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SOCIALIST REPUBLIC OF VIET NAM

COUNTRY STRATEGIC OPPORTUNITIES PAPER



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CURRENCY EQUIVALENTS

Currency Unit	=	Viet Nam Dong (VND)
USD 1.00	=	VND 15 000
VND 1.00	=	USD 0.000067

WEIGHTS AND MEASURES

1 kilogram (kg)	=	2.204 pounds (lb)
1 000 kg	=	1 metric tonne (t)
1 kilometre (km)	=	0.62 miles (mi)
1 metre (m)	=	1.09 yards (yd)
1 square metre (m ²)	=	10.76 square feet (ft ²)
1 acre (ac)	=	0.405 ha
1 hectare (ha)	=	2.47 acres

ABBREVIATIONS AND ACRONYMS

5MHRP	Five Million Hectare Reafforestation Programme
AusAID	Australian Agency for International Development
CDF	Community Development Fund
CI	Cooperating Institution
COSOP	Country Strategic Opportunities Paper
CPC	Commune People's Committee
CPRE	Country Portfolio Review and Evaluation
CPRGS	Comprehensive Poverty Reduction and Growth Strategy
DGCS	General Directorate for Development Cooperation (<i>Direzione Generale Cooperazione Allo Sviluppo</i>)
GDP	Gross Domestic Product
HEPR	Hunger Eradication and Poverty Reduction Programme
NGO	Non-Governmental Organization
ODA	Official Development Assistance
PMU	Programme Management Unit
PPA	Participatory Poverty Assessment
PRSP	Poverty Reduction Strategy Paper
SIDA	Swedish International Development Agency
TA	Technical Assistance
UNDP	United Nations Development Programme
VDB	Village Development Board

GOVERNMENT OF THE SOCIALIST REPUBLIC OF VIET NAM

Fiscal Year

1 January – 31 December



COUNTRY MAP: LOCATION OF IFAD-FUNDED OPERATIONS



Source: IFAD

The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

IFAD PORTFOLIO REVIEW

Region	Project Id	Project Name	Initiating Institution	Cooperating Institution	Lending Terms	Board Approval	Loan Effectiveness	Current Closing Date	Loan/Grant Acronym	Denominated Currency	Approved Loan/Grant Amount	Disbursement (as % of approved amount)
PI	328	Participatory Resource Management Project - Tuyen Quang Province	IFAD	UNOPS	HC	06 Apr 93	06 Aug 93	31 Dec 01	G - I - 576 - VN	USD	22 300	32
PI	328	Participatory Resource Management Project - Tuyen Quang Province	IFAD	UNOPS	HC	06 Apr 93	06 Aug 93	31 Dec 01	L - I - 328 - VN	SDR	13 350 000	1
PI	1007	Agricultural Resources Conservation and Development Project in Quang Binh Province	IFAD	UNOPS	HC	04 Dec 96	25 Mar 97	31 Dec 02	G - I - 28 - VN	USD	100 000	96
PI	1007	Agricultural Resources Conservation and Development Project in Quang Binh Province	IFAD	UNOPS	HC	04 Dec 96	25 Mar 97	31 Dec 02	L - I - 434 - VN	SDR	10 050 000	96
PI	1025	Ha Giang Development Project for Ethnic Minorities	IFAD	UNOPS	HC	04 Dec 97	27 Apr 98	30 Jun 04	G - I - 52 - VN	USD	50 000	42
PI	1025	Ha Giang Development Project for Ethnic Minorities	IFAD	UNOPS	HC	04 Dec 97	27 Apr 98	30 Jun 04	L - I - 460 - VN	SDR	9 200 000	79
PI	1091	Ha Tinh Rural Development Project	IFAD	UNOPS	HC	29 Apr 99	17 Sep 99	31 Mar 06	G - I - 42 - VN	USD	100 000	13
PI	1091	Ha Tinh Rural Development Project	IFAD	UNOPS	HC	29 Apr 99	17 Sep 99	31 Mar 06	G - I - 73 - VN	USD	100 000	71
PI	1091	Ha Tinh Rural Development Project	IFAD	UNOPS	HC	29 Apr 99	17 Sep 99	31 Mar 06	L - I - 507 - VN	SDR	11 400 000	52
PI	1202	Rural Income Diversification Project in Tuyen Quang Province	IFAD	UNOPS	HC	06 Dec 01	21 Aug 02	31 Mar 09	G - I - 133 - VN	USD	60 000	28
PI	1202	Rural Income Diversification Project in Tuyen Quang Province	IFAD	UNOPS	HC	06 Dec 01	21 Aug 02	31 Mar 09	L - I - 578 - VN	SDR	16 400 000	4

Asia and the Pacific Division (PI)





EXECUTIVE SUMMARY

Introduction. As a basis for guiding IFAD's country programme in Viet Nam over the next five to six years, a mission was fielded in July 2002 in order to update the current Country Strategic Opportunities Paper (COSOP), approved in December 1996. Two documents have played a major role in this exercise: (i) the comprehensive poverty reduction and growth strategy, prepared by the Ministry of Planning and Investment and approved by the Prime Minister in May 2002; and (ii) IFAD's country portfolio review and evaluation (CPRE), completed in April 2001, a stated objective of which was to provide inputs to the revised COSOP.

Poverty trends. Applying an internationally defined total poverty line, the incidence of poverty in Viet Nam progressively declined from around 58% in 1993 to 37% in 1998 and to 32% in 2000. This substantial progress has been due in large measure to rapid economic growth, both in rural and urban areas, resulting from the economic reforms of the 1970s and 1980s. However, it should be noted that the progress achieved remains quite precarious – a relatively large proportion of the population continues to live just above the poverty line and emerging inequalities are further exacerbating the rural-urban divide. Poverty is largely concentrated in rural areas but there are considerable regional variations in its distribution. Regions with the highest *relative* poverty rates include the north-west, north central, central highlands, central coast and north-east; but the *absolute number of poor households* is highest in the north central, north-east, Mekong Delta and central coastal regions. Nearly 70% of the poor in Viet Nam live in these regions, which are characterized by difficult living conditions, geographic isolation, limited access to productive resources and services, poorly developed infrastructure, harsh natural conditions and high frequency of natural disasters. Regions where the least rapid progress has been made in reducing poverty in recent years include the Mekong Delta, northern uplands, central highlands and central coast. Poverty is particularly high among ethnic minority groups: while accounting for only 13% of the total national population, they account for 29% of the poor.

Comprehensive Poverty Reduction and Growth Strategy (CPRGS). The CPRGS is a ten-year action plan for reducing poverty that was formally adopted by the Prime Minister in May 2002. This document, prepared by the Government of Viet Nam with support from the World Bank, is the final result of the poverty reduction strategy paper (PRSP) process. Agricultural and rural development is a crucial component of the CPRGS, reflecting the fact that 77% of the population and 90% of the poor currently live in rural areas, while 70% of rural income is derived from agriculture. The CPRGS proposes a number of measures to address rural poverty. These include increasing resources to improve research and extension systems, paying special attention to the needs of poor farmers and ethnic minorities in mountainous areas and enhancing access to credit for the poor. Measures will also focus on improving security of land tenure and facilitating sustainable management of natural resources with the involvement of all stakeholders.

IFAD's strategic framework. IFAD's core strategy in Viet Nam should be to develop and test innovative approaches to poverty reduction that can be replicated and scaled up by government and/or Official Development Assistance (ODA) agencies within the CPRGS framework. In doing this, IFAD should continue to emphasize the *area-based, multi-sectoral and single province approach* that has been central to its country programme to date.

In line with regional incidence of poverty, priority regions should include the northern uplands; the north central coastal region; the central highlands; and the Mekong Delta region. In terms of target group, priority should be given to ethnic minorities, households living in remote (often upland) areas with a poor natural resource base, households living in coastal areas that are more prone to adverse climatic events, woman-headed households, disabled households, migrants and the landless. In addition, women and unemployed youth are identified as priority target groups not only because of



their relatively disadvantaged positions within society, but also for their strategic role as agents of change in the development process.

In line with IFAD's strategic framework and regional strategy, major thrusts to be included in future IFAD interventions in Viet Nam are outlined below.

Increased access to human and social assets by:

- building the capacity of poor households and grass-roots institutions to enable them to take the lead in the development process and more effectively address poverty;
- improving the role and status of women by introducing programmes that take affirmative action to improve women's position in the household and community, and enhance their capabilities as agents of change; and
- increasing food security for the poorest and most vulnerable households by diversifying rural incomes and increasing rural employment with particular emphasis on the development of microenterprises and provision of improved access to vocational training opportunities.

Increased access to productive assets and technology by:

- increasing access of the poor to productive resources, particularly land, credit and forest resources;
- improving the management of productive resources by enabling the poor to access knowledge and technology, so they can generate income on a sustainable basis; and
- improving village-level/community-based infrastructure as an entry point for social and economic development in poor areas.

Cross-cutting thrusts that:

- promote good governance, with emphasis on implementation of decentralized project management and promotion of grass-roots democracy; and
- share lessons learned in the implementation of the IFAD-funded country programme to influence national policies and programmes, in collaboration with like-minded ODA agencies.

Opportunities for strategic partnerships. The United Nations Development Programme (UNDP) and the Swedish International Development Authority (SIDA) have been involved in cofinancing technical assistance (TA) and training costs in previous IFAD projects in Viet Nam with considerable success, and both have expressed their commitment to continuing this collaboration. The Italian Ministry of Foreign Affairs General Directorate for Development Cooperation (DGCS) is currently discussing with the Government and IFAD the possibility of providing support for development in the central highlands.

Policy dialogue. IFAD is committed to facilitating the transfer of lessons learned to relevant national agencies as an input to the national policy/programme formulation process. The UNDP project, TA to the IFAD programme, will play a central role in coordinating this process not only with the Government but also with major financiers such as the World Bank and the Asian Development Bank.



Borrower's assessment. Despite its overall satisfaction with IFAD's country programme, considered a model for other ODA agencies, the Government has invited IFAD to enhance its role during project implementation, so as to ensure more effective supervision of its projects and a higher level of implementation support. During a videoconference held in September to discuss the draft COSOP, the Government proposed the use of UNDP as the cooperating institution (CI) responsible for the supervision of the whole IFAD portfolio in Viet Nam. On that occasion, the World Bank offered office space on its premises should IFAD decide to increase its field presence through recruitment of a Hanoi-based permanent staff member.



SOCIALIST REPUBLIC OF VIET NAM

COUNTRY STRATEGIC OPPORTUNITIES PAPER (COSOP)

I. INTRODUCTION

1. IFAD was the first international financial institution entrusted by the Government of Viet Nam to finance a rural development project in Viet Nam in 1993. Since then, IFAD has gradually built up a country programme the impact of which has been acknowledged by the Government as an example for other ODA agencies. In 2000-2001, the Office of Evaluation and Studies together with the Asia and the Pacific Division carried out a joint CPRE, the stated objective being to provide inputs for the revision of the 1996 COSOP. The CPRE concluded that the main thrust of the 1996 COSOP was still valid. As a consequence, the 2002 COSOP focused on the assessment of lessons learned and the identification of new strategic niches in line with IFAD's strategic framework and its regional strategy for Asia and the Pacific. In addition to the CPRE, the other main document used by the mission was the CPRGS, approved by the Prime Minister in May 2002, which is the final output of the PRSP process promoted by the World Bank.

2. As per the current IFAD approach, project staff and provincial governments from all IFAD-funded projects have contributed to an assessment of lessons learned. The draft of the COSOP report was finalized in-country and discussed at a wrap-up meeting held in Hanoi on 1 August 2002 and subsequently during a videoconference between Hanoi and Rome hosted at the World Bank office on 19 September 2002.

II. ECONOMIC, SECTORAL AND RURAL POVERTY CONTEXT

A. Country Economic Background¹

3. **General.** Viet Nam stretches for 1 650 km along the eastern seaboard of the Indochina Peninsula. Its total land area of 331 689 km² includes two large deltas – the Red River Delta in the north and the Mekong Delta in the south. Much of the country, however, is mountainous and only 21% of the land area is cultivated. Total population in 2000 was estimated at 77.5 million. Annual population growth rate has halved from 3.1% in 1960-70 to the current level of around 1.6%, and is continuing to slow. Around 77% of the population is rural, concentrated largely in the delta areas. The urban population is growing rapidly, at an annual rate of around 3.6%, and now accounts for about half of the annual increase. There are 53 officially recognized ethnic minorities, which account for about 13% of the total population. More than three quarters of the ethnic population are concentrated in the 11 provinces of the northern mountainous region and the four provinces of the central highlands. Over the years, the ethnic population has been progressively marginalized by an inflow of lowland migrants, attracted by the more abundant land resources of the uplands.

4. **Economic performance.** Viet Nam has achieved remarkable economic success over the past 15 years, largely in response to the economic reforms initiated under the policies of *Doi Moi*². Between 1992 and 1997, real gross domestic product (GDP) growth consistently remained above 8.0% per annum; it has averaged 6.8% over the past two years and is projected to remain at around 6-7% for the next five years. Despite these impressive achievements, Viet Nam remains a poor country with a GDP per capita of just USD 420 (2002 estimate) and widespread poverty.

¹ Economic and population data source from EIU Viet Nam Country Profile, 2001.

² The transformation of the centrally planned economy towards a market-oriented economy.



5. **Social indicators.** For a low-income country, Viet Nam's social indicators are generally good and have shown substantial improvement over the past 30-40 years. Overall literacy rates are high, at 86% for females and 94% for males over ten years of age. Life expectancy at birth is 68 years; and infant mortality, at 37 per thousand live births, is better than for some much wealthier nations. Government spending on education has more than tripled over the last ten years, dramatically reversing a historical trend towards declining school enrolment rates. While health status is relatively good, government spending in this area remains low. There has been a steady decline in the number of nurses and midwives, and in the number of hospital beds per head of population. The lack of access to safe water for almost half the population, and the 39% child malnutrition rate are the social indicators that most influence the relatively high human poverty index³. Last but not least, there is a marked and increasing contrast between the better-off (mainly urban) and the poorer (mainly rural) areas.

B. Agricultural Sector

6. **Agriculture.** Viet Nam is primarily an agrarian society. Some 70% of the labour force work in agriculture and forestry, while agricultural output accounts for around 24% of GDP⁴ and contributes 30% by value to total exports. Agriculture's overall share of total GDP has steadily fallen from over 40% in 1991, but despite this, growth has been robust, averaging 4.2% between 1990 and 2000.

7. About 36% of the total land area is categorized as unused or barren, but much of this is badly degraded due to soil erosion resulting from deforestation or, in the deltas, from saline or acid-sulphate conditions. Cultivated land is scarce with only 0.13 ha per capita, one of the lowest levels in the world. Of the total cropped area, 62% is used to grow rice, 23% other annual crops and the remaining 15%, perennial crops. Total cropped area increased by 3.4% per year between 1999 and 2000. Government policies seek to increase the amount of land under cultivation and the total irrigated area, but the opportunities are increasingly limited. New policies introduced in late 2000 allow crop diversification on irrigated lowland, providing the opportunity for farmers to respond more directly to market demand and to establish a broader production/income base.

8. Rice production, which accounts for almost half of total agricultural output, has steadily increased, with current annual production of over 400 kg per capita per year. Viet Nam is now the world's second largest exporter after Thailand, having been a net importer pre-*Doi Moi*. This rise has resulted from increased irrigation capacity, small increases in cropping intensity (which average around 140%) and substantial improvements in yield⁵ achieved through greater use of improved varieties, fertilizers and pesticides. These major achievements have been a direct result of the *Doi Moi* reforms, in particular the land laws adopted in 1988 and 1993, which dismantled collectives, distributed land to farming households, and established secure and transferable tenure. Production increases are, however, slowing – the easy gains have already been made.

9. The output of most industrial crops remained stagnant until 1994. Since then, there has been substantial growth in both planted area and value of perennial crops such as coffee, rubber, sugar cane and cashew. Growth in the industrial crop sub-sector is also slowing in the face of dramatically increased supply and falling export prices. For example, the oversupply of coffee has induced many farmers to shift to other crops. Viet Nam was the largest producer of robusta coffee in 2001, cultivation thereof is concentrated in the central highlands region. The new poverty data proves that this region has been highly affected by decreasing prices, which in the recent past has led to social unrest. A large proportion of the new plantings of industrial crops has been undertaken in upland areas, often resulting in conflict between local communities and outside interests over land rights.

10. **Livestock.** The livestock subsector has, until recently, been relatively neglected. Animal husbandry has largely been regarded as a peripheral activity based on traditional, low input methods

³ As calculated by UNDP.

⁴ Industry accounts for 37% of GDP, and services for the remaining 39%.

⁵ From an average of 1.8 t/ha in 1978 to 4.1 t/ha in 1999.



of production. Since 1994 there has been modest growth in the number of cattle (12%), pigs (16%) and poultry (26%). These increases have been mainly in response to the rising demand for meat from an urban population that is growing in size and affluence. Consumption of meat per capita remains low however, indicating considerable potential for future development of this subsector.

11. **Forest resources.** Natural forest has declined from around 44% of total land area in 1943 to a current level of 33%, of which only 2.2% is classified as primary forest. Official statistics indicate 0.2% of remaining cover being lost annually due to logging, demand for fuel wood and forest clearing for agricultural purposes, but this is certainly an underestimate⁶. The Government has identified continuing deforestation as the most serious threat since reunification and has responded with increased controls on forest access and use, and major reforestation programmes such as the Five Million Hectare Reforestation Programme (5MHRP). Historically, state forest enterprises have controlled the extraction and sale of timber, generally with little if any benefit flowing back to local communities.

12. Ethnic minority communities have traditionally relied heavily on forest resources for both food and as an important source of supplementary cash income in times of need. Traditional use-patterns have been severely disrupted since the 1970s, as a result of the declining resource base and increasingly restricted access. In most upland areas, the amount of official forest land that has been allocated to households for individual use or to communities for joint use is very small, and allocations have usually been determined with little reference to community needs and preferences. Restrictions on the use of allocated land, together with limitations on the marketing of forest products have severely constrained the cultivation of the limited areas allocated. In upland areas where the availability of agricultural land is highly limited, the allocation of forest land to households, or to communes and villages in areas with strong ethnic traditions of group management, provides an important opportunity for improving the livelihoods of poor households. Increased allocation is now possible under recent government decisions associated with implementation of the 5MHRP.

C. Rural Poverty

13. **Poverty situation and trends.** On the basis of the internationally defined total poverty line, the incidence of poverty in Viet Nam has progressively declined from around 58% in 1993 to 37% in 1998, and to 32% in 2000. Applying the Hunger Eradication and Poverty Reduction Programme (HEPR) programme poverty line⁷ currently used in Viet Nam to target assistance at poor households, around 17% of all households were assessed as poor. Improvements in living standards as measured by household expenditures are strongly supported by other indicators, including social indicators (e.g., access to health and education services, and nutrition rates), qualitative information gained from participatory poverty assessments (PPAs) (e.g., the sense of control that households feel they have over their livelihoods) and ownership of household assets.

14. It should be emphasized that the progress achieved in reducing poverty remains quite precarious – a relatively large proportion of the population is bunched just above the poverty line, and a small shift in the definition of poverty would have a large effect on the poverty rate. Related to this, the majority of almost poor depend on agriculture for their livelihood and, given their limited resources, are particularly vulnerable to shocks caused by events such as family illness or adverse climatic conditions. A small downward shift in incomes can quickly push many below the line, as indicated by the fact that 1-1.2 million people require emergency relief each year in response to natural disasters. Most of these are almost poor who have insufficient resources to sustain adverse events without external support.

⁶ Non-official sources estimate up to 1.6% of remaining cover being lost annually.

⁷ Based on an annual per capita income of VND 0.96 million (USD 64) for people living in rural mountainous regions and islands; VND 1.2 million (USD 80) for people living in rural lowland areas; and VND 1.8 million (USD 120) for people living in urban areas, expressed in 2000 values.

15. **Distribution of poverty.** Poverty is largely concentrated in rural areas (Table 1). The relative poverty rates for rural and urban areas are 19.7% and 7.8% respectively; but more importantly, over 90% of all poor households in Viet Nam live in rural areas.

16. Regions with the highest *relative* poverty rates include the north-west, north central, central highlands, central coast and north-east; but the *absolute number of poor households* is highest in the north central, north-east, Mekong Delta, and central coast regions. Nearly 70% of Viet Nam's poor live in these regions, which are characterized by difficult living conditions, geographic isolation, limited access to productive resources and services, poorly developed infrastructure, harsh natural conditions and high frequency of natural disasters. Regions where least rapid progress has been made in reducing poverty in recent years include the Mekong Delta, northern uplands, central highlands and central coast (Table 3). Poverty index measures suggest that poverty is deeper in the northern and central highland areas of the country.

Table 1: Rural vs. Urban Poverty

Region	No. Poor Households (HH) (thousand)	As % of Total HH in Region	As % of Total HH in Viet Nam
Rural Areas			
Mountain areas	785	31.3	28.0
Lowlands	1750	16.9	62.5
Total	2535	19.7	90.5
Urban areas	265	7.8	9.5
TOTAL	2800	17.2	100.0

Source: HEPR Programme, 2000.

There are also considerable regional variations in the distribution of poverty (Table 2).

Table 2: Regional Distribution of Poverty

Region	No. Poor HH (thousand)	As % of Total HH in region	As % of Total HH in Viet Nam
North-west	146	33.9	5.2
North-east	511	22.3	18.2
Red River Delta	337	9.8	12.0
North central	554	25.6	19.8
Central coast	389	22.4	13.9
Central highlands	190	24.9	6.8
South-east	183	8.9	6.6
Mekong River Delta	490	14.4	17.5
TOTAL	2800	17.2	100.0

Source: HEPR Programme, 2000.

Table 3: Poverty Reduction Rates, by Region

Region	% Poverty 1993	% Poverty 1998	% Reduction
Northern uplands	79	59	25
Red River Delta	63	29	54
North central	75	48	36
Central coast	50	35	30
Central highlands	70	52	26
South-east	33	8	76
Mekong Delta	47	37	22

Source: Attacking Poverty: Viet Nam Development Report 2000.

17. The regional poverty data presented above tends to mask important intra-regional patterns. For example, while the Mekong Delta has only an average poverty rate, there are several provinces within the region that are particularly poor.



18. **Characteristics of the poor.** The key characteristics of the poor in Viet Nam are identified below.

- Nearly 80% of poor households rely on agriculture as a primary occupation. Most agricultural poor households are highly risk-adverse. These households favour self-sufficiency strategies based on traditional methods of production characterized by a narrow production base, minimal use of inputs, low-quality and low-value outputs, and low productivity;
- Poor households are often physically isolated. They tend to live in remote difficult to access villages, often in upland areas, and generally have limited access to transport services. Physical isolation limits their interaction with the outside world and exposure to new ideas, it also impedes access to markets, and education and health services. Poor households often express a sense of social isolation. Language and cultural differences compounded by problems of physical isolation mean that ethnic groups are particularly disadvantaged in this respect.
- The human capital of poor households is generally underdeveloped due to low levels of educational attainment and limited access to information. Almost 90% of the poor have not completed lower secondary school; 57% have not completed primary school; and 12% have never attended school. Lower educational attainment is related to issues of access and affordability. There are fewer schools in poor areas, and poor families are less able to afford the costs of education. This is particularly true for ethnic minority groups, especially ethnic women.
- Poor households generally have very limited or low quality land, or are landless. In 1998, 9% of rural households were classified as landless, with around 21% of all rural households in the Mekong Delta and 29% in the south-east not owning any agricultural land. Landlessness is an increasing problem, especially in the Mekong Delta.
- Poor households have limited access to savings facilities and are generally heavily reliant on borrowing from private moneylenders at extremely high short-term interest rates.
- Households unable to make a living from the land usually also have limited opportunities for off-farm employment. Even where employment is available, it is almost always unskilled (over 80%), seasonal and poorly paid, and thus highly unstable.
- Poor households tend to have more dependants, especially children⁸. Large family size is often related to ignorance of and access to basic family planning techniques. Households with more dependants have relatively less productive labour, and also tend to have higher educational and health care costs.
- The poor, particularly the ethnic poor, tend to have little understanding of their rights and due legal processes, and inferior access to these legal processes. As a result their rights and interests are often not sufficiently protected.

19. The above factors combine to make poor households particularly prone to seasonal hardship, household-specific shocks and community-wide crises. Poor households are barely able to cover essential food and non-food expenditures and are acutely vulnerable to unexpected events that either increase expenditure or reduce income. Illness of a family member is often a particularly destabilizing

⁸ In 1998, the average number of children per woman was 3.5 for the poorest quintile, compared to 2.1 for the richest quintile. This is also due to a more relaxed enforcement of the two-child policy among the ethnic minorities.



financial shock from which it can take many years to recover⁹. Crop failure, or failure of a small investment can also cause severe economic stress for poor households.

20. **Gender issues.** There is growing evidence that the social gains made by women during the socialist period are being eroded. This is particularly true in the context of increasingly privatized social infrastructure and services, while new gender roles are still to be defined in progressively more commercialized village economies. Gender stereotypes and traditional values still shape women's social status, although their daily tasks have changed, and are continuing to change dramatically. Rural women's contribution to the household economy both in terms of reproductive and on and off-farm productive work is increasingly recognized in development interventions. However, the significant gender gaps that exist in terms of labour distribution, capability, and access to resources and knowledge within and across communities have not yet been effectively tackled. Rural women are involved in a huge number of tasks, the work performed is often heavy, and the hours extremely long. This overwork damages their health and diminishes their ability and correlated opportunities to concentrate, learn and be innovative. Land use certificates issued in the names of husbands have made women financially dependent and particularly vulnerable in the case of divorce. This practice also deprives them of the right to access to and control over natural productive resources, and to formal credit services that require collateral. Prevailing patriarchal norms have meant lower levels of education and training for women and consequently little opportunity for them to achieve public office, participate in community management or in the skilled employment market. Gender-related issues vary significantly among different ethnic groups. While considerable progress has been achieved among the *Kinh* (dominant ethnic group), many minority groups still adopt strongly patriarchal customs, while their poverty exacerbates gender gaps.

21. **Vulnerable groups.** Poverty is particularly high among ethnic minority groups: while accounting for only 13% of the total national population, they account for 29% of the poor. Despite active government support and investment, ethnic minority groups face many specific disadvantages, which are often underscored by cultural and physical isolation.

22. Poverty is higher among children than among any other age group, reflecting both the tendencies for larger households to be poorer in per capita terms, as well as the strong association of poverty with high dependency ratios. In 1998, children under 15 accounted for 32% of the population but 41% of the poor and 45% of the food-poor. Children of poor families are particularly affected by poverty in a number of ways: they tend to receive less formal education, thereby perpetuating a cycle of inherited poverty; they tend to be more malnourished; and they are more prone to illness. Girls are often particularly disadvantaged.

23. Households that have lost adult labourers through death, desertion or separation are often among the poorest groups. Woman-headed households are acutely vulnerable. In fact, 12.4% of the poorest quintile comprises woman-headed households. Available evidence suggests that women living alone are substantially worse off than men living alone. Households where the household head is disabled are also likely to be among the poorest groups. Some provinces report over 5% of the total population as being disabled. A large proportion of both woman-headed households and disabled households are a direct result of the American war. Young families often have little or no land and are affected by the lengthy procedures required for the issuance, transfer and amendment of land use certificates.

D. National Strategy for Rural Poverty Reduction

24. Poverty reduction has been a central goal of the Government since unification, and one of the major objectives of the *Doi Moi* reforms launched as of 1986. The CPRGS, approved by the Government in May 2002, defines the government action plan in the medium and long-term and

⁹ Viet Nam Living Standard Survey data indicate that for poorest households health expenses account for 30% of non-food expenditure.



translates the development plans and strategies outlined in a broad range of annual and multi-year documents into concrete measures with well-defined road maps for implementation. The CPRGS includes a robust and comprehensive analysis of poverty and the articulation of a strategy for poverty reduction based on “balanced growth” with policies covering macroeconomic, structural and sectoral areas.

25. Agricultural and rural development is a crucial component of the CPRGS, in recognition of the fact that 77% of the population and 90% of the poor currently live in rural areas, while 70% of rural income is derived from agriculture. As stated by the Government, the experience gained under IFAD’s country programme was used during the design of the CPRGS. CPRGS proposes a number of measures to address rural poverty including: (i) increasing resources to improve research and extension systems; (ii) paying special attention to the needs of poor farmers and ethnic minorities in mountainous areas; (iii) enhancing access to credit for the poor; (iv) improving security of land tenure; and (v) facilitating sustainable management of natural resources with the involvement of all stakeholders.

26. The measures proposed by the CPRGS have a number of objectives. They aim to: (i) increase productivity and reduce production costs; (ii) increase competitiveness of agricultural products in domestic and international markets; (iii) diversify agricultural, forestry and fishery production; (iv) improve processing capability in order to raise product quality and better meet domestic and export demand; (v) create more jobs; and (vi) raise rural incomes by developing rural industry, services and other off-farm activities.

27. A number of government poverty reduction projects and programmes are ongoing. These are included in the broader framework of the National Target Programme for HEPR and Employment Generation (2001-2005), enacted by the Prime Minister’s decision in November 2001. The programme builds on the achievements of various HEPR¹⁰ initiatives, which have included also the provision of subsidised farm inputs, and health cost and school fee exemptions. Recent government evaluation studies suggest, however, that the effectiveness of some of the HEPR programmes in reaching the poor may have been limited. Therefore, the new programme aims at identifying pro-poor policies in the areas of medical care and education. This programme will accord special emphasis to creating safety nets and job opportunities for particularly disadvantaged ethnic minorities and vulnerable groups (especially in disaster-prone areas) and focusing on housing, distribution of land use rights, agricultural and rural development, and on and off-farm income-generation activities¹¹.

III. LESSONS FROM IFAD’S EXPERIENCE IN THE COUNTRY

28. Since 1993, IFAD has financed five projects (see IFAD Portfolio Review) with a total loan commitment of about USD 80 million, directly benefiting an estimated 1.4 million people. The first two projects have been completed with 100% loan disbursements. Major lessons learned are described below.

29. **Participatory approaches.** IFAD projects have made considerable progress in developing participatory approaches that have empowered local communities in the development process. Key lessons learned include that:

¹⁰ Such as VBARD’s (Viet Nam Bank for Agriculture and Rural Development) non-collateral credit for the poor, Programme 133, the National Target Programme for HEPR, Programme 135, the 1,715 Poor Communes Programme; Programme 120 for Employment Generation, Programme 327 on greening of barren hills, wasted land and sedentarization of nomadic ethnic minorities; and Programme 661, the 5MHRP.

¹¹ The estimated budget for HEPR initiatives amounts to VND 10 trillion, or USD 6.7 billion, while the budget estimate to support the employment generation project amounts to VND 1.8 trillion or USD 1.2 billion.



- participatory approaches must be based on the development of institutionally strong grass-roots organizations such as Village Development Boards (VDBs), if they are to be sustainable;
- the role of these village-level institutions needs to be expanded beyond the preliminary identification of development needs and priorities to encompass all aspects of the management cycle, including implementation management, monitoring, and impact evaluation;
- participatory rural appraisal should be used as a tool to identify the priorities for *all* village-level activities, and the needs of women and men should be separately assessed;
- the establishment of flexible and decentralized financing mechanisms such as community development funds (CDFs) should be regarded as an integral part of a community-based approach, as they provide the means for communities to direct project resources towards their expressed needs;
- management of CDFs, which has been based largely at the commune level, needs to be further decentralized to the village level, in order to maximize the role of target communities in controlling these funds;
- greater emphasis needs to be placed on institutionalizing participatory approaches into government-funded development programmes – to date, they have been considered and used mainly in the project environment; and
- large organizations and non-governmental organizations, with their hands-on experience in mobilizing and empowering rural communities, have an important role to play in the development of participatory approaches.

30. **Decentralized project management.** IFAD projects have successfully decentralized a range of management functions down to the district level, based on in-line provincial and district government structures, and this has generally been effective. Key lessons learned include that: (i) decentralization to the commune level is needed, using the commune people's committee (CPC) as the legitimate representative body at this level, rather than creating project-specific structures such as commune development boards; (ii) implementation responsibilities should be delegated by the provincial programme management unit (PMU) to district PMUs and the CPC to the maximum extent possible, with clearly defined roles and responsibilities; (iii) decentralization of implementation responsibility must be accompanied by devolution of financial authority; (iv) decentralization should be regarded as an incremental process that can progressively take place (in terms of level and function) as the required capacity is developed; (v) whenever possible, existing local institutions should be strengthened rather than creating project-specific institutions; and (vi) the need for capacity-building of local institutions at the village, commune and district level should not be underestimated.

31. **Rural financial services.** While IFAD projects have been successful in improving the supply of credit to poor households, a number of important lessons have emerged regarding the approach, for example:

- the savings and credit groups (SCGs) developed to date have functioned mainly as conduits for channelling bank loans to poor households, and their performance has been rated mainly in terms of adherence to credit rules and regulations, and repayment rates;



- insufficient emphasis has been placed on developing the capacity of groups to function as institutionally strong, self-reliant and self-managing financial institutions, which has substantially reduced the benefits derived by members, and adversely affected sustainability;
- the poor and very poor can afford to pay commercial, unsubsidized interest rates¹²;
- the use of subsidized rates has worked against the establishment of strong and sustainable SCGs;
- there is an urgent need for coordination among different credit sources with conflicting terms and conditions, as this conflict creates confusion both among implementers and beneficiaries;
- timely credit access and delivery, particularly in response to the needs of the agricultural cycle, can positively influence food insecurity and malnutrition; and
- appropriate linkages with extension should be regularly introduced in all credit programmes, with skill enhancement and training further expanding investment and thus income diversification opportunities. SCGs supported so far under IFAD-funded projects have been mainly composed of women.

32. **Extension delivery.** IFAD projects have been reasonably successful in applying participatory approaches to extension activities. Key lessons learned include that: (i) training opportunities have been captured largely by men, and transfer of knowledge to women has been generally poor, thus the potential impact of training has not been fully realized, given that women are major players in agriculture and animal husbandry; (ii) increased emphasis needs to be placed on the role of livestock as an integral part of farming systems and as an important income-generating opportunity for poor households; and (iii) improved procedures need to be developed to ensure that adaptive research topics address farmer-identified needs, to monitor the quality of research conducted, and to link research outcomes with field extension programmes.

33. **Forest resource use.** Conservation efforts supported by IFAD in upland areas have focused mainly on the issuance of forest protection contracts to local farmers. While these have met with some success, they are by definition temporary in nature as they fail to give local communities secure long-term tenure and do not incorporate benefit-sharing to any significant degree. Protection contracts should be regarded as an initial step in returning the care and management of forests to local communities. Women's joint titling with their husbands of the so-called 'red books' (certificates of land use rights) should also be supported when promoting the issuance of the 'blue books' (certificates of forest use rights).

34. **Rural infrastructure.** IFAD investment in rural infrastructure has had a major impact on the development of poor households and communities, increasing their mobility and providing access to markets and basic social services, the latter being particularly important for women and children. Considerable progress has been also made in the development of community-based approaches. Key lessons learned include that: (i) to ensure maximum benefits for target groups, development should focus on *village-level* facilities such as access roads, domestic water supply and small-scale irrigation; (ii) development activities should be identified and implemented using participatory approaches; (iii) unless the needs of women and men are separately assessed, development will tend to favour the infrastructure priorities of men; (iv) village infrastructure development can play an important role in capitalizing poor households, so beneficiaries' contributions should be within wage schemes to

¹² This is also borne out by the high repayment rates achieved on the (Participatory Resource Management Project – Tuyen Quang Province (PRMP).



increase and diversify their cash sources and promote their fuller participation in other project activities; (v) standardized agency-driven designs are often inappropriate for small-scale village schemes; for this reason it is essential that beneficiaries take the lead not only in identification, but also in design and maintenance work.

35. **Gender mainstreaming.** IFAD projects promote women's participation in community decision-making processes. Activities implemented for this purpose include the use of separate participatory rural appraisal for men and women for the identification of community development activities, creation of institutional space for women in village bodies, improvement of women's access to credit and establishment of funds that can be used specifically to meet women-identified needs. As a result of these targeted interventions, women have gained in confidence, found strength through group solidarity and demonstrated their ability to undertake independent action. However, there remain significant gender inequalities in terms of decision-making, distribution of labour and workload, employment opportunities, public voice, and nutritional and health status. Additional emphasis is needed on: (i) supporting women's effective representation in village institutions and community decision-making processes; and (ii) increasing women's capacity to negotiate the redefinition of gender roles by enabling improved access to and control over resources, thus confronting the structural factors that influence women's status in the family and society.

36. **Cofinancing.** IFAD has developed grant cofinancing partnerships in four of its five projects implemented to date¹³. Key lessons learned include that: (i) given the location of IFAD projects in poor and often remote provinces where initial management capacity is limited, TA support for implementation is desirable; (ii) cofinanciers should be identified at project inception, and should be fully involved in the entire project design cycle to ensure full ownership and smooth coordination among them; (iii) formal agreement-in-principle needs to be established from the beginning of the design process in order to minimize the risk of later withdrawal¹⁴; (iv) there should be no more than one cofinancing partner involved in any one project to avoid administrative hurdles; and (v) agreement should be reached on joint project reporting, supervision and evaluation and on a common loan/grant administration agency. Although past cofinancing relationships with UNDP and SIDA have been successful, IFAD should avail of its own grant resources to finance TA in case of failure in mobilizing cofinancing.

IV. STRATEGIC FRAMEWORK FOR IFAD

A. IFAD's Strategic Niche and Proposed Thrusts

37. On the basis of past achievements and lessons learned, IFAD's core strategy should remain focused on developing and testing innovative approaches to poverty reduction that can be replicated and scaled up by government and/or ODA agencies. In developing these approaches, it should endeavour to play a *catalytic role* in the implementation of Viet Nam's CPRGS.

38. IFAD should continue to emphasize the area-based, multi-sectoral approach that has been central to its country programme to date, for the following reasons: (i) emphasis on community-based solutions requires an area-based rather than a sectoral approach; (ii) the reasons for and solutions to poverty vary from village to village and household to household, and require a multi-sectoral

¹³ With SIDA (Ha Giang Development Project for Ethnic Minorities (HGPEM) and the Rural Income Diversification Project in Tuyen Quang Province (RIDP)), and UNDP (PRMP, and the Agricultural Resources Conservation and Development Project in Quang Binh Province (ARCDP).

¹⁴ Dutch cofinancing was discussed and written into the design for PRMP, as was World Food Programme cofinancing for ARCDP, but in both cases the support failed to materialize. The German Agency for Technical Cooperation's support was discussed (and UNDP support later negotiated) for HRDP, but also failed to materialize. In all cases, project design was based on the expectation that cofinancing would be available, and implementation was adversely affected by the subsequent lack of TA support.



approach; (iii) past experience indicates that this type of approach is highly effective in addressing poverty and managing ODA resources; (iv) local government (especially at the district and commune levels), which is inherently area-based, provides an effective channel for operational decentralization.

39. Future projects should also retain a single-province focus for the following reasons: (i) it ensures a higher level of ownership by provincial government, which is a key condition for the successful introduction and testing of innovative development approaches; (ii) multi-province projects are more difficult to manage; (iii) the establishment of central coordination mechanisms inevitably detracts from the objective of decentralizing project management; and (iv) multi-province projects tend to result in inter-provincial conflicts regarding resource allocation.

40. **Geographic focus.** In line with the regional incidence of poverty, the previous 1996 COSOP identified three priority regions: the northern uplands; the north/central region; and the central highlands (where IFAD has not yet funded any projects). Current poverty data supports a continued priority focus in these areas.

41. The Mekong Delta region should also be included as a priority region. Even though the incidence of poverty in this region (in relative terms) is lower than that of the other three regions due to their much higher population densities, it accounts for 21% of total poor households in Viet Nam, the largest share for any region. Reasons for poverty in this region include the: (i) limited agricultural land per household; (ii) land resource constraints including intrusion of brackish/saline water over large areas for part of the year, and light sandy soils in coastal areas; (iii) high number of landless, disabled and woman-headed households; (iv) low health and education indicators; (v) large average family size; (vi) poorly developed infrastructure; (vii) limited off-farm employment opportunities; and (viii) susceptibility to adverse climatic events. In some provinces like Tra Vinh, the *Khmer* (ethnic minorities) account for a significant percentage of total population and appear to be disadvantaged in relation to the dominant *Kinh*. Compared to the northern and central regions (including both upland/ethnic areas and coastal areas), the Mekong Delta region has so far received little attention either from other ODA agencies or the Government, and progress in reducing poverty has been slow. The region has also been identified by the Government as a priority area for new poverty reduction initiatives.

42. **Target groups.** IFAD's primary target group is the rural poor. Within this group, poverty is highest among (i) ethnic minorities, (ii) households living in remote (often upland) areas with a poor natural resource base, (iii) households living in coastal areas that are more prone to adverse climatic events, (iv) woman-headed households, (v) disabled households, (vi) migrants and (vii) the landless. Future projects should focus to the maximum extent possible on these particularly disadvantaged groups. In addition to the above poverty-based target groups, women are identified as a more general target group because of their disadvantaged position in terms of their power in the household and the community. This lack of power is related to women's workload, participation in decision-making structures, access to and control over resources, vulnerability to exploitation in the job market, and patrilocal residence, which often implies the loss of family land-use rights and increased economic dependence on their husbands' families. Unemployed youth are also identified as a more general target group because of their potential in relation to microenterprise development, high mobility in terms of urban/rural migration, and increasing problems related to crime and drug abuse.

43. **Targeting strategy.** In selecting project provinces, the main sets of information are the UNDP Human Poverty Index and data collected annually by the Ministry of Labour, Invalids and Social Affairs and the Department of Labour, Invalids and Social Affairs (DoLISA) to guide HEPR activities (refer to Appendix III). Target district communes, and villages should be selected using local DoLISA data. Poor households should be selected primarily according to community-based wealth ranking exercises. In addition to geographic targeting, activities should be oriented, where relevant, by specifying simple and clear eligibility criteria. Self-targeting mechanisms should be developed wherever possible.



44. **Proposed thrusts.** IFAD's future operations should aim to: (i) reflect government poverty reduction priorities as stated in the CPRGS; (ii) build on the lessons learned both from previous IFAD projects and government interventions; and (iii) seize emerging strategic opportunities for poverty reduction in the context of the rapidly changing macroeconomic setting. Taking these considerations into account, major strategic thrusts to enable the poor to overcome their poverty should focus on the areas discussed below.

Increasing Access to Human and Social Assets by:

- building the capacity of poor households, grass-roots institutions and government agencies to enable them to lead the development process and more effectively address poverty;
- improving the role and status of women by introducing programmes that take affirmative action to enhance women's position within the household and community, and reinforce their capabilities as agents of change; and
- improving food security for the poorest and most vulnerable households by diversifying rural incomes and increasing rural employment with particular emphasis on microenterprise development and provision of improved access to vocational training opportunities.

Increasing Access to Productive Assets and Technology by:

- increasing access of the upland poor to productive resources, particularly land, credit and forest resources in upland areas;
- improving the management of these resources, by enabling the poor to access knowledge and technology so they can generate income on a sustainable basis; and
- improving village-level/community-based infrastructure as an entry-point and a critical foundation for social and economic development in poor areas.

Cross-Cutting Thrust that:

- promote good governance, with emphasis on implementation of decentralized project management and the promotion of grass-roots democracy; and
- share lessons learned in the implementation of the IFAD-funded country programme to influence national policies and programmes, in collaboration with like-minded ODA agencies.

B. Main Opportunities for Innovations and Project Interventions

45. **Community development.** Strengthening the role of target communities in the planning, implementation, monitoring and impact assessment of project activities should continue to be the key focus of future projects with the overall goal of empowering the poor. Village-level participatory rural appraisal should be used as the means of identifying *all* village-level development activities. Projects will therefore need to be increasingly *process-driven*, rather than *prescriptive*. This will demand continued emphasis on the establishment of highly decentralized and flexible financing mechanisms such as CDFs, and continued decentralization of key project management functions. VDBs and self-management boards should be established as the main fora for the planning, implementation and review of project activities, providing the interface between project/agency staff and target communities. Future projects should progressively work towards the institutionalization of



VDBs/self-management boards as the legitimate managers of village-level development activities. The degree of decentralization envisaged will demand considerable emphasis on capacity-building at the district, commune and particularly village levels to ensure competent planning and prudent financial management. It will also require the simplification of current administrative and financial procedures, and the development of appropriate monitoring procedures. Publicizing the rights bestowed under the grass-roots democratization legislation should also form an important part of any community empowerment strategy, with women being a preferred target group¹⁵.

46. **Gender mainstreaming.** Future projects should give increased emphasis to meeting women's practical and strategic needs and build on the achievements of human and social capital investments specifically, by:

- conducting women-only participatory rural appraisals when determining development needs and priorities;
- ensuring women are adequately represented in all project and community management structures and have the capacity to be fully involved as active participants thereof;
- ensuring women have equal access to project training opportunities, including extension services;
- providing capacity-building specifically for women and their organizations so that they are able to assume a more prominent role in community decision-making, beyond what are traditionally considered women's concerns;
- strengthening the capacity of the Viet Nam Women's Union so it can play a more effective advocacy role for rural women and increasingly contribute to their development as efficient project implementers;
- amending land use and forest use certificates to include the names of both husbands and wives;
- continuing to emphasize the development of savings and credit groups with mainly women members, thus enhancing women's access to and control over resources and improving household food security and child nutrition;
- addressing issues related to domestic violence through group, organization and community mobilization and public awareness raising of women's rights;
- devising specific interventions to reduce women's workload, including gender training for community leaders, organizations and villagers (both men and women) in order to sensitize them to key gender issues and encourage a shift in stereotyped ideas concerning division of labour and power within families; and
- providing gender training for project staff to ensure that gender issues are fully incorporated into project operations, and become the responsibility of all project staff.¹⁶

47. **Rural income diversification.** As an integral means of achieving food security, future projects should actively foster microenterprise development in order to diversify rural incomes from the present narrow base. Possible interventions include: (i) helping identify opportunities for

¹⁵ The language of the Grassroots Democracy Decree indirectly discriminates against women, warranting rights to household heads only, who, under prevailing patriarchal norms, are traditionally men.

¹⁶ For more details on the gender situation and strategy, see Appendix V.



microenterprise development; (ii) providing improved access to credit, with timely loans tailored to meet the needs of individual enterprises; (iii) providing training in business management, marketing and relevant technical production aspects to both prospective microentrepreneurs and local officials; (iv) promoting the formation of cooperatives and business associations to facilitate processing, marketing and input supply activities; and (v) developing small-business extension services, possibly based on the development of 'incubators' able to provide specialized services to fledgling microenterprises in areas such as marketing, product promotion, input supply, accounting and law.

48. The upgrading of vocational training facilities and increased access to these facilities for young adults from poor areas are likely to form key elements of any income diversification strategy. An increasing proportion of rural youth is being forced to migrate to urban areas in search of work. This group is likely to be interested and successful in the establishment of off-farm microenterprises, particularly those that require the development of specialist skills, such as carpentry, electro-mechanical repairs and engineering. They should therefore be specifically targeted, together with women, in any microenterprise development and vocational training activities implemented.

49. **Land and forest resources.** Improved allocation and use of land and forest resources represent major opportunities for enhancing the livelihoods of many poor communities, both in lowland and upland areas. Issues of landlessness, caused by determinants such as increased indebtedness, vulnerability and inability to compete in the market economy need to be a priority area of focus for future projects. In some regions, the problem of landlessness is leading to latent tensions or the outbreak of conflicts among members of rural communities, including migrants and ethnic minorities. Future projects should also focus on the development of sustainable forest management models based on allocation of forest land to households and local communities (with secured long-term tenure certified in blue books) as an important means of increasing the incomes of poor households. Therefore, projects should aim to: (i) attack the causes of landlessness, and thereby promote social cohesion and mitigate emerging inequalities and tensions; (ii) increase the allocation of forest resources to individual households based on rational planning approaches, with clearly specified income-sharing arrangements; (iii) develop the productivity of allocated forest resources; and (iv) strengthen the capacity of extension services to support better use of land and forest resources.

50. **Village infrastructure.** Future projects should emphasize the expansion of small-scale village infrastructure as an instrument in further decentralizing the development process. This can be achieved by specifying a funding entitlement for individual villages and by the development of planning and management procedures that give communities direct control over how funds are used. Under this approach, any savings made through contribution of local labour and materials would belong to the community. Designs should employ labour-intensive construction techniques in order to maximize wage labour opportunities for poor households, thereby increasing the capitalization of poor households. This will allow them to participate more fully in other project activities such as the improvement of agricultural, livestock and forestry production, and the development of microenterprises and savings and credit groups. Any requirement for the contribution of beneficiary labour must be carefully formulated to ensure that the poorest households are not disadvantaged. Community contribution should be based on 'contribution according to ability' and should be provided in the form of reduced-wage labour, not free labour. Continued emphasis should be accorded to the formation of user groups, which together with VDBs/self-management boards should be fundamentally involved in planning, implementation and review in order to enhance the ongoing maintenance of facilities. Participation of women in user groups should be ensured and the necessary group capacity-building investments should be provided for institutional viability and sustainability.

C. Outreach and Partnership Possibilities with NGOs and the Private Sector

51. Central to its development strategy is IFAD's particular concern with the establishment of grass-roots institutions and participatory approaches. This provides international NGOs with an opportunity to play a greater role (so far limited to the Ha Tinh Rural Development Project) in IFAD project



implementation. Future projects should actively explore partnership opportunities with these organizations. ActionAid could be a particularly valuable partner in future projects given its overall orientation, priorities and existing local resource base. While international NGOs are likely to play an increasingly important catalytic role in development initiatives in Viet Nam, the community-based organizations they can help promote are the key institutions that will ultimately provide the foundation for sustainable development. The types of institutions that have been established in recent projects include VDBs/self-management boards, savings and credit groups, producer cooperatives, water user groups and village infrastructure maintenance groups. Increasing emphasis by the Government on grass-roots democratization and on the devolution of authority to local government institutions are important measures that indicate an increasing role for community-based organizations in the development process. Development of this role will require a concerted focus on capacity-building at grass-roots level. There is also an important potential role for national research institutions in IFAD-supported projects. In some areas and disciplines, these institutes could make a substantial contribution, not only in the design process, but also during implementation in key areas such as training and provision of extension support.

D. Opportunities for Linkages with Other Donors and Institutions

52. Strategic partnerships with like-minded ODA agencies are necessary to maximize the effectiveness of IFAD's operations. IFAD's partnership with UNDP has been a recurrent feature in almost all IFAD-funded projects. This collaboration has been recognized and valued by the Government and the Ministry of Planning and Investment. The commitment to continue IFAD/UNDP collaboration has been expressed by both parties. In this way IFAD will benefit from UNDP's involvement in policy/programme coordination activities, while UNDP will obtain the required window to assess policy and programme impacts at the grass-roots level. Similarly, a clear and strong mutual interest has sustained the long fruitful partnership between IFAD and SIDA in Viet Nam. On the basis of its stated strategy and approach, SIDA is a natural partner for any future IFAD intervention, especially in the northern region.

53. In addition to UNDP and SIDA, a recent partnership agreement signed between the Government of Italy and IFAD provides for a number of potential partnership modalities. The Italian Embassy has discussed with the Government of Viet Nam the possibility of providing support for development in ethnic minority areas in the central highlands, which could be linked with IFAD's desire to finance a project in this region.

54. Finally, given its regional and sectoral focus, the Australian Agency for International Development (AusAID) would be a valid partner for a future IFAD project in the Mekong Delta. The World Bank has expressed its interest in collaborating with IFAD in this area as well, included in its new country assistance strategy.

55. **Coordination among ODA agencies.** Large numbers of ODA agencies acting independently of each other has resulted in a heavy administrative burden for the Government, high overheads for agencies in delivering aid and minimal transfer of lessons learned between external agencies and the Government. Overall, this has undermined the impact of poverty reduction efforts. There is a clear need for more effective collaboration between the Government and ODA agencies in the design, implementation and evaluation of development activities. Several ODA agencies are currently supporting the Ministry of Planning and Investment¹⁷ in improving the coordination of development assistance and the sharing of lessons and experience, but these activities are still in their infancy. Future IFAD initiatives to develop policy dialogue should build on and possibly join these activities as far as possible. Several inter-agency fora are in operation but have yet to produce tangible results in terms of improved coordination. IFAD's participation therein has been repeatedly called for by the Government, other ODA agencies and international NGOs, who acknowledge IFAD's successes in proposing and applying innovative poverty reduction approaches.

¹⁷ Notably World Bank, UNDP and AusAID.



E. Areas for Policy Dialogue

56. IFAD is committed to facilitating the transfer of lessons learned during the implementation of its country programme, to relevant national agencies for the formulation of national policy. This process should be led by provincial authorities directly responsible for the implementation of IFAD-funded projects. The newly established UNDP project, TA to the IFAD programme, will play a central role in coordinating this process. Efforts should be made to ensure a continuous dialogue not only with the Government but also with main financiers such as the World Bank and the Asian Development Bank. A number of specific areas for policy dialogue were identified by the CPRE and are outlined below.

57. **Rural financial services.** The Government should move towards accepting that savings and credit groups and other informal village-level institutions, such as credit associations, have a valid role to play as financial intermediaries. The legal setting for microfinance institutions should be monitored so that projects can avoid the creation of financial intermediaries with no chance of long-term survival. The subsidizing of rural and poverty reduction credit should be phased out, as below-market interest rates are not financially sustainable and work against the successful establishment of informal financial intermediaries. Uniform terms and conditions for rural credit provision need to be established, to avoid sending conflicting messages to local implementers and beneficiaries, and jeopardizing the sustainability of interventions.

58. **Gender mainstreaming.** The Government should promote the systematic issue of certificates for land and forest use in the names of both husband and wife. It should also foster increased representation of women at all levels in key decision-making positions in rural development institutions, with adequate capacity-building investments. Government policies and programmes need to be formulated to ensure that ethnic women in particular have equal and adequate access to education, family planning, social infrastructure and especially health services. Enhancing women's responsibilities in community management implies that they become preferred beneficiaries of training programmes that aim at developing management skills in areas such as small irrigation, village infrastructure and business.

59. **Decentralization.** The Government should further promote recent decentralization initiatives and strengthen their implementation structures to ensure that financial authority is progressively devolved to local governments as intended. It should also consider mechanisms for decentralizing the development process to village-level institutions, with due attention to concurrent capacity-building at the district and commune level.

60. **Management of forest resources.** The Government should actively promote existing policy concerning the allocation of state-controlled forest resources, on a long-term basis and with secure tenure to households for individual management and to villages and communes for joint management. Standardized forest land use certificates should be issued for all allocated areas. The Government should also review and control the activities of state forest enterprises so that they do not obstruct the production and marketing of timber and Non-Timber Forest Products from these allocated areas.

61. **Microenterprise development.** Local government needs to be encouraged by the Government to implement the new policies for promoting small medium enterprises particularly in more remote provinces where development opportunities are relatively few. In promoting these policies, increased emphasis should be placed on microenterprise development that is within the reach of poor households and communities.

62. **Role of civil society.** The Government should consider promoting a greater role for civil society in the development process. This could be achieved by facilitating the formation of community-based groups and organizations, allowing the establishment of local NGOs and the entry



of local and international NGOs into poorer more remote areas where penetration and effectiveness of government services is often constrained.

F. Action Areas for Improving Portfolio Management

63. **Design.** IFAD's design approach has been praised by the Government on a number of occasions, particularly its close interaction with local communities and concerned stakeholders, which encourages a higher degree of project ownership. The increasing competence of some regional universities and research institutes in Viet Nam provides the opportunity to increase the use of national expertise and gradually shift the role of IFAD to that of facilitator of a locally owned design process.

64. **Implementation.** There are a number of key operational/management issues that need to be addressed in order to improve project performance, such as: (i) disbursement projections prepared at appraisal generally tend to be ambitious and underestimate the inherently slow start-up of participatory projects. This leads to undue pressure being placed on project management, and a tendency to short-circuit participatory processes; (ii) longer implementation periods of six to eight years should be considered, to allow adequate consolidation of community-based approaches, especially in remote and difficult areas; and (iii) monitoring and evaluation has been a weak area for many projects due to limited capacity of staff seconded from government institutions.

65. **Supervision.** The Government has identified this phase as the weakest segment of IFAD's project cycle and has requested IFAD to ensure more effective supervision of its projects and a higher level of implementation support. Given the limited budget available for supervision activities, the involvement of local partners should be further explored. This is likely to be more cost-effective than present approaches, and would allow more intensive supervision of results achieved at the community level. The Government supports the idea of UNDP rather than the United Nations Office for Project Services being involved in IFAD portfolio supervision. Other in-country options that could strengthen IFAD's current impact on supervision activities include the opening of a field office on the World Bank premises in Hanoi with at least one permanent staff member. The World Bank has invited IFAD to consider this possibility.

G. Tentative Lending Framework and Rolling Programme of Work

66. On the basis of the Asia and the Pacific Divisions current medium-term lending programme for 2003-2007, Viet Nam should receive two new loans, for a total lending amount of USD 48 million. The current plan for a new loan of USD 30 million for 2004 is subject to the possibility of approving a new project under the flexible lending mechanism and/or a longer implementation period. If this is not possible, the proposed loan amount will be reallocated on the basis of the estimated absorptive capacity of each project proposal.

APPENDIX I

COUNTRY DATA

VIET NAM

Land area (km² thousand) 2000 1/	325	GNI per capita (USD) 2000 1/	390
Total population (million) 2000 1/	78.5	GNP per capita growth (annual %) 2000 1/	3.4 a/
Population density (people per km²) 2000 1/	241	Inflation, consumer prices (annual %) 2000 1/	-1.7
Local currency	Dong (VND)	Exchange rate: USD 1 =	VND ***15 000***
Social Indicators		Economic Indicators	
Population (average annual population growth rate) 1980-99 2/	1.9	GDP (USD million) 2000 1/	31 344
Crude birth rate (per thousand people) 2000 1/	20 a/	Average annual rate of growth of GDP 2/ 1980-90	4.6
Crude death rate (per thousand people) 2000 1/	6 a/	1990-99	8.1
Infant mortality rate (per thousand live births) 2000 1/	37 a/	Sectoral distribution of GDP 2000 1/	
Life expectancy at birth (years) 2000 1/	69 a/	% agriculture	25 a/
Number of rural poor (million) (approximate) 1/	36.1	% industry	34 a/
Poor as % of total rural population 2/	57	% manufacturing	18 a/
Total labour force (million) 2000 1/	40.4	% services	40 a/
Female labour force as % of total 2000 1/	49	Consumption 2000 1/	
Education		General government final consumption expenditure (as % of GDP)	7 a/
School enrolment, primary (% gross) 2000 1/	114 a/	Household final consumption expenditure, etc. (as % of GDP)	70 a/
Adult illiteracy rate (% age 15 and above) 2000 1/	7	Gross domestic savings (as % of GDP)	23 a/
Nutrition		Balance of Payments (USD million)	
Daily calorie supply per capita, 1997 3/	2 484	Merchandise exports 2000 1/	14 308
Malnutrition prevalence, height for age (% of children under 5) 2000 1/	39 a/	Merchandise imports 2000 1/	15 200
Malnutrition prevalence, weight for age (% of children under 5) 2000 1/	37 a/	Balance of merchandise trade	-892
Health		Current account balances (USD million)	
Health expenditure, total (as % of GDP) 2000 1/	4.8	before official transfers 1999 1/	-1 015
Physicians (per thousand people) 1999 1/	0.34	after official transfers 1999 1/	-64
Population using improved water sources (%) 1999 4/	56	Foreign direct investment, net 1999 1/	700
Population with access to essential drugs (%) 1999 4/	85	Government Finance	
Population using adequate sanitation facilities (%) 1999 4/	73	Overall budget deficit (including grants) (as % of GDP) 1999 1/	-1.0
Agriculture and Food		Total expenditure (% of GDP) 1999 1/	18.4
Food imports (% of merchandise imports) 1999 1/	n.a.	Total external debt (USD million) 1999 1/	23 260
Fertilizer consumption (hundreds of grams per ha of arable land) 1998 1/	3 416	Present value of debt (as % of GNI) 1999 1/	76
Food production index (1989-91=100) 2000 1/	155.5	Total debt service (% of exports of goods and services) 1999 1/	9.8
Cereal yield (kg per ha) 2000 1/	4 049	Lending interest rate (%) 2000 1/	10.6
Land Use		Deposit interest rate (%) 2000 1/	7.5
Arable land as % of land area 1998 1/	17.5		
Forest area (km ² thousand) 2000 2/	98		
Forest area as % of total land area 2000 2/	30.2		
Irrigated land as % of cropland 1998 1/	41.4		

a/ Data are for years or periods other than those specified.

1/ World Bank, *World Development Indicators* database

2/ World Bank, *World Development Indicators*, 2001

3/ UNDP, *Human Development Report*, 2000

4/ UNDP, *Human Development Report*, 2001

IFAD'S CORPORATE THRUSTS AS RELATED TO THE PROPOSED COUNTRY PROGRAMME

In pursuance to the Millennium Development Goals, IFAD and the Government of Viet Nam are committed to halving by the year 2015, the proportion of people whose incomes are less than one dollar per day, and the proportion of people who suffer from hunger, as clearly stated in the corporate, regional and country strategies and the CPRGS respectively. The following table summarizes the main thrusts thereof.

IFAD'S STRATEGIC FRAMEWORK	REGIONAL STRATEGY	CPRGS: RURAL POVERTY AND VULNERABILITY REDUCTION	VIET NAM'S COSOP
<p>Vision statement IFAD believes that increasing access to assets (human, social, natural, technological and financial assets) is crucial for broad-based growth and poverty reduction. Thus it fosters social development, gender equity, income-generation, improved nutritional status, environmental sustainability and good governance within the following main thrusts:</p> <p>Human and social assets ⇒ Strengthening the capacity of the rural poor and their organizations</p> <p>Financial assets and markets ⇒ Increasing access to financial services and markets</p> <p>Productive assets and technology ⇒ Providing equitable access to productive natural resources and technology</p>	<p><i>Within the corporate thrusts, the Regional Strategy focuses on:</i></p> <p>⇒ Enhancing women's capabilities in order to promote their role in agricultural development and improve their position in society</p> <p>⇒ Reducing poverty by enhancing the capabilities of indigenous peoples and other marginalized groups</p> <p>⇒ Building coalitions of the poor</p> <p>⇒ Enhancing peace for poverty reduction</p> <p>⇒ Developing less favoured areas</p>	<p>Human and social assets ⇒ Building up new institutions that require active participation of farmers in production, processing and marketing; Establishing a more egalitarian and higher quality educational system for the people</p> <p>Financial and productive assets, markets ⇒ Reforming policies on land (e.g., security of land tenure), business environment, finance, investment and credit in order to make investments more pro-poor and enhancing access to credit and financial services for the rural poor ⇒ Facilitating sustainable management of natural resources with the involvement of all stakeholders, while protecting the environment and safeguarding the health and the livelihood of the poor ⇒ Creating more jobs and raising rural incomes by developing rural industry, services and other off-farm activities ⇒ Increasing competitiveness of agricultural products in domestic and international markets, while improving processing capability to raise product quality and better meet domestic and export demand ⇒ Developing infrastructure to create opportunities and enable access to public services in poor areas</p> <p>Technology ⇒ Increasing productivity, reducing production costs and promoting diversification in agricultural, forestry and fishery production, while protecting household, farm and private economies and guiding them towards large-scale labour intensive production; ⇒ Strengthening applied research and technology transfer and improving the extension system, paying special attention to the needs of farmers in mountainous areas; while developing a disaster Prevention Strategy to minimize losses, and stabilize livelihoods in disaster-prone areas.</p>	<p><i>Human and social assets</i></p> <p>⇒ Building the capacity of poor households and grass-roots institutions to enable them to take the lead in the development process and more effectively address poverty</p> <p>⇒ Improving the role and status of women to improve their position within households and communities, and enhance their capabilities as agents of change.</p> <p>Productive Assets and Technology</p> <p>⇒ Improving food security for the poorest most vulnerable households in line with the regional target group focus by diversifying rural incomes and increasing rural employment</p> <p>⇒ Increasing access of the poor to productive resources, particularly land, credit and forest resources</p> <p>⇒ Improving the management of these resources, by enabling the poor to access knowledge and technology, to generate income on a sustainable basis</p> <p>⇒ Improving village-level infrastructure as an entry-point and critical foundation for social and economic development in poor areas</p> <p>Cross-Cutting Thrusts</p> <p>⇒ Promoting good governance, with emphasis on implementation of decentralized project management and promotion of grass-roots democracy</p> <p>⇒ Sharing lessons learned in the implementation of the IFAD-funded country programme to influence national policies and programmes, in collaboration with like-minded ODA agencies</p>



SUMMARY OF PROVINCIAL POVERTY DATA

Human Poverty Rank	Province	Human Poverty Index	GDP per capita in PPP (USD)	Population below Income Poverty Line (%-2001)	% of Provincial Budget from Centre	Human Dev. Index	Human Dev. Rank	Gender Dev. Index	Gender Dev. Rank
1	Tp. HCMinh	10.59	5 209	0.7		0.796	3	0.802	3
2	Ha Noi	11.07	3 588	4.7		0.798	2	0.806	2
3	Da Nang	13.47	2 215	6.7		0.760	4	0.765	4
4	Dong Nai	15.02	1 290	8.8		0.711	9	0.719	9
5	Hai Phong	15.49	1 948	13.4		0.733	5	0.740	5
6	Ba Ria-Vung Tau	15.54	14 470	9.0		0.835	1	0.837	1
7	Vinh Puc	15.63	874	12.3		0.677	22	0.682	22
8	Binh Duong	15.64	2 589	4.4		0.726	6	0.733	6
9	Bac Ninh	16.12	960	9.4		0.675	23	0.680	23
10	Hai Duong	16.13	1 099	11.5		0.714	8	0.720	8
11	Thai Nguyen	16.21	840	14.9		0.660	32	0.667	32
12	Thai Binh	16.30	2 180	9.2		0.714	7	0.726	7
13	Tay Ninh	16.30	1 376	2.7		0.666	28	0.675	28
14	Ha Tay	16.57	1 023	10.4		0.662	31	0.669	31
15	Hung Yen	16.70	1 040	16.8		0.685	17	0.690	17
16	Nam Dinh	16.91	1 870	9.7		0.707	10	0.710	10
17	Quang Ninh	17.01	1 648	9.9		0.703	11	0.708	11
18	Phu Tho	17.14	1 006	19.6		0.669	25	0.679	25
19	Ha Nam	17.20	956	17.8		0.691	15	0.699	15
20	Lam Dong	17.23	946	10.9		0.659	33	0.666	33
21	Binh Dinh	17.40	1 033	12.2		0.658	35	0.663	35
22	Khanh Hoa	17.43	974	10.9		0.700	12	0.706	12
23	Thua Thien-Hue	17.49	1 208	22.5		0.691	14	0.704	14
24	Ninh Binh	17.52	955	11.4		0.666	29	0.670	29
25	Bac Giang	17.66	861	18.3		0.632	47	0.638	47
26	Quang Nam	17.90	762	34.3		0.663	30	0.670	30
27	Binh Thuan	18.45	876	14.9		0.642	44	0.645	44
28	Ha Tinh	18.47	1 660	28.9		0.678	21	0.684	21
29	Binh Phuoc	18.57	1 016	19.2		0.631	49	0.635	49
30	Thanh Hoa	18.63	1 017	21.9		0.659	34	0.665	34
31	Nghe An	19.71	1 410	19.8		0.668	27	0.676	27
32	Ca Mau	19.86	1 072	23.9		0.680	19	0.686	19
33	Bac Lieu	20.14	1 325	21.6		0.649	39	0.655	39
34	Long An	20.73	1 589	8.5		0.686	16	0.692	16
35	Quang Tri	21.21	940	20.4		0.643	43	0.645	43
36	Soc Trang	21.32	1 500	27.7		0.656	36	0.663	36
37	Dac Lac	21.48	1 248	17.1		0.647	41	0.646	41
38	Tuyen Quang	22.06	800	12.4		0.621	51	0.625	51



Human Poverty Rank	Province	Human Poverty Index	GDP per capita in PPP (USD)	Population below Income Poverty Line (%-2001)	% of Provincial Budget from Centre	Human Dev. Index	Human Dev. Rank	Gender Dev. Index	Gender Dev. Rank
39	Kien Giang	22.21	1 619	10.1		0.680	20	0.686	20
40	Quang Ngai	22.33	873	24.7		0.645	42	0.646	42
41	Hoa Binh	22.62	923	27.4		0.642	45	0.642	45
42	Phu Yen	23.19	785	15.3		0.632	48	0.637	48
43	Yen Bai	23.59	785	19.3		0.612	53	0.616	53
44	Quang Binh	24.42	777	28.4		0.637	46	0.642	46
45	Tien Giang	24.49	1 461	7.7		0.684	18	0.687	18
46	Tra Vinh	25.18	1 602	22.6		0.653	38	0.656	38
47	Ninh Thuan	26.06	1 011	14.9		0.616	52	0.618	52
48	Lang Son	27.91	1 014	19.3		0.628	50	0.634	50
49	Can Tho	29.16	1 577	9.6		0.670	24	0.679	24
50	Kon Tum	29.83	845	31.9		0.534	59	0.544	59
51	Bac Can	30.01	576	24.2		0.594	54	0.595	54
52	An Giang	30.61	1 442	8.4		0.654	37	0.660	37
53	Gia Lai	31.62	917	22.4		0.546	58	0.551	58
54	Ben Tre	32.27	940	14.1		0.669	26	0.678	26
55	Lao Cai	32.55	751	30.0		0.559	56	0.560	56
56	Cao Bang	32.73	892	25.0		0.576	55	0.573	55
57	Vinh Long	33.02	1 506	9.1		0.695	13	0.705	13
58	Dong Thap	33.49	1 161	13.8		0.648	40	0.650	40
59	Son La	34.25	649	19.9		0.549	57	0.551	57
60	Ha Giang	34.70	542	25.7		0.503	60	0.503	60
61	Lai Chau	42.79	658	46.0		0.486	61	0.479	61
		-							
	Red River Delta	15.5	1 616	10.5	0.723				
	North-east	20.9	941	19.6	0.641				
	North-west	31.4	695	29.0	0.564				
	North central coast	19.3	939	22.8	0.662				
	South central coast	18.4	1 238	18.9	0.676				
	Central highlands	24.9	1 102	20.3	0.604				
	South-eastern	14.8	3 809	6.1	0.751				
	Mekong River Delta	26.5	1 496	13.4	0.669				
	ALL VIET NAM	20.1	1 860	14.6	0.696				

Sources: Human Poverty Index, Human Development Index and Gender Development Index data from UNDP National Development Report, 2001.

% of population below poverty line from the Ministry of Labour, Invalids and Social Affairs, 2000 data.

% of provincial budgets originating from the centre.



ACTIVITIES OF OTHER PARTNERS IN DEVELOPMENT – ONGOING AND PLANNED

Donor/Agency	Project Name	Brief description	Coverage	Status	Complementarity/synergy potential
World Bank	1) Northern Mountains Poverty Reduction Project (USD 110 million World Bank loan, total cost USD 132.50 million)	1) Cofinanced by the Department for International Development (DFID) (USD 10.50 million), project activities include: building and rehabilitating rural roads, bridges, and market infrastructures; irrigation/water supply schemes; training and extension, and research programmes in upland agriculture; provision of basic education and health facilities; improvement of qualifications of school teachers and health workers; provision of commune development budgets for activities identified with participatory rural appraisal methods; support to management of project staff; and institutional capacity-building of local government staff to support sustainability of the intervention.	1) Covers six of the 13 provinces of North Uplands Region, namely 368 communes of Bac Giang, Hoa Binh, Lao Cai, Phu Tho, Son La and Yen Bai Provinces, with over one million beneficiaries, composed 85% by ethnic minorities	1) Ongoing (2002-2007) 2) Ongoing (2001-2007) 3) Ongoing (2001-2007)	1) Builds on previous German Agency for Technical Cooperation initiatives in participatory village planning, and other World Bank, DFID rural transport and primary education projects, and other donor interventions including IFAD and NGO-supported projects. Lesson sharing would be the major synergy potential.
	2) Community-Based Rural Infrastructure Project (USD 103 million loan, total cost USD 123 million)	2) Major investments are in infrastructure development at the commune level, with support to strengthening decentralized planning and implementation capacity, and management capacity of central and provincial programme management units.	2) Covers 705 communes (540 before a mid-term review) in 13 Provinces of Central Viet Nam, namely Thanh Hoa, Nghe An, Ha Tinh, Tuya Thien Hue, Quang Nam, Quang Nghai, Binh Dinh, Phu Yen, Khanh Hoa, Ninh Thuan, Lam Dong, Binh Phuoc.	4) Ongoing (1994-2004) 5) Ongoing (1999-2003)	2) Builds on experiences and lessons mainly from IFAD, but also the United Nations Capital Development Fund, Oxfam Great Britain, and the United Nations International Drug Control Programme in northern and central Viet Nam. Lesson sharing would be the major synergy potential. According to absorption capacity of provinces, IFAD interventions will not overlap with the project activities if community development excludes infrastructure investments. Donors coordination and lesson sharing efforts are extremely welcomed by the World Bank.
	3) Rural Transport II (USD 100 million loan)	3) Cofinanced by DFID (18.6 million British pounds sterling – GBP), this project increases access for people, goods and services in rural Viet Nam by improving basic infrastructure in 40 provinces and providing a strategy for sustainable maintenance of rural roads nationwide.	3) Central region: Quang Tri, Quang nam, Ha Tinh and Quang Binh Provinces.		3, 4, 5) Unlikely
	4) Agriculture Rehabilitation and Diversification (USD 162 million loan)		4) Central highlands and poor coastal provinces.		
	5) Forest Protection and Rural Development (USD 21.5 million loan)		5) Six provinces including Kon Tum.		
Asian Development Bank	1) Central Region Livelihood Improvement Project (USD 43 million AsDB loan, total cost USD 76 million)	1). Cofinanced by DFID (USD 16.5 million). An integrated rural development/poverty reduction initiative targeting poorest communes in poorest districts, promoting food security and income-generation through provision of microfinance services, agricultural technical support, rural infrastructure development and community development through the formation of organizations able to plan and implement development activities at the commune and village level. Institutional strengthening will take place at the district and commune level, while management support will be at the provincial level.	1) Central Region: Quang Binh, Quang Tri, Thua Thien Hue provinces; Central highlands: Kon Tum Province.	Ongoing (2002-2007)	Possible
	2) Forests for Livelihood Improvement Project (Loan USD 50 million)		2) PPTA scheduled for first half of 2003. Will cover all three central highland provinces i.e., Dak Lak, Gia Lai, and Kon Tum.	Formulation	
	3) Rural Roads for Central Region (Loan of USD 65 million envisaged)		3) Will probably cover six provinces, including the three upland provinces.	Formulation	
	4) Forestry Sector (USD 33 million loan)		4) Five central provinces including Quang Tri and Gia Lai.	4) Ongoing (1999-2003)	
	5) Tea and Fruit Development (USD 40 million loan)	2) The project will include: (i) integrated natural resource management and a development plan for the entire project area; (ii) investment plans for the individual participating provinces for	5) 13 provinces, including Thanh Hoa.	5) Ongoing	
				6, 7, 8) Closing 2002	



Donor/Agency	Project Name	Brief description	Coverage	Status	Complementarity/synergy potential
	6) Rural Infrastructure Project 7) Flood Emergency Assistance 8) Agriculture Sector Development Programme	improving food security, livelihoods and sustainable forest management; (iii) plans for ethnic minorities for food and livelihood security and development; (iv) proposals for bio-diversity conservation work eligible for the Global Environment Facility (GEF), i.e. main focus is on improved use/management of forest resources as a means to livelihood improvement/poverty reduction. 3) Currently being designed. 4) Major support to building local capacity in forest management 5) tea and fruit development 6) Investments in roads, water supply, irrigation and market place rehabilitation 7) Covers rehabilitation of irrigation systems, schools and health units 8) Programme for improvement of agricultural extension services and research capacity	6) In Soc Trang, Ben Tre, and Tra Vinh 7) Nine provinces in Mekong Delta region 8) All provinces of the Mekong Delta region		
Italian Government	Support to ethnic minorities in the central highlands Partnership agreement	Formulation still in progress Cofinancing through loans and grants, TA and implementation support	N.A.. N.A.	Formulation Agreed	Possible
Canadian International Development Agency	Rural Development Project		North coastal areas : Thanh Hoa and Mekong Delta: Soc Trang		
UNDP	1) Support to the National Assembly (NA) in the implementation of the Grassroots Democracy Decree 2) Support to the implementation of the CPRGS	1) Strengthen NA's capacity to implement the decree and disseminate information on its content among the public. 2) Includes various projects that aim at improving coordination among donors, lesson sharing (especially from IFAD-funded projects) and strengthening the national assembly capacity to perform its oversight function of the budget law-making process.	1) National level 2) National level, some provinces	1) Formulation 2) Formulation	1) Possible, dissemination of information on the content of the decree at the grass-roots level. 2) Possible
Oxfam United Kingdom	Ha Tinh Poverty Alleviation Programme (USD 9.7 million grant)	Cofinanced by SCF UK and DFID	Ha Tinh	Ongoing (1996-2004)	Credit interest rates should be harmonized among donors. Coordination is mandatory with IFAD project in Ha Tinh
Save the Children Fund (SCF)	1) Quang Ninh Ethnic Minority Education (GBP 87 500 grant)	1) to ensure appropriate education for marginalized children through improved access to school for children in remote areas, adapting teachers' curricula so they are relevant for ethnic	1) Tien Yen District, Quang Ninh Province 2) Thach Than district, Than Hoa	1) Completing (1996-2002) 2) Completing	Not possible Not wanted. Due to the lack of coordination between IFAD and SCF's credit programme,



Donor/Agency	Project Name	Brief description	Coverage	Status	Complementarity/synergy potential
	<p>2) North Central Programme (Microfinance Plus),</p> <p>3) Child Protection, Welfare and Inclusion</p> <p>4) Young Lives</p>	<p>minority children, improved community involvement and promotion of best practices in ethnic minority education among government institutions and donors.</p> <p>2) poverty reduction initiative with a gender perspective that improves the situation of children and develops sustainable financial services with formal banking sector and through financial intermediaries owned by poor themselves. Also, small productive loans provided to poor women and their families through group mechanism on a revolving basis, mobilization of savings, enhancement of management capacity and technical skills of implementers of the women's union at the district and commune level, promotion of school nutrition, health hygiene, education, and integration of disabled children.</p> <p>3) Protection of trafficked children, and abused and exploited migrant children, access to basic services for unregistered migrant children through pilot participatory interventions at the district level, through information sharing among communities, mapping of poor migrant communities, assessment of links between exploitation and urban livelihood strategies, assessment of basic service access in migrant communities, advocacy and policy dialogue.</p> <p>4) Longitudinal study on child poverty in Viet Nam.</p>	<p>Province, Thanh Chuong district, Nghe An Province, Cam Xueyen District, Ha Tinh Province</p> <p>3) HCMC and North Viet Nam</p> <p>4) Hung Yen, Lao Cai Provinces (north), Da Nang City and Lam Dong Province (Centre), Ben Tre (Mekong Delta)</p>	<p>(1993-2002)</p> <p>3) Ongoing (1999-2004)</p>	<p>the two interventions had a negative impact on beneficiaries, who were confused by the different interest rates (IFAD, subsidised despite design, SCF, market rate)</p> <p>3) Lesson sharing would be very useful for IFAD's work with ethnic minorities.</p>
<p>ActionAid Viet Nam</p>	<p>Details still to be sent</p>		<p>Projects cover the following areas: Lai Chau and Son La Provinces in the northern mountains, Ha Tinh and Quang Nam Provinces in the central region, and Ninh Thuan Province in the south. In 2002 the organization started working in Ha Giang, and Tra Vinh Provinces and in Ho Chi Minh City. Future interventions might include the central highlands, as a joint activity with Oxfam GB in 2003</p> <p>A child protection programme is ongoing in the south of the country.</p> <p>In Tra Vinh Province, ActionAid will focus on a new education programme, especially designed</p>		<p>ActionAID constitutes a competent partner for IFAD, especially as regards capacity-building investments, since the organization has both the technical backstopping and resources to contribute effectively.</p>



Donor/Agency	Project Name	Brief description	Coverage	Status	Complementarity/synergy potential
			for the Khmer minority group, on microfinance service delivery, dryland technology and prevention of trafficking of women. In Ha Giang Province, ActionAid is developing skills at the grass-roots level so that change is sustainable		
AusAID	Agriculture Development Project (USD 11 million grant)		Central coastal areas: Quang Ngai, Quang Nam, Binh Dinh and Kon Tum	Ongoing (2001-2006)	Possible
Japan Bank for International Cooperation (JBIC)	Infrastructure Development and Social Services		Mekong Delta: Tra Vinh, Soc Trang		
SIDA	Poverty Alleviation Programme (PAP) (USD 20 million grant over 4-year period)	Projects still to be formulated. Targeting will be of remote communes where ethnic minorities, vulnerable groups and the poor compose the largest share of the population. Capacity-building investments at all levels of the administrative system will aim to improve planning, management and implementation of poverty reduction endeavours. Public Administration Reform, decentralization and grass-roots democracy enhancement will be some of the cross-cutting issues on which SIDA will concentrate. The linkage between natural resource management and poverty reduction efforts will be an important element of SIDA's projects, with local communities as major protagonists of development interventions.	Probably Yen Bai, Quang Tri and Ha Giang Provinces	Formulation (2003-2004)	Possible
European Communities (EC)	Rural Development Projects		Cao Bang, Lai Chau, Son La, Bac Can		
New Zealand Official Development Assistance (NZODA)	Gia Lai Agroforestry Extension Project (USD 1.8 million grant)		Gia Lai	Ongoing (1997-2002)	
French Development Agency (AFD France)	Rubber Smallholders and Agricultural Diversification (USD 16.6 million grant)			Ongoing (1999-2004)	12 provinces in Central Region including Kon Tum, TT Hue, Quang Binh and Quang Tri
DFID	1) Water and Rural Environment Project 2) Rural Transport II 3) Northern Mountain Poverty Reduction Project (GBP 7.5 million cofinancing	1) Cofinanced with UNICEF Rural Water Supply and Sanitation Programme in Viet Nam, managed in partnership with UNICEF and MARD. Two-year project (GBP 2.8 million) that provides safe rural water and sanitation 2) Cofinanced with World Bank, this project increases access for people, goods and services in	2) 40 provinces (4 DFID- funded are in central Viet Nam) 3) Hoa Binh, Phu Tho, Bac Giang, Lao Cai, Son La and Yen Bai Provinces 4) National level	1) Ongoing (1999-2002) 2) Ongoing (2000-2006) 3) Ongoing	Unlikely Unlikely 3) Possible



Donor/Agency	Project Name	Brief description	Coverage	Status	Complementarity/synergy potential
	<p>grant)</p> <p>4) Poverty Analysis and Policy Advice Programme Phase II (GBP 82.06 million cofinancing grant)</p> <p>5) Support to the World Bank Poverty Reduction Support Credit (GBP 14 million cofinancing grant)</p> <p>6) Support AsDB's institutional strengthening and capacity-building for poverty reduction in the central region (cofinanced with GBP 1.8 million grant)</p> <p>7) Central Region Livelihood Improvement Project (AsDB loan, GBP 12 million cofinancing grant)</p> <p>8) Harmonization of Overseas Development Assistance</p>	<p>rural Viet Nam by improving basic rural infrastructure in 40 provinces and providing a strategy for sustainable maintenance of rural roads nationwide. DFID's contribution amounts to GBP 18.6 million and focuses on the rehabilitation and maintenance of rural roads in four provinces in central Viet Nam.</p> <p>3) Supports investments and improvements in service delivery to poorest communes in six northern mountain provinces.</p> <p>4) Provides Government and other donors with quality research information on poverty to inform policies and strategy.</p> <p>5) Supports pro-poor structural reform, focused on private sector development, banking sector reform and SOE reform.</p> <p>6) TA to diagnose and address institutional constraints in service delivery in pilot areas of four provinces.</p> <p>7) Help the poor achieve better and more sustainable livelihoods and improved overall quality of life. Natural resource management strategies will be strengthened through increasing household food security, generating incremental household income by providing microfinance services, extension and rural infrastructure development, developing community capacity, strengthening the capacity of support services. DFID cofinancing will be for technical assistance for community development and environmental monitoring over five years.</p> <p>8) To work with six other donors and the Government to harmonize procedures for managing donor assistance. In response to government concerns, due to administrative burden on already overstretched government agencies resulting in project delays, low disbursement rates and fragmented development programmes. Measures are designed to improve harmonized procedures with like-minded donors through a multi-donor trust fund</p>	<p>5) Nationwide</p> <p>6) Quang Binh, Quang Tri, Thua Thien Hue, and Kon Tum</p> <p>At the national level</p>	<p>4) Ongoing (2001-2004)</p>	





GENDER STRATEGY

SUMMARY

Consistent with IFAD's Strategic Framework (2002-2006) and the Plan of Action to Mainstream a Gender Perspective into IFAD's Operations (2003-2006), this strategy envisages as a starting point, the use of *gender mainstreaming as a tool across all project components and activities* to ensure that gender issues are systematically addressed at every stage of the project cycle. In addition, it proposes six interrelated and mutually reinforcing main thrusts, which build on the lessons learned during the implementation and evaluation of IFAD's past projects in Viet Nam. The strategy aims to address both the *practical and strategic needs* of women, thus increasing the impact of interventions on poverty and gender inequality. Primarily, it promotes a change in prevailing norms relating to gender by empowering grass-roots institutions to lead the process of change, thereby ensuring its sustainability.

IFAD projects can promote gender equity and modify cultural practices that discriminate against women by giving precedence to women in community development management and enhancing their role outside the household. IFAD project experience has shown that prevailing gender imbalances can be modified and perhaps even redressed by development interventions that challenge social norms.

STRATEGIC THRUSTS IN GENDER MAINSTREAMING

1. Productive Resources - Access, Ownership and Control by Women

While land and forest resources are used by rural women, they have no legal rights of ownership or control over these resources. Promoting joint titling (of both husband and wife) on certificates for land and forest use will be pursued by covering the extra costs arising from the issuance of new certificates. The benefits of this endeavour will be monitored and reported, and fed into national decision-making so that this activity can be adopted by the Government and replicated nationwide.

2. Strengthening Women's Organizations: Increased Access to Financial Services

IFAD will support the formation and development of SCGs in order to promote the empowerment of women. Beyond the significant role of SCGs in providing women with access to microfinance services, these groups have the potential to assume crucial self-help functions and become institutions capable of decision-making, generating new opportunities for women and increasing their bargaining power in the public sphere. VWU promotes this 'credit-plus' function throughout the country and will continue to play its important mobilization role. Emerging social organizations and local international NGO branches should complement VWU's work and broaden its agenda in addressing women's concerns. The microfinance bill to be enacted in 2003 will provide the legal framework for the SCGs, and possibly their apex bodies or federations, to connect with the national banking system. The self-help model of such primary and secondary groups will contribute to the efforts of the Viet Nam Bank for the Poor and the Viet Nam Bank for Rural and Agricultural Development in testing sustainable solutions in extending microfinance services to the poor.

3. Strengthening Women's Organizations: Increased Community Management Capacities

To address women's strategic needs, SCGs will take on important self-help functions. In this way, they will represent not only a place to acquire new skills, access group resources and approach financial and market institutions, but also an important testing ground and entry point for women in the realm of community affairs management. The facilitating role of the VWU in helping poor women identify and manage community development projects will help address the traditional exclusion of women from taking up management roles at the grass-roots level. Together with other organizations



and international NGOs, the VWU will strengthen the capacity of SCGs to help women participate more fully in the community. The impact on poverty reduction and household living standards, of women exerting their political and civil rights, and participating in managing community affairs should be monitored by project M&E.

4. Pursuing a Balanced Division of Labour: A Lighter Workload

Women's assumption of new community responsibilities and increased contribution to family income and welfare should empower them to negotiate more favourable terms in the gender distribution of labour. In this context, organizations such as VWU and the farmers' association (FA) could supplement women's individual efforts by providing gender training courses and addressing the issue of intra-household workload sharing within their programmes.

Village institutions that are positively sanctioning a more equal workload through sharing and management practices should be involved in IFAD activities, as this type of affirmative action promotes gender equity by influencing social behaviour. Monitoring of workload management and sharing should be carried out by project M&E units to assess the impact of project activities on this major issue affecting women's well-being and productivity.

5. Enhancing Women's Visibility as Economic Agents

Despite their substantial contribution to the household economy, food security and nutrition of their families, women's participation is played down both in paid and unpaid work. As farmers, women perform an estimated 70 to 80% of the work in the field and in livestock management. However, their needs are overlooked in macro and in local-level planning, with agricultural policies and resource allocations favouring cash crops over subsistence, export crops over self-sufficiency in food, cattle over small ruminants and poultry, raw material production for factories over sustainable community and social forestry and capture fisheries over aquaculture. Equal access to vocational training and extension services – with women's needs as farmers and income-earners being assessed by Farmers' Field Schools or other local vocational training centres - will be a priority in all income generation and diversification activities, and in other agricultural development components. This will improve agricultural productivity and off-farm incomes, and enhance women's visibility as economic agents, thus substantially contributing to the improvement of their position in the community and the household. Monitoring the impact of this activity will prove the importance of targeting women as trainees in development and poverty reduction efforts and be conducive to a policy dialogue with the Government on reorienting agricultural policies and resource allocations, including training services, towards women's needs.

6. Combating Domestic Violence through Social Mobilization

The strategy to combat domestic violence will use two approaches: one implies opening up the delicate realm of intra-household relations and support the intervention of women's groups and other village institutions in household affairs, with the use of appropriate community mechanisms, especially village institutions, when necessary. The second implies increasing public awareness in the community and at the various administrative levels by providing both men and women with gender training courses organized for instance by FA and the VWU, which deal with issues of domestic violence. Such courses could be combined with programmes organized by other grass-roots and local institutions undertaking awareness-raising campaigns. Since data on domestic violence is quite fragmented and the institutional response to it is still missing despite the Government's inclusion of the issue in its CPRGS, the VWU should regularly check the impact of such a strategy by monitoring (i) the incidence of domestic violence and (ii) any improvements in women's quality of life once they are safe from domestic violence. If the strategy is effective, it should be replicated throughout the country using VWU's network of groups and associations.