

Document:	<u>EB 2006/89/R.35</u>
Agenda:	<u>14(c)</u>
Date:	<u>14 November 2006</u>
Distribution:	<u>Restricted</u>
Original:	<u>English</u>

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Enabling the rural poor
to overcome poverty

President's report

Proposed grant to the

Department of Cooperatives, Ministry of Agriculture and Rural Development of the Socialist Republic of Viet Nam for the Rural Development Strategy for 2010-2015 with a Vision to 2020

Executive Board — Eighty-ninth Session
Rome, 12-14 December 2006

For: **Approval**

Note to Executive Board Directors

This document is submitted for approval by the Executive Board.

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Abbreviations and acronyms

MARD	Ministry of Agriculture and Rural Development
PMU	project management unit
SEDP	Socio-Economic Development Plan 2006-2010
WTO	World Trade Organization

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed grant to the Department of Cooperatives, Ministry of Agriculture and Rural Development of the Socialist Republic of Viet Nam for the Rural Development Strategy 2010-2015 with a Vision to 2020, as contained in paragraph 17.

Proposed grant to the Department of Cooperatives, Ministry of Agriculture and Rural Development of the Socialist Republic of Viet Nam for the Rural Development Strategy for 2010-2015 with a Vision to 2020

I. Background

1. At present, Viet Nam is in the process of implementing the Socio-Economic Development Plan 2006-2010 (SEDP) with the aim of moving Viet Nam out of the least developed country category by 2010. In 2006, Viet Nam will join the World Trade Organization (WTO) and will need to face the challenges of globalization and address its implications for rural development. The SEDP includes a rural development strategy for 2006-2010 that aims to bring about the changes in agricultural modes of production necessary for the sector to meet the needs of more competitive domestic and international markets.
2. To reach the targets set by the SEDP for agriculture and rural development and to prepare for entry into the WTO, the Prime Minister has assigned the Ministry of Agriculture and Rural Development (MARD) the task of elaborating a National Programme for New Rural Development. This programme will seek to restructure the rural economy and link farmers with markets, and will develop new models that diversify income through support to micro-, small- and medium-sized enterprises and farmers' groups. The Ministry of Finance and Ministry of Planning and Investment have decided to test the new programme in 20 pilot communes.

II. Rationale/relevance to IFAD

3. While the SEDP provides the overarching policy document for this process and various sector strategies have been developed, a framework is needed to draw these elements together to form a coherent vision. Too often, government programmes are designed and policies are made without sufficient consultation with local stakeholders. The Government needs to facilitate the links between consultations with stakeholders at the local level and policy dialogue among government agencies and civil society at the central level. The needs of farmers and poor households and the lessons learned through projects and government programmes should inform the new rural development strategy and poverty reduction programmes. The need for government policies and programmes to become more market- and farmer-oriented is widely acknowledged.
4. IFAD-supported projects in the country's provinces have introduced innovative rural development models involving participation, community empowerment, decentralization of services (such as savings and credit provision) and infrastructure management. These experiences are highly relevant to the Government's new rural development programme and strategy. It is expected that through the proposed project policy initiatives under the ongoing Rural Income Diversification Project in Tuyen Quang Province and the Decentralized Programme for Rural Poverty Reduction in Ha Giang and Quang Binh Provinces will be reflected in the new national programme.
5. For IFAD, a strengthened partnership with MARD could help establish policy dialogue on experience derived from these projects. Recently, IFAD has become more involved in national policy development through field presence activities in cooperation with policymakers at the central level, such as the technical assistance being provided to MARD for drafting a decree on rural community-based organizations and its input in developing implementation guidelines for the Government's Programme to Assist the Poorest Communes – Phase II. IFAD is also a member of the Executive Committee of MARD's International Support Group. MARD

has therefore requested IFAD's assistance in developing the National Programme for New Rural Development.

III. The proposed project

6. The overall goal is to promote the agro-economic structural shift towards market-driven production and sustain the improvement of material living conditions of rural households in rural Viet Nam after WTO accession.¹ The specific objective of the proposed grant is to assist MARD in formulating a new rural development strategy for the national programme and in consolidating the policy framework for agricultural and rural development, ensuring inclusion of innovative practices introduced by various donors and government initiatives.
7. The project components are as follows: innovation review and research; evaluation of the rural development policy framework; development of the strategy and implementation guidelines; and capacity-building for the implementation and monitoring of the new rural development strategy.

Innovation review and research

8. The project will assist MARD in carrying out reviews and studies of innovative rural development models introduced not only by IFAD-funded projects and programmes in the provinces but also by other donors and international organizations. The focus will be on rural development models that have piloted innovations such as participation, decentralization of production support services, development of farmers' groups, agribusiness management and new extension approaches. Information will be gathered on relevant experience, innovations, successful approaches and lessons learned through implementation, in and on critical issues arising from the current policy constraints. The Department of Cooperatives will establish collaborative forums at the regional level for reviewing and learning from the different donor initiatives and the Government's national target programme for poverty reduction. Provincial authorities will also participate in the forums in order to promote learning across provinces.

Evaluation of the rural development policy framework

9. An in-depth review will evaluate trends in rural development and the current institutional and policy framework related to rural development against specific issues, constraints, challenges and opportunities. This evaluation will help MARD formulate a new policy framework taking into consideration the rapidly changing environment, and identify areas in need of legal and institutional improvement in order to create the enabling conditions for the new strategy (for example promotion of market-led adaptive and sustainable livelihood strategies to meet the needs of poor people living in upland rainfed areas). This component will provide training to strengthen MARD's capacity to formulate legal documents.

Development of the strategy and implementation guidelines

10. For the development of the National Programme for New Rural Development and the elaboration of associated implementation guidelines, 20 communes will be selected in 2007 and 2008 to pilot the new rural development strategy. This pilot process will be Government-funded. The component will support MARD in producing the first draft of the Rural Development Strategy for 2010-2015 with a Vision to 2020 and in creating the relevant policy reform framework. The component will also seek to improve this draft through consultations with stakeholder from the pilot communes and through a regional network for information exchange. The ultimate aim is to help finalize the draft strategy for submission to the Government for approval. The component will help draw up implementation guidelines and design related training of trainer activities for cadres at all levels.

¹ These objectives are aligned with the objectives of the Programme to Assist the Poorest Communes – Phase II.

Capacity-building for the implementation and monitoring of the new rural development strategy

11. Capacity-building of MARD and local authorities will take the form of support to the design, implementation and evaluation of pilot activities and models related to the new rural development strategy. Based on careful monitoring of activities in the pilot communes, the strategy and implementation guidelines will be further refined. Commune-level pilot activities will be coordinated through quarterly review meetings. A parallel analysis will be made of the changes that take place in the functioning and organization of value chains, particularly, with regard to impact on production and value addition, and on the various value-chain participants, especially small-scale producers.

IV. Expected outputs/expected benefits

12. Expected outputs include (i) a draft national rural development strategy submitted for government approval; (ii) a policy framework to support implementation of the strategy; and (iii) distribution of documents and guidelines to assist local stakeholders in implementing the National Programme for New Rural Development and the Programme to Assist the Poorest Communes – Phase II.
13. The proposed project aims to assist MARD in building its capacity to develop a new rural development strategy and guidelines for its implementation. Ultimately, the expected impact is increased household incomes resulting from financially viable farming systems. Through the project MARD will involve provincial and local institutions in policy dialogue on rural development; and develop vertical, horizontal and cross-learning mechanisms for policy feedback. The enhanced capacity and knowledge-sharing networks will be self-sustaining.

V. Implementation arrangements

14. Project implementation will be coordinated by the Department of Cooperatives. A project management unit (PMU) will be established, staffed by a project coordinator (part time), a project director (full time), a technical specialist (international) and an administrative assistant. The PMU will be responsible for (i) recruiting international and national assistance for project review and policy research; (ii) organizing workshops at the international, central and provincial levels; (iii) maintaining good communication with research and policy institutions and the other departments of MARD; (iv) providing implementation support (specialized technical and advisory services), and quality control and assurance for the pilot communes; (v) monitoring pilot operational sites and systematically documenting evaluation outcomes and lesson-learning; (vi) managing and sharing knowledge, and promoting policy dialogue between the provincial and central government authorities; and (vii) managing financial records and accounts.
15. The Provincial focal points will be from the subdepartments of the Department of Cooperatives, which will oversee activities at the provincial and commune levels and will act as the liaison mechanism for the PMU, provincial-level departments and training institutions. The focal points will (i) assist in the training being provided through national and international technical assistance at various levels; (ii) arrange provincial workshops; (iii) provide implementation support to the communes based on the draft strategy; (iv) assist in data collection for monitoring and evaluation in the pilot communes; and (v) maintain close collaboration with the PMU. Feedback on implementation in the pilot communes will be based on comprehensive, up-to-date and well documented surveys, and is expected to generate important inputs for the ongoing analytical work to elaborate the new strategy and implementation guidelines. IFAD will directly supervise implementation of project activities.

VI. Indicative project costs and financing

16. IFAD will provide US\$300,000 to finance the cost of the three-year project, including national and international technical assistance, training, workshops, international and domestic travel and publications. Government contributions will be in-kind (in the form of the services of the project coordinator and the project director).

Project costs^a

(Thousands of United States dollars)

Category of expenditure	Grant amount expenditures			Total
	PY1	PY2	PY3	
Training/workshops	44 000	10 000	30 000	84 000
Technical assistance	88 000		22 000	110 000
Field visits and travel	30 000	10 000		40 000
Salaries	26 400	26 400	13 200	66 000
Total	188 400	46 400	65 200	300 000

^a Discrepancies in totals are due to rounding.

VII. Recommendation

17. I recommend that the Executive Board approve the proposed grant in terms of the following resolution:

RESOLVED: that the Fund, in order to finance in part, the Rural Development Strategy for 2010-2015 with a Vision to 2020 for three years, shall make a grant not exceeding three hundred thousand United States dollars (US\$300,000) to the Department of Cooperatives of the Ministry of Agriculture and Rural Development of the Socialist Republic of Viet Nam upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Lennart Båge
President

Logical framework

A. RESULTS	INDICATORS	M&E MECHANISMS AND SOURCES	ASSUMPTIONS AND RISKS
<p>Development Goal</p> <p>To 'promote the agro-economic structural shift in the direction of market-driven production; and sustain the improvement of spiritual and material living conditions of rural households in rural Vietnam after WTO accession'^a</p>	<p>Poverty: <u>Poor households' relative improvement of assets ownership index in piloted communes*</u> <u>Reduced child malnutrition* (f/m)^b:</u> % underweight (low weight for age), % stunting (low height for age), % wasting (low weight for height) Percentage of poor households in participating communes</p> <p>Food Security: <u>Number of households that have improved food security</u></p> <p>Replicability: Number of provinces demonstrating interest in adopting the programme approaches <i>* RIMS anchor indicators</i></p> <p>Draft National Rural Development Strategy with vision to 2020 submitted for Government approval; Improved policy framework to support implementation of the above Strategy agreed upon with provinces; MARD implementation guidelines for Project on Pilot Models of New Rural Development in Vietnam and P 135/2.</p>	<p>Surveys in 20 pilot communes (baseline and completion) Annual poverty assessments by MOLISA National Human Development Report PMU records</p> <p>MARD Policy M&E system Law database of Ministry of Justice and MARD PBAS Grant Completion Report</p>	<p>Assumptions:</p> <p>Capacity of provinces to adopt new innovative approaches</p> <p>Donors and Government are open to cooperation with the proposed project</p>
<p>Programme Purpose</p> <p>To assist MARD in the formulation of a New Rural Development Strategy and consolidation of the current policy framework related to agriculture and rural development based on innovative practices introduced by different donors and government initiatives.</p>			
B. OUTPUTS	INDICATORS	M&E MECHANISMS AND SOURCES	ASSUMPTIONS AND RISKS
<p>COMPONENT 1. Review and Research around Innovations</p> <p>Vertical, horizontal and cross-learning mechanisms developed for policy feedback</p>	<p>(a) Completed reviews and studies of existing innovative rural development models (b) Collaborative forums established at the regional level for reviewing and lesson-learning from different initiatives and Government's National Target Programs for Poverty Reduction (c) Completed research, analysis and evaluation of existing framework of rural development policies (d) Strengthened capacity of MARD on formulating legal documents and policy analysis.</p>	<p>Policy and project review documents approved by the Government Proceedings from regional workshops (intra-province) for cross learning of experience between provinces Proceedings from International workshop to share findings and receive recommendations for future strategy development. Feedback on training carried out PMU documentation</p>	<p>Adoption of recommendations by the Government, which is to provide them the appropriate analysis tools to lead to a future strategy.</p>
<p>COMPONENT 2. Strategy and Implementation guideline development</p> <p>Issuance and promulgation of instructing regulatory and sub-Circular documents and implementation guidelines^c guiding local stakeholders in implementation of the MARD Circulars under National Programme for New Rural Development and Programme 135/2</p>	<p>(a) A network of communes established to strengthen the dissemination of lessons and experience in implementation of the province socio-economic development plans, 'New Programme for New Rural Development' and P135/2 (b) First draft of New Rural Development Strategy 2010 – 2015 with a vision to 2020 combined with relevant policy reform framework (c) Implementation guidelines and TOT activities for which cadres at all levels could trained on the implementation guidelines.</p>	<p>Draft "Strategy for New Rural Development" and associated monitoring indicators and implementation guidelines Consolidation and review document of implementation of 20 pilot communes Proceedings from wrap up workshop to incorporate feedback from the pilot communes.</p>	<p>Implementation guidelines adopted by MARD, Committee for Ethnic Minorities CEM and other line ministries.</p>
<p>COMPONENT 3. Capacity building for implementation and monitoring of 'New Rural Development Strategy'</p> <p>Enhanced capacity of MARD to involve provincial and local institutions in policy dialogue on rural development</p>	<p>(a) Functioning pilot communes implementing the 'New Rural Development Strategy'. (b) MARD staff, DARD staff, district level extension staff and commune officials trained</p>	<p>Commune reports PMU records Proceedings from regular quarterly review workshops Proceedings from central level consolidation workshop</p>	<p>Activities from the 20 pilot communes are able to generate applicable results. SIDA is open to cofinancing the initiative.</p>

^a These objectives are aligned to those of the production support component objectives of Programme 135 Phase II, as defined in Decision 07.

^b (f/m) means gender-disaggregated data collection

^c Sub-circular documents and guidelines are intended to act as a means to operationalize the programme objectives found in Decision 07 for P 135 Phase II and Programme for New Rural Development

