market opportunities (VALUE CHAINS)	20% increase in value of targeted value chain commodities marketed annually per district; <sup>6</sup>  50% percent of targeted households have at least a 25% increase in income from targeted value chain sources.	DARD production monitoring statistics, annual household surveys, CDF grant documentation	Market prices remain reasonably stable for targeted commodities Costs of capital will not significantly reduce the profitability of investments made. The quality of technical services will encourage demand. Increased participation in value chains results in increased income.
<b>Component 3: Commune Market-oriented Socio-economic Development Planning and Implementation</b>			
<b>OUTCOMES:</b> Poor and ethnic minority households in project communes and villages benefiting from	Percent of HH below the DOLISA Poverty Line in project communes Impact Group Beneficiaries;	Review of DPI planning system, mid-term social audit, CDF monitoring reports	Commune capacities for developing market-oriented plans can be sufficiently built in the time available to produce good investment

<sup>2</sup> COSOP Outcome Indicator – Strategic Objective 2: Poor and vulnerable households take advantage of profitable business opportunities

<sup>3</sup> COSOP Milestone Indicator for Strategic Objective 2: Poor and vulnerable households take advantage of profitable business opportunities

<sup>4</sup> COSOP Institutional/Policy Objectives (in partnership mode): Strategic Objective 1 Rural poor households in uplands access markets through increased private sector partnerships

<sup>5</sup> COSOP Milestone Indicator for Strategic Objective 1: Rural poor households in uplands access markets through increased private sector partnerships

<sup>6</sup> COSOP Outcome Indicator for Strategic Objective 1: Rural poor households in uplands access markets through increased private sector partnerships

Narrative Summary	Indicators (all data disaggregated by sex, income class and ethnicity)	Means of Verification	Assumptions on Risks
profitable and sustainable market opportunities/ (COMMUNITY PLANNING)	<p>- Direct: 73,800 HHs (TQP: 40,000hh; GLP: 14,500 hh &amp; NTP: 19,300 hh)</p> <p>100% of the project communes meet at least 50% of the NTP-NRD criteria</p> <p>100% of the communes fall into the market ready category (better access to services, market information, market orientation of the commune officials, poor households participating in profitable market opportunities and local decision making)</p> <p>75% of communes are satisfactorily meeting performance indicators in social audit<sup>8</sup></p>		ideas that benefit the poor and ethnic minorities.

<sup>7</sup> COSOP RMF Strategic Objective 2: Poor and vulnerable households take advantage of profitable business opportunities

<sup>8</sup> COSOP Outcome Indicator equivalent to 75% satisfaction rate of the quality of public service provision in responding to priority constraints