

Socialist Republic of Viet Nam

Ha Giang: Commodity-oriented Poverty Reduction Programme

Final project design report

Main report and appendices

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Currency equivalents

Currency Unit	=	Vietnamese Dong (VND)
US\$1.0	=	21,000

Weights and measures

1 kilogram	=	1000 g
1 000 kg	=	2.204 lb.
1 kilometre (km)	=	0.62 mile
1 metre	=	1.09 yards
1 square metre	=	10.76 square feet
1 acre	=	0.405 hectare
1 hectare	=	2.47 acres

Abbreviations and acronyms

ARD	Agriculture and Rural Development
AWPB	Annual work plan and budget
BMPs	Better Management Practices
CC	Climate change
CDB	Commune Development Board
CIG	Community interest groups
COSOP	Country Strategic Opportunities Programme
CPC	Commune People's Committee
CAA	Climate adapted agriculture
DARD	Department of Agriculture and Rural Development
DA	Designated Account
DOLISA	Department of Labour Invalids and Social Affairs
DoNRE	Department of Natural Resource and Environment
DPC	District People's Committee
DPI	Department of Planning and Investment
DPPR	Decentralized Project for Poverty Reduction
EFA	Economic and Financial Analysis
GDP	Gross Domestic Product
GSO	Government Statistical Office
GoV	Government of Viet Nam
HCMC	Ho Chi Minh City
ICT	Information communication technology
IFAD	International Fund for Agriculture Development
IRR	Internal rate of Return
MARD	Ministry of Agriculture and Rural Development
M&E	Monitoring and Evaluation
MTR	Mid-term Review
MFI	Micro Finance Institution
MIS	Management information system
MoF	Ministry of Finance
MoLISA	Ministry of Labour Invalids and Social Affairs
MoSEDP	Market-Orientated Socio-Economic Development Planning
MoU	Memorandum of Understanding
NGO	Non-Government Organization
NTP	National Target Programme
NTP-NRD	National Target Programme on the New Rural Development
NTP-RCC	National Target Program to Respond to CC
ODA	Official Development Assistance
PCF	People's Credit Fund
PCR	Programme Completion Review
PCO	Programme Coordination Unit
PD	Programme Director
PLF	Programme Life File
PO	SEDP Planning Officer
PPB	Programme Preparation Board
PPC	Provincial People's Committees
P-PC	Public – Private Collaboration
PPP	Public – Private Partnership

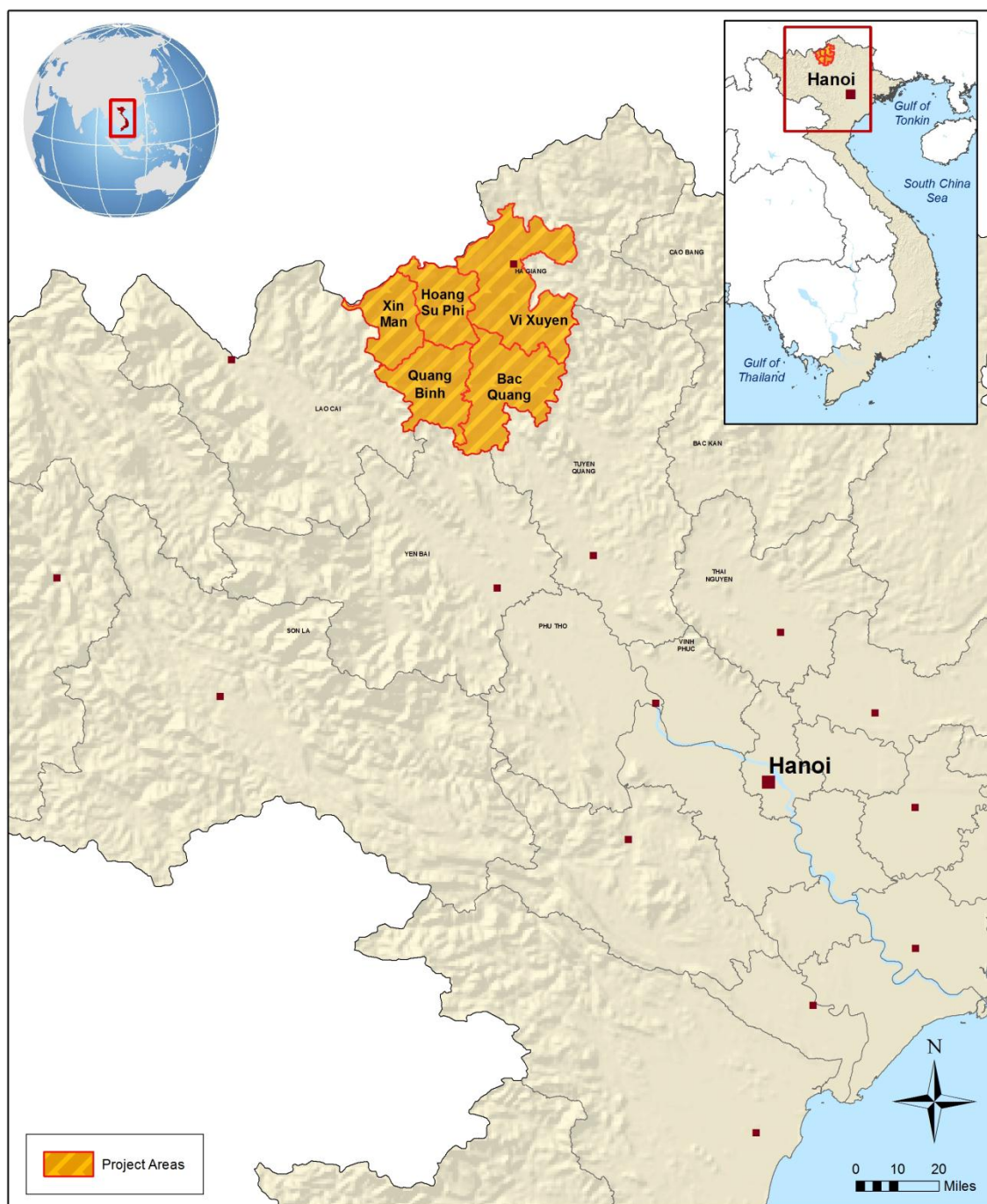
PSC	Programme Steering Committee
RFS	Rural Finance Specialist
RIMS	Results and Impact Management System
SBV	State Bank of Viet Nam
SCG	Savings and Credit Group
SEDP	Socio-Economic Development Plan
SF	IFAD Strategic Framework
SIP	Strategic Investment Plan
SEDS	Socio-economic Development Strategy
SME	Small and Medium Enterprise
SMS	Strategic Management Service
SOE	Statements of Expenditure
SRI	System of Rice Intensification
ToR	Terms of Reference
ToT	Training of trainers
VAT	Value Added Tax
VBARD	Viet Nam Bank for Agriculture and Rural Development
VBSP	Viet Nam Bank for Social Policy
VC	Value Chain
VCDO	Value Chain Development Officer
VCMDO	Value Chain and Market Development Officer
VDB	Village Development Board
VFU	Viet Nam Farmers' Union
VND	Vietnamese Dong
WSCF	Women's Savings and Credit Facilities
WSF	Women's Social Fund
WU	Women's Union

Map of the Programme area

Socialist Republic of Viet Nam

Ha Giang: Commodity-oriented Poverty Reduction Programme

Design report



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.

Map compiled by IFAD | 28-05-2014

Executive Summary¹

- 1. Background:** The Commodity-based Poverty Reduction Programme in Ha Giang Province (CPRP) is financed through an International Fund for Agricultural Development (IFAD) loan (USD 10 million) and co-financing from the Government of Viet Nam and programme beneficiaries. There is a financing gap of USD 10 million which IFAD intends to fill through existing or future PBAS resources, once available. The CPRP was identified during the development of the Viet Nam Country Strategic Opportunities Programme 2012-2017 (COSOP), which has a strong pro-poor, climate adapted and market-oriented agriculture development thrust, and was integrated into the pipeline of projects that received Government of Viet Nam's (GoV) approval. The CPRP is fully aligned with the GoV's Socio-Economic Development Strategy (SEDS), National Target Programme on New Rural Development (NTP-NRD), National Target Programme on Response to Climate Change (NTP-RCC) and the CC action plan for the agriculture and rural development (ARD) sector.
- 2. Rationale and Approach:** Ha Giang, with a population of 756,000 people, including 22 ethnic minority groups, is one of four poorest provinces in Vietnam. The province, where only 19% of land is classified for agricultural use, is characterised by its mountainous kaast geography, a harsh climate, limited rural infrastructure and relatively low literacy levels, particularly amongst the majority ethnic minority population. DoLISA reports that, in 2012, 30.1% of total population were living under the poverty line and 20.6% were living just above the poverty line (DOLISA, 2012).
- 3.** Ha Giang province has been supported by IFAD through the Ha Giang Development Project for Ethnic Minorities between April 1998 and June 2004 and the Decentralized Project for Poverty Reduction (DPPR) between August 2005 and end-September 2011. Both projects were rated as "successful". Project successes included (i) a sharp drop in household poverty levels; (ii) the mainstreaming of a comprehensive decentralization and community empowerment strategy; and (iii) infrastructure development supporting enhanced agricultural production and market access. Under the DPPR, four areas identified for future poverty reduction included: (i) the promotion of market-oriented production; (ii) the strengthening of linkages between enterprises and farmers; (iii) further intensification of linkages between 'growth clusters' and poor areas in the province; and (iv) the development of upland production systems with due attention to climate change adaption. The outcomes of both projects are described in detail in Appendix 3, Annex 1.
- 4.** To more rapidly reduce poverty, the Provincial Government has identified the need for more decentralised, participatory and market-oriented planning, as mandated by the NTP-NRD, and for pro-poor investment in market-oriented production and processing systems. This is consistent with the GoV objective of shifting from a growth model built around the state-owned sector with its emphasis on quantity rather than quality, to a model built around a quality workforce employed by linked-up, entrepreneurially driven private enterprise, able to achieve greater productivity through better integration with the national and global economy.
- 5.** The approach taken by CPRP will be specifically oriented towards consolidating and up-scaling past successful IFAD interventions, while introducing a stronger focus on enterprise-led growth, all within the strategic framework of the NTP-NRD, which is recognised in the COSOP as a key mechanism for scaling-up poverty reduction investment in Viet Nam. The Programme will place strong emphasis on building an enabling environment for the engagement of the private sector in raising agricultural productivity, creating rural employment and generating rural income, through developing and promoting pro-poor commodity chains and market linkages between rural households, particularly poor households, and the growing demand in urban centres and the global market. While innovations

¹ Final design mission composition: Mr Garry Smith, Team Leader; Mr Thomas Muenzel, Economist, FAO; Mr Sauli Hurri, Monitoring and Evaluation Specialist; Mr. Jorma Ruotsi, Rural Finance Specialist; Mr Nguyen Thanh Tung, IFAD Country Programme Officer; Ms. Nguyen Thu Hoai, IFAD Financial Management Officer; and Mr. Quang Nguyen Ngoc, Social and Environment Specialist. Mr Henning Pedersen IFAD Country Director (9-16 April 2014) and Mr Michael Hamp, Lead Adviser, PTA joined the mission from 9-13 April, 2014.

related to market-oriented poverty reduction have been successfully piloted in various IFAD-supported projects, including in Ha Giang, a more-rigorous, commodity and value chain (VC) oriented approach to future investment is needed for increasing benefit flow to poor rural people. This must be accompanied by capacity building for market-led development in both the public and private sectors. The other imperative is that all interventions must have a neutral or positive (“no regrets”) effect on the ability of communities to adapt to climate change and related, increasingly frequent catastrophic weather events. These initiatives will be underpinned by the expansion and development of participatory, climate adapted market-oriented Socio-Economic Development Planning (MoSEDP) at provincial, district and commune levels.

6. **CPRP Programme area:** The Programme will support development in 30 communes in Bắc Quang, Hoàng Su Phì, Quang Bình, Vị Xuyên and Xín Mần districts. These districts have been selected because of their production/processing potential, access to rural infrastructure and markets and because they form the hubs of nascent rural industries in Ha Giang (tea, timber, medicinal herbs and spices, livestock, etc.) whose commodity chains reach into remote upland communities within and beyond these districts. Ethnic minorities form a large proportion of the population in all Programme districts and 59% of the total population in the Programme area. The 30 Programme communes have been selected during participatory workshops in the districts on the basis of the following selection criteria (i) potential for development of pro-poor value chains; (ii) poverty rate; (iii) vulnerability to natural disaster; and (iv) commitment of leadership. The selected communes include better market-linked communes as well as communes that are more remote, but that can be joined-up through value chain development.

7. **Target population and expected benefits:** The Programme target groups are: (i) rural poor households with land and labour, including household enterprises; (ii) unskilled employed rural people; (iii) rural people lacking production land but having business acumen and desire; and, (iv) key farmers who have the skills to promote commercial agricultural production. Women and female-headed and ethnic minority households will be prioritised among the aforementioned target group. The Programme proposes specific measures to ensure women’s participation in relevant activities, including minimum participation rates.

8. The Programme is estimated to provide significant benefits for a minimum of 35,000 poor rural people in 10,000 households. These will receive a combination of capacity building, technology transfer and credit access, supported by upgraded community infrastructure and co-financing of innovative investment in their farming operations. At least 4,000 people will benefit from new employment opportunities generated by farm and off-farm investments, at least 5,000 women will gain improved access to credit and about 4,000 people, particularly rural youth, will receive vocational training. Other participants who will benefit from the Programme include (i) government officials empowered to support market-led growth; and, (ii) private market and value chain agri-businesses that find common interest in promoting viable pro-poor products and services. The Programme will also generate flow-on benefits to the entire rural population of the province through better access to climate adapted agriculture technology and credit, and institutional strengthening leading to more climate informed and market-oriented planning.

9. **Gender:** Poor women and women-headed household are facing significantly greater obstacles in escaping poverty. The Programme proposes specific measures to ensure women’s participation in relevant activities, including minimum participation rates, especially for Village Development Boards (VDBs), Common Interest Groups (CIGs), vocational training and credit access. The support of the Woman’s Union and establishment of women’s Savings and Credit Groups (SCGs) will be vital in this respect.

10. **Programme goal, objectives, outcomes and approach:** **The Goal** of the Programme is: *sustainably improved income and reduced vulnerability of rural poor households in targeted Ha Giang communes.* The **Development Objective** is: *targeted private agricultural enterprises, cooperative groups and farm households collaborating profitable and sustainably in a climate adapted, market oriented new provincial rural economy.* The main outcomes at the goal level are: (i) out of the 10,000

HH considered poor and near poor in Programme communes, 5000 HH will be lifted out of poverty (officially considered at VND 400,000/person/month) by the end of the Programme; (differentiated data for poor/near poor, ethnic minority & women-headed households); (ii) in Programme counties, the prevalence of stunting of children under 5 years of age falls from 35% to 24% over the Programme life; and (iii) equal livelihood improvements for female- and male-headed households. The main indicators at the objective level are: (i) 10,000 poor and near poor households in targeted communes have at least 30% increase in income (inflation adjusted and disaggregated by gender and ethnicity); (ii) Programme commune value of agricultural production raised 20% by Programme-end; and (iii) at least USD 15 million invested in profitable commodity-targeted, climate change resilient infrastructure, farming systems and enterprises in Programme communes that show an IRR > 12%.

Programme components

11. The Programme has two main components; (i) **Planning for sustainable market-led development established**; and (ii) **Pro-poor commodity investments implemented**. There is also a Programme Coordination component.

12. Components one and two will follow sequenced, parallel implementation pathways. As capacity is built at community, commune and district public sector levels to incorporate a climate adapted value chain approach into socio-economic planning, the Programme will work with private farmers, agri-businesses and technical departments to identify commodity investment opportunities² and build VC Strategic Investment Plans (SIP). These lines of activity will begin to mesh in the second Programme year as empowered communities and public institutions begin developing Market-oriented SEDPs (MoSEDP) from commune-level upwards, aligning public sector investments in support of community infrastructure, farm production and productivity and agri-business growth with profitable commodity market and value chain opportunities.

Component 1: Planning for sustainable market-led development established.

13. The Component 1 outcome will be: *Provincial socio-economic development planning is holistic, participatory, climate adapted and market oriented*. The indicators for successful outcome achievement will be: (i) 70% of Ha Giang communes implementing participatory multi-year, market oriented planning for rural development public investment; (ii) 70% competency achieved by trainees at all levels in results-based economic and investment planning and management; (iii) At least 10 PPC-approved commodity-based value chain Strategic Investment Plans (SIP) valued ≥USD200,000 profitably implemented (IRR ≥12%) and (iv) locally tailored strategies for climate adapted agriculture (CAA) and Community-based Disaster Risk Management (CBDRM) developed & under implementation in all Programme districts and communes. Component 1 has three Sub-components: (i) commodity-based investment planning institutionalized; (ii) MoSEDP processes support private sector investment at commune level; and (iii) Climate adapted technology tested and developed.

14. Sub-Component 1.1. Commodity-based investment planning institutionalized. In the first six months of the Programme, the Programme Coordination Office (PCO) Commodity & Value Chain Development team, supported by international technical assistance, will, through a mix of theoretical and case-based training, capacitate the Department of Agriculture and Rural Development (DARD) to conduct financial and economic analysis of commodity and associated VCs in Ha Giang. This could include institutional reform within DARD to ensure sustainable technical support to agro-industry value chains in Ha Giang. An immediate output will be at least six Provincial People's Committee (PPC) approved commodity-based VC Strategic Investment Plans (SIP), for integration into commune and district MoSEDPs. An empowered DARD with PCO support, will, subsequently: (i) support the integration of VC development in the MoSEDP programme; (ii) provide technical support to value chain development across the Programme area; (iii) provide mentoring to VC actors and co-ordinate their capacity development; (iv) coordinate with specialists in specific value chains and in "climate proofing" agriculture production; (v) mentor contract negotiations between farmers and other VC entities; and, (vi) facilitate conflict resolution and mediation when required.

² It is expected that the major commodity development opportunities will be identified during the project design process.

15. Sub-Component 1.2. Planning is climate adapted, market oriented and results based. The PCO SEDP planning team, supported by a national training institution, will empower the DPI to lead a programme in capacity building for market-led development at commune and district levels, which will precede the introduction of MoSEDP. These activities will commence in the Programme-targeted communes/districts and be subsequently rolled out to all communes/districts in Ha Giang. The MoSEDP process will incorporate the results of the commodity-based SIP analysis described under Sub-component 1.1. This sub-component includes two activities:

16. Activity 1.2.1. Public sector market economy skills strengthened. This activity entails assisting Ha Giang government officials to effectively support the provincial government's market oriented development strategy. The DPI-led capacity building programme will demystify market mechanisms and provide staff with the skills and tools to implement results-based planning, management, monitoring, reporting and learning within the framework of a market-based economy. The primary target will be village leaders, elected officials of People's Committees and People's Councils, Supervision Boards and technical cadres and members of the mass organisations at commune and district levels. Training programs, delivered by pre-qualified and competitively selected public or private institutions, will focus on, *inter alia*, understanding the market economy and associated roles of government and the private sector, the economics of supply and demand and impact of market competitiveness, the nature of public and private goods, privatization, the roles of capital, labour and international trade and the transition from a planned to a market economy. Gender equality and environment management will be cross-cutting training targets. Staff will also be trained in results based management, including effective monitoring and evaluation (M&E) and reporting and feedback to management decision making.

17. Activity 1.2.2. Market oriented socio-economic development planning implemented provincially. This DPI-led activity, implemented with DARD support, consists of two parts: (a) Market-informed socio-economic development planning; and (b) Community based climate change adaptation (CBA) and disaster risk management (CBDRM) planning.

- (a) Market-oriented socio-economic development planning. This DPI led activity, supported by DARD, will build on the participatory socio-economic development plan (SEDP) process already institutionalized in Ha Giang. At commune and district level, initially in Programme communes and then across the province, the Programme will facilitate the integration of VC development planning into the SEDP process, The resulting MoSEDP will engage relevant entities at the village, commune and district level, including the effective participation of Village Development Boards (VDBs) and private enterprise, and be inclusive of all funding sources, including National Target Programmes (NTPs) (New Rural Development; Response to Climate Change; Sustainable Poverty Alleviation). Women's representation in MoSEDP planning will be mandated.
- (b) Community based adaptation and disaster risk management planning. This activity, which is new to Ha Giang, will, under DARD leadership with Department of natural Resources and Environment (DoNRE) and NGO support, be initially piloted in one commune in each of the five Programme districts before being rolled out across the Programme communes. It will adapt existing methodologies to build community and institutional capacity to undertake CBA and CBDRM planning in Ha Giang. The CBA process will, through a village-based programme of climate vulnerability and capacity, gender and power analysis and Participatory Scenario Development (PSD), enable villages to formulate community-based adaptation plans The CBDRM activity, which will align with the national CBDRM program, will provide for the participatory development of a local vision (mapping) of the potential for development and use of natural resources, including associated constraints i.e. vulnerability and risks. CBA and CBDRM plans will feed into the MoSEDP, guiding Component 2 investments. Women's and poor household representation in CBA/CBDRM planning will be mandated.

18. Sub-Component 1.3. Climate adapted technology tested and developed. An inter-departmental Technical Advisory Group (TAG) will be established at the provincial level to guide the CBA/CBDRM process. This group will coordinate the implementation of an adaptive research programme that will (i) establish an end user reference/stakeholder group to identify adaptive needs and evaluate adaptive technologies; (ii) analyse agricultural, livestock and forestry systems and develop financial models; (iii) plan a climate-smart adaptive research programme, including the testing and promotion of new *forage* technologies in Ha Giang farming systems; and (iv) review and publicize results. The TAG will also oversee a participatory research programme to fine tune climate adaptation technologies across agro-ecological zones in Ha Giang.

Component 2: Building pro-poor commodity investment.

19. The outcome of this component will be: *increased public and private investment in sustainable, profitable commodity production and value addition.* Component 2 has three Sub-Components, namely: (i) community development co-financed; (ii) rural financial services enhanced; (iii) public-private collaboration implemented. The indicators for successful outcome implementation will be: (i) At least 80% of participating communities & CIGs confirm the utility of Programme financed market oriented commune infrastructure investments (disaggregated by gender); (ii) At least 50% of IFAD Programme supported Common Interest Group (CIG) members linked to existing or new value chains (disaggregated by gender); (iii) At least 70% rural household satisfaction with farmer-level training services (gender & age disaggregated); (iv) At least 70% of enterprise-level vocational trainee's secure decent employment³ (gender & age disaggregated); (v) SCGs maintain a minimum annual saving rate growth of 10% over base-year savings; (vi) Equity base of registered Social Fund increases by 5% annually after registration; and (vii) less than 5% non-performing loans in new SCG portfolio.

20. Sub-Component 2.1. Community development co-financed. This Sub-Component will include two community co-financed activities: (i) community infrastructure development; and (ii) common interest group establishment. Both activities will be fully integrated into the equivalent NTP-NRD programmes.

21. Activity 2.1.1. Community infrastructure developed. Public infrastructure investment grants up to USD 300,000 per commune (including local and NTP-NRD contribution) will be available for infrastructure investments that provide public good benefits essential to targeted commodity chain development and/or climate change or disaster proofing. This activity will be integrated into the NTP-NRD agriculture infrastructure investment process, the funding for which will be a government contribution to the Programme. Consistent with NTP-NRD procedures, modified to meet CPRP requirements, public good infrastructure investment schemes will, with consultant support where required, be identified and prioritized by VDBs, incorporated into the annual commune MoSEDP and evaluated/approved by Commune Development Boards (CDB)⁴. Beneficiary contribution of total construction costs of public good infrastructure works will be at least 10%, with IFAD/NTP-NRD funding the balance. Individual public infrastructure investments exceeding USD 60,000 will require no objection from IFAD. VDBs and CDBs should have at least: 30% female membership and 30% membership from DoLISA registered poor households.

22. The community-based public infrastructure programme will be supported by youth-targeted vocational training in skills that could be quickly applied through the community infrastructure programme. The Programme will, where practicable, use force account processes for community infrastructure investments, designed to create jobs for the vocational trainees and promote community ownership in the operation and maintenance. Early vocational training could focus on such skills as concreting, carpentry, road levelling and surfacing, brick laying, semi-skilled machine operation, painting and public infrastructure maintenance. Women's participation in youth vocational training will be strongly promoted.

³ A wage at or above the minimum wage

⁴ In the first Programme year, the existing procedure of District Development Board approval would be followed, however, this would be transferred to the Commune Development Board as soon as their capacity permitted.

23. *Activity 2.1.2. Common interest groups (CIG) established.* To support the development of innovative technologies, climate adaptation, DRM strategies or market chain linkages, the Programme will, on a competitive basis, co-finance innovative investment in sustainable, climate-adapted, commodity-based production systems by eligible CIG farmer members or farmers' cooperatives (not SMEs or other companies). This activity will be integrated into the NTP-NRD CIG programme. CIGs structural requirements will include at least 30% of members represented by DoLISA identified poor households and with at least 30% of female members. Grants will focus on innovative production, climate adaptation, risk reduction or value addition investments linked to profitable commodity chains identified through the SIP process and incorporated into local MoSEDPs. The maximum grant value of USD 5,000 per group will cover up to 50% of the total cost of each investment, with beneficiaries financing up to 30% in kind and the balance to be provided through cash or credit. All supported CIG investments must demonstrate sustainability beyond the initial CPRP assistance. In particular, CIG grants must be closely linked to VC development under Sub-component 2.3. A part of each CIG grant could be used by the group for procurement of technical support services, including farmer-to-farmer support coordinated by the Farmers Union (FU), and other service providers, to support the effective implementation of the grant-co-financed projects. All such contracts will include output targets. The Programme will also provide farm/business management training to CIG and Savings and Credit Groups (SCGs) members, participation in which will be a condition of Programme support. In addition, the CPRP staff will include in each Programme district a Business Linkage Facilitator, who will support the CIGs and will be responsible for the effective implementation of these competitive grants in the district.

24. Sub-Component 2.2. Rural financial services enhanced. The Sub-Component of this sub-component will co-finance the establishment and capitalization of around 350 new savings-driven women's SCG in 30 communes in Ha Giang. It will also provide a comprehensive support package (technical assistance, capacity building services, vehicles, equipment and on-lending capital) to the Ha Giang WU for the establishment of, initially, a Women's Development Support Fund (WDSF), with a view to its transformation into a registered Social Fund by end-PY3 and eventually, probably beyond the life of the CPRP, into a microfinance institution registered with the State Bank of Viet Nam. The SCG programme will focus on poorer communes and place special emphasis on the inclusion of women-headed households in the groups. Implementation responsibility for the establishment of the new SCGs will be with the WU. The Programme will grant USD 0.5 million to the WU for on-lending to SCGs. This fund will eventually capitalize the Social Fund. New SCGs, having achieved initial proscribed savings targets, will be lent USD 1250, on VBSP-equivalent terms, for on-lending to members. An additional USD 750 loan will be available later, on a competitive basis for SCGs with successful loan portfolios and savings performance. SCGs will be expected to maintain a minimum annual saving rate growth of 10% over base-year savings.

25. The commercial financial sector have substantial own funds, including for some for medium and long-term investments. These institutions, including Agribank, also have access to large national agricultural credit lines, particularly those financed by the World Bank, while Peoples Credit Funds (PCF) have access to a large, internationally funded credit line. Agribusiness borrowers also have access to an established and adequately capitalized loan guarantee facility managed by the Department of Finance (DoF). Given this situation, the CPRP will finance Provincial Agro-Finance Workshops to bring key local and regional financiers, agro-enterprises, donors, and producers' representatives together to share information on various types of financing options for commodity chain participants in the province. These workshops that aim to substantially contribute to the future level of agro-financing in Ha Giang province, will be organised three times during the CPRP period.

26. Sub-Component 2.3. Public – Private Collaboration (P-PC) implemented. This sub-component will provide P-PC co-financing to generate investments and job opportunities among the rural households, with particular attention to poor and women-headed households in the Programme area.

In line with recent GoV decisions⁵, the CPRP will catalyse private sector agro-enterprise investment in Ha Giang by co-financing investments that generate incremental markets for raw material and value addition, leading to increased income and job opportunities among rural households, particularly poor households. The Programme will identify commodities that have investment potential and which are in compliance with the Ha Giang provincial SEDP. The selected commodities will be chosen based on having strong potential for: (i) export and/or import substitution; (ii) involving rural households to undertake investments and thereby expanding their production/income and creating incremental jobs; and (iii) engaging poor farm households. For each selected commodity, a SIP will be prepared, including all potential activities within the VCs inherent in that particular commodity segment. At least 40% of the total number of households benefiting from P-PC supported value chain investments should be represented by poor, near poor or women-headed households. Only legally registered household enterprises, cooperative societies and companies of at least 24 months standing will be eligible to apply. Entities that are the subject of bankruptcy, criminal investigation, fraud, corruption or are in default of contractual agreements will be ineligible. P-PC investments will be awarded on a competitive basis for capital investments in civil works, equipment (processing, packaging, energy generation or environment protection), transportation and marketing, related directly to the core activity of the investor. The P-PC facility will be established with IFAD co-financing up to 49% of total investment cost, with the remaining investment being contributed by the benefitting business. Applications with higher levels of own contribution will be assessed as more competitive. Up to 30% of P-PC grants will be available for the purchase of supporting services (business development services, legal, technical, marketing, standards, farmer extension, etc.) for the planned commodity chain investment. Co-financing will start at USD 15,000 as a minimum and reach up to USD 100,000 as the maximum. In cases where the potential export/import substitution and social impact of the proposed programme is extremely high and/ or the investment is pivotal for developing the respective commodity in Ha Giang, the maximum P-PC grant could, subject to IFAD's no objection, be up to USD 200,000. For household enterprises, the co-financing range will be USD 5,000 to USD 30,000.

27. The Programme will also support enterprise staff training and technical advisory services to farmer suppliers on a cost sharing basis. Output-based enterprise extension services and enterprise vocational training programmes, will, if required, be included into P-PC funding applications. Up to 30% of a P-PC grant could be used for training purposes. Within this limit, the Programme will co-finance up to 70% of the cost of (i) vocational training for enterprise staff and (ii) outcome-based enterprise extension contracts targeting improved commodity production and productivity that include at least 40% of poor and women-headed farm households. Extension services will, preferably, be delivered by enterprise staff, however, enterprises could also employ experienced farmers or third party technical advisors (e.g. NGOs, academic institutions, service centres, etc.) to deliver such services.

⁵ (i) GoV Decree No.: 210/2013/ND-CP on incentive policies for enterprises investing in agriculture and rural area; (ii) Prime Minister Decision No. 62 on promotion policy on cooperation and development of production links associated with agricultural development; and (iii) Ha Giang PPC Decision Nr: 47/2012/NQ-HDND: Resolution on incentive policies for social and economic development in Ha Giang Province. MARD is also finalizing a Government Decree on investment in the form of public-private partnerships in agriculture and rural development.

28. **Programme Risks** are summarized in Table 1 **Error! Reference source not found.** below.

Table 1. Main CPRP risks and mitigation measures.

Risk	Impact Rating		Risk Mitigation Measures
	Likelihood	Severity	
External shocks to macro economy	M	H	Higher productivity and reduced cost per unit of quality outputs
Provincial governments cannot (due to lack of MPI direction) integrate commune level NTP funding into the MoSEDP process.	M	M	Planning and financial integration of CPRP and New Rural Development measures New Law on Public Investment and Decree on Medium-term Public Investment Planning, due at end-2014, are expected to mitigate this risk.
Weak CC adaptation policy settings and priorities	H	M	Strong community-based CC adaptation emphasis in including substantial PAR and KM activities
Lack of integrated disaster risk planning and management	H	H	Programme investment in climate adapted agriculture Careful screening of all proposed investments Close mentoring for planners and implementers
Lack of effective inter-institutional cooperation & dialogue on development issues	M	M	Leadership from PSC and PCO
Inadequate skills base amongst local service providers	H	H	Investment in capacity building supported by external technical assistance where required
Financial service providers unwilling to support Programme investments	M	H	Increased emphasis on savings Development of new financial products Investment in profitable, climate adapted production systems and value chains
Elite capture of benefits	L/M	H	Pro-poor investment policies and planning Community empowerment, particularly women and minority people Close mentoring and scrutiny for all investments

29. **Programme cost and financing.** The total Programme costs are provisionally estimated at US\$ 33.7 million (VND 752 billion). Funds allocated to the Programme Management are about USD 3.1 million or 9.2% of the total Programme costs. The Programme will be financed by: (i) an IFAD Loan, USD 20 million⁶ (59.3% of the total Programme costs); (ii) Beneficiary contributions, USD 4.2 million (12.5% of the total Programme cost); and (iii) GoV contribution, USD 9.5 million (28.2% of the total Programme cost) including taxes and duties amounting to USD 1.5 million and contribution from government budget of USD 8.0 million.

30. **Implementation arrangements:** The Programme will build off the implementation arrangements developed under the IFAD financed Decentralized Project for Poverty Reduction (DPPR) project, which has received a positive assessment of its impact on decentralizing project investments to commune and village levels, increasing the participation of beneficiaries and enhancing the ownership of local authorities, as well as, promoting grass-roots democracy in poverty reduction. The primary difference between the CPRP and the DPPR will be the stronger focus on profitable and sustainable private sector engagement in commodity chain development and an increased focus on programme delivery through government departments and national programmes. Experienced personnel from the DPPR will be retained to serve implementation of the CPRP, however, the PCO will ensure that the skills of the Programme team are of the highest available calibre and fully aligned with the agreed Terms of Reference (ToR) for PCO staff. The Programme Coordination Office will be attached to the Programme for New Rural Development Office

⁶ There is a financing gap of USD 10 million (29.5%), which IFAD intends to fill through existing or future PBAS resources, once available.

Logical Framework

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions
Goal:			
Sustainably improved income and reduced vulnerability of rural poor households in targeted Ha Giang communes.	<ul style="list-style-type: none"> ▪ Out of the 10,000 HH considered poor and near poor in Programme communes, 5000 HH will be lifted out of poverty (officially considered at VND 400,000/person/month) by the end of the Programme; (differentiated data for poor/near poor, ethnic minority & women-headed households). ▪ In Programme counties, the prevalence of stunting of children under 5 years of age falls from 35% to 24% over the Programme life.. ▪ Equal poverty reduction for female- and male-headed households⁷. 	<ul style="list-style-type: none"> ▪ Baseline, periodic and impact evaluation surveys. ▪ Provincial statistics. ▪ UNICEF Viet Nam Nutritional Surveillance Profiles (annual) 	
Programme Development Objective:			
Targeted private agricultural enterprises, cooperative groups and farm households collaborating profitable and sustainably in a climate adapted, market oriented new provincial rural economy.	<ul style="list-style-type: none"> ▪ 10,000 poor and near poor households in targeted communes have at least 30% increase in income (inflation adjusted and disaggregated by gender and ethnicity⁵). ▪ Programme commune value of agricultural production raised 20% by Programme-end⁷ ▪ At least USD 15 million invested in profitable commodity-targeted, climate change resilient infrastructure, farming systems and enterprises in Programme communes, showing an IRR > 12%. 	<ul style="list-style-type: none"> ▪ Baseline, periodic and impact evaluation surveys. ▪ Financial institution records. ▪ Provincial statistics. 	Political stability maintained (A). Macro-economy continues to improve. Social, political and economic environments remain conducive to market-based economic. (A) Business regulatory system remains favourable.

⁷ Female headed households are those headed by women without husband

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions
<p>Component 1. Planning for sustainable, market-led development established</p> <p>Provincial socio-economic and commodity development planning is holistic, participatory, climate adapted and market oriented⁸.</p>	<ul style="list-style-type: none"> ▪ 70% of Ha Giang communes implementing participatory multi-year, market oriented planning for rural development public investment⁹ ▪ 70% competency achieved by trainees at all levels in results-based economic and investment planning and management. ▪ At least 10 PPC-approved commodity-based value chain Strategic Investment Plans (SIP) valued \geqUSD200,000 profitably implemented (IRR \geq12%)⁵. ▪ Locally tailored strategies for CAA and CBDRM developed & under implementation at all Programme Districts/ Communes³ 	<ul style="list-style-type: none"> ▪ Commune and district records. ▪ Case study data. ▪ Competency-based training course evaluations. ▪ Programme M&E system. ▪ Randomised sample surveys 	<p>Government introduces new law on public investment and decree on medium-term public investment planning.</p> <p>Provincial governments committed to participatory market-led socio-economic development planning.</p>
Sub-components (Outputs):			
<p>1.1 Commodity-based investment planning institutionalized.</p> <p>1.2 Planning is climate adapted, market oriented and results based.</p> <p>1.3 Climate adapted technology tested and developed.</p>	<ul style="list-style-type: none"> ▪ Ha Giang provincial departments (DPI and DARD) have guidelines and tools for market oriented SEDP planning; ▪ Ha Giang provincial departments (DPI and DARD) have the capacity to independently train district and commune staff in market oriented strategic planning; ▪ TAG-managed climate adapted technology testing programme operational. 	<ul style="list-style-type: none"> ▪ Commune, district and provincial records. ▪ CPRP annual reports. ▪ Case study and beneficiary survey data. ▪ Competency-based training reports. 	<p>Adequate skills available from local service providers.</p> <p>VDBs, CPCs and DPCs can acquire appropriate skills to enable effective MoSEDP procedures.</p>

⁸ COSOP outcome

⁹ COSOP outcome indicator

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions
<p>Component 2: Building pro-poor commodity investment.</p> <p>Increased public and private investment in sustainable commodity production and value addition.</p>	<ul style="list-style-type: none"> ▪ At least 80% of participating communities & CIGs confirm the utility of Programme financed market oriented commune infrastructure investments (disaggregated by gender). ▪ At least 50% of IFAD Programme supported Common Interest Group (CIG) members linked to existing or new value chains (disaggregated by gender)¹⁰; ▪ At least 70% rural household satisfaction with farmer-level training services (gender & age disaggregated). ▪ At least 70% of enterprise-level vocational trainee's secure decent employment¹¹ (gender & age disaggregated)⁵ ▪ SCGs maintain a minimum annual saving rate growth of 10% over base-year savings; ▪ Equity base of registered Social Fund increases by 5% annually after registration ▪ Less than 5% non-performing loans in new SCG portfolio. 	<ul style="list-style-type: none"> ▪ SCF/WU records. ▪ Programme M&E system. ▪ Programme baseline studies, mid-term & completion evaluations. ▪ Randomised sample surveys 	<p>Financial service providers remain interested to invest in Programme targeted commodity chains.</p> <p>Prices of key commodities remain reasonably stable.</p>
<p>Sub-components (Outputs)</p>			
<p>2.1 Community development co-financed</p>	<ul style="list-style-type: none"> ▪ All 30 Programme communes have Commune Infrastructure Supervision Boards capable of supervising, inspecting and maintaining infrastructure activities in their communes by end-PY2. ▪ At least 15,000 participants (gender 	<ul style="list-style-type: none"> ▪ SCG records. ▪ Case/panel studies. ▪ WU records ▪ Participatory assessments 	<p>No major change in financial climate, lending terms.</p> <p>Potential beneficiary interest sufficient.</p> <p>Co-financed beneficiaries</p>

¹⁰ IFAD COSOP milestone

¹¹ A wage at or above the minimum wage

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions
	disaggregated) trained on key commodity production and processing technologies <ul style="list-style-type: none"> ▪ At least 300 commodity-based CIGs established 	with program beneficiaries to assess quality, performance and impacts of production support activities.	capable of providing their contribution.
2.2 Rural Financial Services Enhanced.	<ul style="list-style-type: none"> ▪ At least 350 new women’s SCGs with more than 5,000 members established. ▪ At least 80% of CIG and SCG members complete a farm management training course ▪ Biennial agriculture finance conferences held. 	<ul style="list-style-type: none"> ▪ Business enterprise records ▪ CPRP annual reports. ▪ Service provider feedback. 	
2.3 Public – Private Collaboration (P-PC) implemented.	<ul style="list-style-type: none"> ▪ At least six P-PC financed enterprise value chain investments >USD 300,000 in targeted commodity chains established. ▪ At least 100 within-district commodity chains established 	<ul style="list-style-type: none"> ▪ Specialist Consultant reports. 	
<p>Component 3: Efficient Programme coordination</p> <p>Efficient Programme management ensuring smooth implementation of Programme activities.</p>	<ul style="list-style-type: none"> ▪ APWBs submitted on time and completed to PSC satisfaction. 	<ul style="list-style-type: none"> ▪ CPRP Reports. ▪ Programme supervision reports 	Programme design is relevant to government and private business development/ investment objectives.
<p>Outputs:</p> <p>3.1 PCO fully functional and operating effectively to manage CPRP activities.</p> <p>3.2 Continued strong support from Programme Steering Committee.</p>	<ul style="list-style-type: none"> ▪ Programme progress and financial reports are initiated and submitted in a timely manner. ▪ Programme audits and procurement and financial management supervision mission reports uniformly good results. ▪ Monitoring and Evaluation system established and operating, providing guidance for improving Programme management. 	<ul style="list-style-type: none"> ▪ CPRP Reports. ▪ Provincial reports. ▪ Programme supervision reports 	Programme supervision maintains Programme relevance.

I. Strategic context and rationale

A. Country and rural development context

1. Since the introduction of a comprehensive set of economic reforms known as Đổi Mới (renovation) in 1986, Viet Nam's economy has sustained strong economic growth. Over the last 20 years, Gross Domestic Product (GDP) growth has averaged 7.2% per annum, resulting in rapid poverty reduction: from 28.9% in 2002 to 10.7% in 2010. Consequently, almost 30 million people have been lifted out of poverty as defined by the national poverty line. The country became a low middle income country in 2009 and achieved five out of eight millennium development goals by 2010. Under the new, increased poverty threshold issued by the Government of Viet Nam's (GoV) Statistical Office in 2012, 20.7% of the population are now considered below the poverty line.
2. In recent years, GDP growth has lagged, averaging 5.2% in the period 2009-2012, due to world economic stagnation, high domestic inflation and low private sector business confidence, the latter the result of overleveraged State Owned Enterprise (SOE) and banking sectors and weak domestic demand. Since 2012, headline CPI inflation has stabilized, aided by subdued credit growth, easing of food price increases and stronger external trade and capital account balances, which have enabled foreign exchange reserves to build up to an import cover of about 3 months, up from 1.6 months in December of 2011. GDP growth is projected return to about 6.4% per annum by 2015, however, this will require renewed attention on a number of structural reforms – with emphasis on the country's state owned banks and enterprises.
3. Viet Nam's economic development has been accompanied by structural shifts in the economy. Between 1990 and 2012, agriculture's contribution to GDP declined by more than 20% to 19.2% in 2012. The proportion of the labour force engaged in agriculture also decreased from more than 80% in the 1990s to less than 50% in 2012, due to the industrial and construction boom.
4. Notwithstanding the economic transition taking place, towards industrialisation, agriculture continues to play an important role in maintaining Viet Nam's economic stability. The agricultural and rural sectors of the economy have, in recent years, demonstrated solid annual growth of about 4.5%. Viet Nam is now the world's second largest exporter of rice and a significant exporter of coffee, pepper, tea, cashew and seafood. Export earnings from agricultural and aquaculture products have grown steadily since 1990, reaching USD 27.5 billion in 2012, up 9.7% against 2011, contributing to an agriculture trade surplus of USD 10.6 billion. Industrial crops, vegetables and livestock production have also developed rapidly and largely meet domestic demand.
5. Although economic development in rural areas has resulted in higher income per capita and consequent improvements in living standards, it has also brought with it income inequality, environmental degradation and chronic malnutrition. Despite the gains in per capita income in rural areas, tackling residual poverty is proving to be a persistent challenge as a consequence of limited assets, low levels of education and poor health status, particularly amongst ethnic minorities, who are disproportionately represented among the rural poor.
6. The average income per capita in rural areas is about VND 1 million/month (USD 47) - less than 50% of that in urban areas. The rural poverty rate on the other hand is nearly three times the urban rate. Many rural households are not considered poor, but maintain an income level just above the poverty line. With little or no savings or state support and an almost total dependence on natural resource gathering and subsistence level agricultural production, they are vulnerable to unexpected life events and shocks. Around 90% of total spending of each person living in rural areas is for basic living costs, and most of their income stems from agriculture-forestry-aquaculture production and wage income derived from mostly unskilled manual labour. This situation is further exacerbated as a result of current and predicated CC impacts and their implications on rural livelihoods.
7. Poverty is concentrated in upland areas in the North East and North West Mountains, parts of the Central Highlands and the Central Coastal region. The province of Ha Giang is amongst the

poorest in Viet Nam, with 30% of households classified as poor and 21% as near poor (DOLISA 2012).

8. Viet Nam's central planning system is complex, involving integrated planning at national, regional and provincial levels. At the national level, it includes (i) a 10-year "Socio-Economic Development Strategy" (SEDS); (ii) the associated, two consecutive "Five-year Socio-Economic Development Plans" (SEDP) and (iii) national, sectoral development plans that define the sector specific objectives to be implemented by the line ministries. In addition, at sub national level there are (i) regional development plans whose purpose is to tailor the objectives of the SEDS and SEDP to the conditions of the regions in Vietnam; (ii) the line ministries' regional and provincial sectoral development plans; and (iii) the Provincial People's Committees' (PPC) annual and 5 year plans for provincial socio economic development. Under the national SEDP 2011-2015, there are four thematic areas whose targets orient the planning for the agriculture and rural development sector. These thematic areas are: Clean Water, the NTP-NRD; the NTP-RCC; and Clean Food & Agriculture.

9. The context and functioning of the SEDP process at the local-levels (commune, district and province) is of most relevance to the CPRP. It is this five-year plan that establishes the priorities and defines all public budget and provincial expenditures for the coming years.

10. The Government's development vision is laid out in its SEDS 2011-2020. The overall goal of the SEDS is for Viet Nam to become a modern, industrialized country by 2020, placing emphasis on the quality of growth and efficiency of investment. Sustainable development, human resource development, improvements in market institutions and public administration, and developing a synchronous infrastructure system with modern facilities are the major pillars. The Socio-Economic Development Plan (SEDP) 2011-2015 identifies the measures and resources needed for the SEDS implementation.

11. In recognition of the need to further reduce rural poverty, the MARD, in 2008, put forward a comprehensive strategy on developing "Agriculture, Farmers and Rural Areas" popularly referred to as Tam Nông. Tam Nông calls for a partnership between government, farmers, scientists and the private sector. To realize the objectives of Tam Nông, in June 2010 the NTP-NRD was launched to transform rural areas, with progress at the commune level measured against a set of 19 "indicators".

12. Furthermore, in recognition of Viet Nam's vulnerability to CC impacts, the following policies and action plans have been constituted: (i) The National Target Program to Respond to Climate Change (NTP-RCC); (ii) The Action Plan Framework for Adaptation to Climate Change in the Agriculture and Rural Development Sector, 2008-2020; (iii) MARD's Action Program in Response to Climate Change of the Agriculture and Rural Development Sector, 2011-2015 and Vision to 2050 (RCC-ARD); and (iv) The National Program on Community-Based Disaster Risk Management to 2020.

13. While there is an impressive set of policy frameworks that guide Viet Nam's development aspirations, full implementation of those policies remains a continuing challenge. If Viet Nam's development gains are to be consolidated, many of the policies that support environmental sustainability and socio-political equality will need to receive greater emphasis with regard to implementation. Many of the gains achieved thus far could, otherwise, be lost.

B. Rationale

14. Ha Giang, with a population of 756,000 people, including 22 ethnic minority groups, is one of four poorest provinces in Vietnam. The province, where only 19% of land is classified for agricultural use, is characterised by its mountainous kaast geography, a harsh climate, limited rural infrastructure and low literacy levels, particularly amongst the majority ethnic minority population. DoLISA reports that, in 2012, 30.1% of total population were living under the poverty line and 20.6% were living just above the poverty line (DOLISA, 2012).

15. Ha Giang province has been supported by IFAD through the Ha Giang Development Project for Ethnic Minorities between April 1998 and June 2004 and the DPPR between August 2005 and end-

September 2011. The DPPR, which included the 4 most remote and mountainous northern districts, was rated as “successful” and those districts now receive significant ongoing development support through NTP funding. Project successes included: (i) a sharp drop in household poverty levels, supported by the adoption of broad strategies for improved productivity; (ii) the mainstreaming of a comprehensive decentralization and community empowerment strategy; and (iii) infrastructure development supporting enhanced agricultural production and market access, particularly through village to commune road development. Four areas identified in the Ha Giang DPPR final report for future poverty reduction in Ha Giang include: (i) the promotion of market-oriented production, focusing on high-value crops and animal production of the province, to serve local demand and export purposes; (ii) the strengthening of linkages between enterprises and farmers through support for Public Private Collaboration (P-PC), rural finance and the attraction of private investments from enterprises within and beyond the province; (iii) further intensification of linkages between ‘growth clusters’ (i.e. districts with high potential for economic growth) and poor areas in the province; and (iv) the development of upland production systems with due attention to climate change adaptation.

16. The government has initiated the NTP-NRD with a view to achieving broad-based, market oriented and pro-poor agriculture growth till 2020, through a partnership between government, farmers, scientists and the private sector. While the NTP-NRD faces numerous implementation constraints (see Appendix 1), it is the principal national framework for scaling-up rural development and many of its planned outcome are consistent with those of the Viet Nam IFAD COSOP 2012-2017, which provides a sound basis for investment in market-oriented activities. Specifically, the agreed Strategic Objectives in the COSOP are to:

- Enable poor rural provinces to carry out market-led pro-poor rural development;
- Improve access of the rural poor– particularly women – to commodity and labour markets;
- Enhance the capacity of poor rural households to adapt to climate change.

17. Building off the positive DPPR experience, there is recognition within Provincial Government of the opportunities for more decentralised participatory planning, as mandated by the NTP-NRD, and for pro-poor investment in market-oriented production and value addition to rapidly reduce poverty. The required investments, however, need to be effectively targeted to enable profitable, cost-effective and sustainable engagement by market entities with poor upland households. There are numerous remaining constraints in Ha Giang to market-led growth in terms of inadequate capacity for market oriented development and investment planning, poor agribusiness and risk management skills, lack of access to finance and inadequate rural infrastructure, which combine to increase agriculture investment costs and risks, particularly for upland economic activities. In Ha Giang, those costs and risks are amplified by the effects climate variability and regular incidence of extreme weather, producing increased flooding, erosion, crop damage and unseasonable drought. There is an urgent need to alleviate the impact of these factors, to enable profitable agricultural value chains to be fully and sustainably developed. .

18. The approach taken by CPRP will be specifically oriented towards consolidation and up-scaling of past successful interventions, within the strategic framework of the NTP-NRD, which, by Programme end, will be implemented across Ha Giang. Innovations related to market-oriented poverty reduction have been successfully piloted in various IFAD-supported projects, including in Ha Giang. While a satisfactory level of impact and success has been reached, and provincial commitment attained, a more-rigorous, market and value-chain oriented approach to future investment is needed for the purposes of scaling up and providing access to benefits for poor rural people. The other imperative is that all interventions must have a neutral or positive (“no regrets”) effect on the ability of communities to adapt to climate change and the increasingly frequent catastrophic climatic events.

19. In scaling up innovations, the key driver will be the private sector, supported by a more participatory and market-oriented PPC, together with their counterparts at district and commune levels. Scaling up can be achieved through: (i) expanding private sector investment in production and

value addition in profitable commodity chains; (ii) institutional strengthening, training and capacity building of existing line agencies and local authorities; (iii) the integration of participatory bottom-up planning, budgeting, implementation and governance of Programme and National Target Programme (NTP) supported investments into regular government processes at commune, district and provincial levels; and, (iv) broad-based reform for private-sector development policy to ensure increased competitiveness and the expansion of rural household incomes and asset-generating opportunities, particularly for poor people.

20. The complexity of a modernizing agriculture sector in Viet Nam extends beyond what the State can readily provide—in terms of investment, expertise, and clear direction in the face of many uncertain variables. As elsewhere, the role of the State in the sector must evolve to focus on ensuring the provision of core public goods and regulatory services, while acting to facilitate farmer and private sector investment and initiative. The most common form of State interaction is through the overall (or more localized) enabling environment which government provides for private agro or rural enterprise investment or trade. This includes provision of public infrastructure, regulatory services, and the maintenance of law and order, and may also include some specific incentives/subsidies/services/resource allocations which are favorable for agro-enterprises or investors in certain locations. In pursuit of certain social or environmental objectives, the State may subsidize or otherwise facilitate certain production practices of commercial relationships within agricultural supply chains. In Vietnam (and elsewhere), public resources are used to catalyze new supply chain relationships, especially between agribusinesses and small-scale farmers (groups)¹². The GoV seeks to pursue various forms of P-PC in order to more quickly or effectively realize key sectoral (economic, social, and environmental) goals. This is reflected in recent government decrees and policies¹³. Specifically, the GoV expects P-PC initiatives to contribute to: (i) increasing the volume of rural and agricultural investment, even in the face of fiscal constraints; (ii) Increasing the quality of sectoral investments and the quality of technical services; (iii) fostering innovation, both of a technical and institutional nature; (iv) Improving management—of natural resources, supply chains, and of various production and commercial risks; and (v) Contributing to more rapid structural change at the primary production level and within supply chains, to bring about improved efficiencies

21. Within this framework, CPRP will ensure a strong focus on smallholder farmers and household enterprises and poor rural people. While building on implementation success under the DPPR, the promotion and inclusion of the private sector under CPRP, particularly agri-enterprises, will be significantly enhanced. The approach of the proposed Programme will include: (i) sound commodity chain analysis and value chain action planning that will establish the Programme focus; (ii) institutionalizing more participatory and market-oriented approaches to socio-economic planning and NTP-NRD implementation; (iii) building capacity for climate adapted, market oriented development across all levels of public administration; (iv) vocational training targeting improved productivity and product competitiveness and local employment; and (i) co-financing of sustainable pro-poor market infrastructure, commodity production and value addition. To support the transition to a market-oriented commodity-chain approach, there will be strong emphasis on building an enabling environment for the engagement of the private sector in creating rural jobs and generating rural income, through promoting and co-financing the development of pro-poor commodity chains and market linkages between rural poor households and the growing demand in urban centres and the global market. These initiatives will be underpinned by building public sector capacity to plan and implement

¹² CPRP subsidies will not exceed those provided by other IFI financed projects in Viet Nam. Recent World Bank financed poverty reduction projects in Viet Nam including the Northern Mountains poverty Reduction Project (NMPRP II) and the Central Highlands Poverty Reduction Programme (CHPRP) do not require any beneficiary contribution for their CIF and CIG investments, however, it is understood that the next phase of the NMPRP II may require a 30% cash contribution from beneficiaries. This is considered to be equivalent to the 50% contribution (20% in cash and 30% in-kind) under the CPRP (see Appendix 4 Table 13 for details).

¹³ (i) GoV Decree No.: 210/2013/ND-CP on incentive policies for enterprises investing in agriculture and rural area; (ii) Prime Minister Decision No. 62 on promotion policy on cooperation and development of production links associated with agricultural development; and (iii) Ha Giang PPC Decision Nr: 47/2012/NQ-HDND: Resolution on incentive policies for social and economic development in Ha Giang Province. MARD is also finalizing a Government Decree on investment in the form of public-private partnerships in agriculture and rural development.

participatory climate adapted market-oriented Socio-Economic Development Planning (MoSEDP) at provincial, district and commune levels.

22. The proposed CPRP will also address the financing gap for investments aimed at providing resilience and adaptation to extreme climatic and other naturally occurring calamities at the commune and household levels. In Programme communes, initially on a pilot scale, it will support farmers' adaptation through appropriate investments, under-pinned by extension and participatory research as required. This will contribute to the incorporation of climate change factors into the MoSEDP process.

II. Programme description

A. Programme area and target group

23. The Programme will support development in 30 communes in Bắc Quang, Hoàng Su Phì, Quang Bình, Vị Xuyên and Xin Mần districts. These districts have been selected because of their production/processing potential, access to rural infrastructure and markets and because they form the hubs of nascent rural industries in Ha Giang (tea, timber, medicinal herbs and spices, livestock, etc.) whose value chains reach into more remote upland communities. Ethnic minorities form the majority in all Programme districts. The commune selection was based on, *inter alia*, (i) poverty rate; (ii) vulnerability to natural disaster; (iii) commitment of leadership; (iv) potential for development of pro-poor value chains; and (v) level of on-going support projects. They include those that are market-linked and other, remoter communes that can be linked through value chain development.

24. **Programme Target Group.** The Programme target groups are:

- rural poor households with land and labour, including household enterprises;
- unskilled employed rural people;
- rural people lacking production land but having business acumen and desire; and
- key farmers who have the skills to promote commercial agricultural production.

25. It is noted that in some areas, ethnic minorities have an observable dependency syndrome, due to prolonged reliance on government subsidies. Such groups will require additional training and specially designed interventions to enable their participation in the Programme.

26. Other participants who will benefit from the Programme include (i) government officials empowered to support market-led growth; and, (ii) private market and value chain agri-businesses that find common interest in promoting viable pro-poor products and services.

27. **Gender:** Poor women and women-headed household face significantly greater obstacles in escaping poverty. These include specific obstacles to their participation in commercial activities, including a general lack of business planning, farm management and technical skills, less access to factors of production and time constraints imposed by cultural and domestic factors. While agriculture and forest land use rights have been widely allocated, until recently, they were issued in the name of the male household head, limiting women's use of the title right for credit application. The Programme will implement specific measures to ensure women's participation in relevant activities, including the issuance of co-named land and forest use titles and mandated minimum women's representation in Programme activities and committees.

B. Development objective and impact indicators

28. **The Goal** of the Programme is: *sustainably improved income and reduced vulnerability of rural poor households in targeted Ha Giang communes*. The **Development Objective** is *targeted private agricultural enterprises, cooperative groups and farm households collaborating profitable and sustainably in a climate adapted, market oriented new provincial rural economy*.

29. The main impact indicators at the goal level will be:

- Out of the 10,000 HH considered poor and near poor in Programme communes, 5000 HH will be lifted out of poverty (officially considered at VND 400,000/person/month) by the end of the Programme (differentiated data for poor/near poor, ethnic minority & women-headed households);
 - In Programme counties, the prevalence of stunting of children under 5 years of age falls from 35% to 24% over the Programme life;
 - Equal livelihood improvements for female- and male-headed households.
30. The main impact indicators at the development objective level will be:
- 10,000 poor and near poor households in targeted communes have at least 30% increase in income (inflation adjusted and disaggregated by gender and ethnicity).
 - Programme commune value of agricultural production raised 20% by Programme-end
 - At least USD 15 million invested in profitable commodity-targeted, climate change resilient infrastructure, farming systems and enterprises in Programme communes, showing that show an IRR > 12%.

C. Components

31. The Programme will have two main components; (i) capacity building for market-led development established; and (ii) building pro-poor commodity investments implemented. There is also a Programme Coordination component.

32. Components one and two will follow sequenced, parallel implementation pathways. As capacity is built at community and commune and district public sector levels to incorporate, through participatory processes, a climate adapted value chain approach into socio-economic planning, the Programme will work with private farmers, agri-businesses and technical departments to identify commodity investment opportunities¹⁴ and build value chain action programmes. Capacity development of farmers and rural labour will be tightly linked to commodity/value chain opportunities. These lines of activity will begin to mesh in the second Programme year as empowered communities and public institutions begin planning public sector investments in support of commodity market opportunities, and common interest groups and trained workers join up with agri-business investors to lift agricultural productivity and value addition. Capacity building for climate adapted MoSEDPs will commence in the 30 programme communes, but spread across Ha Giang over the Programme life. The vocational skills programme, which will be driven by the commodity analysis and value chain action plans, will reach into all communities that are linked into profitable value chains.

Component 1: Capacity building for market-led development.

33. The Component 1 outcome will be: Provincial *socio-economic development planning and service provision is holistic, participatory, climate adapted and market oriented*. The indicators for successful outcome implementation will be:

- 70% of Ha Giang communes implementing participatory multi-year, market oriented planning for rural development public investment
- 70% competency achieved by trainees at all levels in results-based economic and investment planning and management.
- At least 10 PPC-approved commodity-based value chain Strategic Investment Plans (SIP) valued ≥USD200,000 profitably implemented (IRR ≥12%);
- Locally tailored strategies for CAA and CBDRM developed & under implementation at all Programme Districts/ Communes.

¹⁴ It is expected that the major commodity development opportunities will be identified during the project design process.

34. This Outcome, which is inextricably linked to the Component 2 outcome, will, building off a strengthened SEDP process, provide the capacity building, analysis and services *required* to underpin private sector development of commodity and value chains investments that engage poor upland households. Component 1 has two sequenced Sub-Components, designed to (i) make public good plans and services climate adapted and market orientation; and (ii) raise technical capacity for targeted commodity production and value addition in Ha Giang.

35. Sub-component 1.1. Commodity-based investment planning institutionalized. In the first six months of the Programme, the Programme Coordination Office (PCO) Commodity & Value Chain Development team, supported by international technical assistance, will, through a mix of theoretical and case-based training and resource allocation, capacitate DARD to conduct financial and economic analysis of commodity and associated VCs in Ha Giang and to provide sustainable technical support to Ha Giang agro-industry. An immediate output will be at least six PPC approved commodity-based VC Strategic Investment Plans (SIP), for integration into commune and district MoSEDPs. An empowered DARD with PCO support, will, subsequently: (i) support the integration of VC development in the MoSEDP programme; (ii) provide technical support to value chain development across the Programme area; (iii) provide mentoring to VC actors and co-ordinate their capacity development; (iv) coordinate with specialists in specific value chains and in “climate proofing” agriculture production; (v) mentor contract negotiations between farmers and other VC entities; and, (vi) facilitate conflict resolution and mediation when required. The SIG process is detailed in Appendix 4, Annex 1.

36. Sub-Component 1.2. Planning is climate adapted, market oriented and results based. This DPI-led sub-component, implemented with DARD support, consists of three parts: (a) Public sector market economy skills strengthened (b) Pilot community based climate change adaptation (CBA) and disaster risk management (CBDRM) planning and (c) Market-informed socio-economic development planning. In the last five years IFAD-supported projects have been successful in developing, piloting and institutionalizing MoSEDP processes in several Provinces of Viet Nam. The CPRP will, through capacitated public sector institutions, build on this experience and adapt the MoSEDP process to Ha Giang's needs, including piloting the incorporation of climate adaptation. The PCO MoSEDP planning officer, supported by a national training institution, will empower the DPI to lead a programme in capacity building for market-led development at commune and district levels, which will precede the introduction of MoSEDP process. These activities will commence in the Programme-targeted communes/districts and be subsequently rolled out to all communes/districts in Ha Giang. The MoSEDP process will incorporate the results of the commodity-based SIP analysis described under sub-component 1.1. The sub-component activities include:

- (a) Activity 1.2.1. Public sector market economy skills strengthened. This activity will assist Ha Giang government officials to effectively support the provincial government's market oriented development strategy. The capacity building programme will demystify market mechanisms and provide public servants with the skills and tools to implement results-based planning, management, monitoring, reporting and learning within the framework of a market-based economy. The primary target will be village leaders, elected officials of People's Committees and People's Councils, Supervision Boards and technical cadres and members of the mass organisations at commune and district levels; Training programs, delivered by competitively selected public or private institutions, will focus on, *inter alia*, understanding the market economy and associated roles of government and the private sector, the economics of supply and demand and impact of market competitiveness, the nature of public and private goods, privatization, the roles of capital, labour and international trade, and the transition from a planned to a market economy. Gender equality and environment management will be cross-cutting training targets. Staff will also be trained in group organization and leadership, participatory planning, and results based management including effective monitoring and evaluation (M&E) and reporting and feedback to management decision making. Trainees will be introduced to the VC SIPs developed under sub-component 1.1.

This training programme will be contracted to an academic institution in Viet Nam with appropriate competencies in market-led economic development. With international technical assistance (TA) support, the competitively selected training provider will develop the curriculum and apply the training through a mix of in-province training courses and self-learning programmes including internet-based information. The appropriate training institution will be identified by the Programme Preparation Board (PPB) before Programme start-up and contracted at start-up to initiate training within 6 months. Training will focus initially on government staff within the Programme communes and, thereafter, be rolled out to all Ha Giang government staff at commune and district level. Outcomes will be assessed through the measurement of trainee capacities during and post training. Terms of reference for the training programme are detailed in Appendix 4, Annex 2.

- (b) *Activity 1.2.2. Market oriented socio-economic development planning implemented provincially.* This DPI-led activity, will build on the participatory socio-economic development plan (SEDP) process already institutionalized in Ha Giang. At commune and district level, initially in Programme districts and then across the province, the Programme will facilitate the integration of commodity and associated VC development planning into the SEDP process. The MoSEDP process will engage relevant entities at the village, commune and district level, including the effective participation of Village Development Boards (VDBs) and private enterprise, and be inclusive planning of all funding sources, including National Target Programmes (NTPs) (New Rural Development; Response to Climate Change; Sustainable Poverty Alleviation). Women's representation in MoSEDP planning will be mandated. Through the MoSEDP process, CPRP will assist DPI to operationalise the Decree on Medium-term Public Investment Planning, which is expected to be promulgated in late 2014 and lead to multi-year planning frameworks.

The commune-level MoSEDP is a participatory process for establishing pro-poor, market oriented commune plans that are informed by (i) villagers' priorities; (ii) market information, (iii) climate adaptation and disaster risk management plans and (iv) orientation from higher government levels. The resulting pro-poor, market oriented commune socio-economic development plan comprises (i) a narrative including a long term development vision; (ii) specific business plans for production and processing; and (iii) specific CBA and CBDRM actions/investments; and (iv) corresponding planning tables. The MoSEDP planning process begins at the village level under the coordination of the NTP-NRD-established VDB. VDBs in Programme communes will have at least: 30% female membership and 30% membership from DoLISA registered poor households. The overall responsibility for the commune MoSEDP rests with the Commune People's Committee (CPC). CPRP assistance will be provided through district based Value Chain and Market Development Officers (VCMDOs) and by the Project Coordination Office (PCO) MoSEDP officer. The MoSEDP will be approved by the Commune Development Board under the oversight of the Commune People's Council (CPC). The plan will be vetted by district technical sections and approved by the District Management Board. The planning process is detailed in Appendix 4.

Pilot community based adaptation and disaster risk management planning. This activity, which is new to Ha Giang, will, under DARD leadership with DoNRE and NGO support, be initially piloted in one commune in each of the five Programme districts before being rolled out across the 30 Programme communes. The CBA process will, through a village-based program of climate vulnerability and capacity, gender and power analysis and Participatory Scenario Development (PSD), establish an understanding of: long term aspirations; vulnerable groups; vulnerability to CC; economic opportunities; local institutions; power dynamics; and gender tensions, relations and norms. Villages will then formulate village level, community-based adaptation plans, that will feed into the MoSEDP processes. The CBDRM activity, which will align with the national CBDRM programme, will provide for the participatory development of a local vision (mapping) of the potential for development and use of natural resources, including associated constraints i.e. vulnerability and risks. Initially in one target commune in each of the 5 Programme districts, CC Participatory Scenario Development (PSD), vulnerability

assessments and land-use planning using geospatial data systems will be undertaken for developing the commune level plans as well as for raising awareness of anticipated CC impacts among local communities. The CBDRM plan will inform the use of Community Infrastructure Funds (CIF) under the MoSEDP

37. Sub-Component 1.3. Climate adapted technology tested and developed. An inter-departmental Technical Advisory Group (TAG) will be established at the provincial level to guide the CBA/CBDRM process. This group will coordinate the implementation of an adaptive research programme that will (i) establish an end user reference/stakeholder group to identify adaptive needs and evaluate adaptive technologies; (ii) analyse agricultural, livestock and forestry systems and develop financial models; (iii) plan a climate-smart adaptive research programme, including the testing and promotion of new *forage* technologies in Ha Giang farming systems; and (iv) review and publicize results. The TAG will also oversee a participatory research programme to fine tune climate adaptation technologies across agro-ecological zones in Ha Giang.

38. The Programme will support DARD/DoNRE to develop Participatory Action Research (PAR) processes that will monitor, evaluate and promote appropriate endogenous adaptation responses being practiced by farmers and test and promote, at the community level, resilience building measures identified by communities. Given the increasing role of livestock production as a CC adaptation measure, this will be supplemented with adaptive research into the inclusion of forage production into farming systems and land stabilization activities undertaken through the CIF and by CIGs. DARD will engage the provincial agriculture centres in the development of the PAR and adaptive research programmes.

Component 2: Building pro-poor commodity investment.

39. The outcome of this component will be: *Increased public and private investment in sustainable commodity production and value addition.* The indicators for successful outcome implementation will be:

- At least 80% of participating communities & CIGs confirm the utility of Programme financed market oriented commune infrastructure investments (disaggregated by gender).
- At least 50% of IFAD Programme supported Common Interest Group (CIG) members linked to existing or new value chains (disaggregated by gender)¹⁵;
- At least 70% rural household satisfaction with farmer-level training services (gender & age disaggregated).
- At least 70% of enterprise-level vocational trainee's secure decent employment¹⁶ (gender & age disaggregated)⁵
- SCGs maintain a minimum annual saving rate growth of 10% over base-year savings;
- Equity base of registered Social Fund increases by 5% annually after registration
- Less than 5% non-performing loans in new SCG portfolio. finance conferences held.

40. Component 2 will have three Sub-components, namely: (i) Community development co-financed; (ii) Rural financial services enhanced; and (iii) Public-private collaboration implemented.

41. Sub-Component 2.1. Community development co-financed. This Sub-Component will include two community co-financed activities: (i) community infrastructure development; and (ii) common interest group establishment:

¹⁵ IFAD COSOP milestone

¹⁶ A wage at or above the minimum wage

42. *Activity 2.1.1: Community infrastructure developed.* Public Infrastructure Investment grants up to USD 300,000 per commune (including local contribution) will be available for infrastructure investments considered to provide public good benefits essential to commodity chain development and/or climate change or disaster proofing. These could include, *inter alia*, disaster-proof roads, secondary or tertiary irrigation structures, erosion protection and soil management, sanitation and waste management, renewable energy or fresh water supply. CIF public good infrastructure investment schemes will, with consultant support where required, be identified and prioritized by VDBs¹⁷ /communes, incorporated into the annual commune MoSEDP and verified by the district line agencies in collaboration with the PCO before approval. Beneficiary contribution will be at least 10% of total construction costs of public good infrastructure works with IFAD and the NTP- NRD funding the balance on a . Individual public infrastructure investments will not exceed USD 60,000 without prior agreement with IFAD.

43. Community People's Committees (CPCs) will be the owners of community infrastructure projects, however, VDBs in benefitting community will be responsible for managing the implementation of the public investment. VDBs should have at least: 30% female membership and 30% membership from DoLISA registered poor households. Beneficiary communities will be required to demonstrate an ability to support associated long-term operation and maintenance costs. The Competitive Small Grants Manual, developed by the IFAD Viet Nam Country Office, will form the basis of the Programme Implementation Manual (PIM) for this activity. Wherever possible, local labour, particularly youth and minority people, will be used for works construction, supported by vocational training when required (see para. 44).

44. The community-based public infrastructure programme will be supported by youth-targeted vocational training in skills that could be quickly applied through the community infrastructure programme. The Programme will, where practicable, use force account processes for community infrastructure investments, designed to create jobs for the vocational trainees and promote community ownership in the operation and maintenance. Early vocational training could focus on such skills as concreting, carpentry, road levelling and surfacing, brick laying, semi-skilled machine operation, painting and public infrastructure maintenance. Women's participation in youth vocational training will be strongly promoted.

45. *Activity 2.1.2: Common Interest Groups Co-financed.* To support the development of new farming technologies, climate adaptation, DRM strategies or new market chain linkages, CPRP will, on a co-financing basis, support innovative investment in sustainable, climate-adapted, commodity-based production systems by eligible common interest group (CIG) farmer members or farmers' cooperatives (not SMEs or other companies). The CPRP competitive co-financing will focus on diversification into innovative production systems, climate adaptation, risk reduction or value addition investments linked to profitable commodity chains identified through the SIP process and incorporated into local MoSEDPs.

46. To be eligible for the CPRP competitive co-financing, the membership of a CIG must include (i) at least 50% of members from DoLISA-identified poor households and (ii) at least 30% female members. All supported CIG sub-projects, managed and owned either by the individual members or as a group activity, must demonstrate sustainability beyond the initial CPRP assistance. In particular, CIG co-financing must be closely linked to value chain development under Sub-component 2.3, especially to guarantee the market for the farmers' produce. A part of each CIG co-financing could be used by the group for procurement of technical support services, including farmer-to-farmer support coordinated by the Farmers' Union and farm management services by other service providers, to support the effective implementation of the -sub- projects.

47. The maximum co-financing of USD 5,000 per group from the CPRP budget will cover up to 50% of the total cost of each investment, with beneficiaries financing up to 30% of the investment costs in kind, with the balance to be provided by the members through cash or credit. VBARD and

¹⁷ Village Development Boards are established under the NTP-NRD.

especially VBSP expressed their willingness to participate with loans in this joint financing scheme, especially as the Programme co-financing will significantly reduce the loan-funded amount. The 20% cash contribution by members/group is important to ensure the commitment to and the ownership of the investment by each beneficiary. The co-financing applications, and the subsequent co-financing contracts, must clearly define each member share of the CPRP grant.

48. Activity 2.1.2 will be integrated into the NTP-NRD CIG programme and implemented through the structures at the commune and district level developed for the NTP-NRD operations. CPRP will provide each Programme district a VCMDO, who will support the CIGs and be responsible for the implementation of competitive co-financing in the district.

49. Sub-component 2.2: Rural Finance Services Enhanced. This output will include four inter-related activities: (i) 2.2.1: Development of WU's Capacities, (ii) 2.2.2: Establishment of New Savings and Credit Groups, (iii) 2.2.3: Transformation of SCG Networks, and (iv) 2.2.4: Leveraging Capital for Agricultural Commodity Chains.

50. *Activity 2.2.1: Development of WU's Capacities*. Under the two previous phases of IFAD assistance, the projects in Ha Giang have supported the establishment of new women's SCGs. These have been popular activities, and the impact evaluations have confirmed their positive influence on households and their incomes. Under the new Programme, the SCG promotion activities will be continued and intensified.

51. The full responsibility of the CPRP women's SCG activities will be with the Women's Union (WU). The WU will be in charge of the establishment of new SCGs at commune level. It will follow up their performance after the establishment phase. The WU will also be responsible for the on-lending of CPRP funds to the new SCGs and will manage the revolving funds that result from these financing operations. The longer term objective is to transform the women's SCG-based financing network into a registered microfinance institution.

52. To be able to effectively carry out its new, more demanding tasks in SCG promotion, the WU at all levels (province, district, commune) will require a substantial capacity building programme. CPRP, therefore, will finance at the start of the programme period a comprehensive support package to the WU to enable the WU to: (i) professionally manage the establishment of the new SCGs and (ii) gradually convert its operations first into a Social Fund and later into a registered MFI.

53. *Activity 2.2.2: Establishment of New Savings and Credit Groups*. To contribute to increased financial inclusion in Ha Giang, support to the establishment of new women's SCGs will continue under CPRP. The WU's targeting approach under this activity will emphasise the importance of the following principles: (i) focus on poorer villages in the 30 CPRP communes, (ii) special emphasis on inclusion of women-headed households in the SCGs, and (iii) focus on the inclusion of the poor in the groups, which, in the Ha Giang demographic situation, automatically includes minority people as a focal group.

54. The implementation target is for a total of 348 new SCGs with an average of 15 members to be established in the 30 CPRP communes. With the WU as the responsible institution for implementing the activity, CPRP will provide a comprehensive support package to ensure the smooth establishment of SCGs and an appropriate follow-up support for their operations. This package includes an injection of capital for each trained and savings-mobilised group for on-lending to group members. Each group will receive a loan of USD 1,250 once their savings target is reached. Group performance in savings mobilisation and loan management will be assessed after six months of the first disbursement. After this, successful groups will receive a further capitalization loan of USD 750, with the remaining CPRP capital allocation of poorly performing groups being re-allocated to successful groups.

55. At the programme start-up, the rules and conditions for cooperation between CPRP and the WU will be documented in a detailed Memorandum of Understanding (MoU), to be signed by the PPC and the WU. The MoU will cover both the capacity building operations under the CPRP-supported activities and the transfers of capital as a grant to the WU for on-lending to the SCGs. Recently

designed practical models for this MoU are available from the new IFAD supported projects, SRDP and AMD, under which IFAD loan funds are allocated to the provincial WU following the same principles as proposed for CPRP.

56. *Activity 2.2.3: Transformation of SCG Networks.* This innovative activity aims to develop women's SCGs and their networks into registered, sustainable microfinance institutions. The target will be to bring the numerous women's savings and credit groups under an institutional arrangement that will ensure an appropriate supervision of these small financial institutions and create a sound and safe network for their institutional growth.

57. In Ha Giang, the first step of this transformation process will be the separation, in 2014, of the SCG-related activities in the WU into an unofficial new institutional arrangement within the WU, called the Women Development Support Fund (WDSF). The target will be to convert the WDSF into a Social Fund by PY 3. While initially focusing on the CPRP implementation area, the WUSF will gradually expand its operations to all 175 rural communes of Ha Giang province. Its eventual conversion into a registered MFI is likely to take place after the CPRP implementation period.

58. In addition to significant capacity building and direct financial support to the SCG operations of the WU under activities 2.2.1 and 2.2.2, the CPRP budget includes a lumpsum allocation (USD 50,000 per year) for the PY 3-5 transformation of the SCG network initially into a Social Fund and later into a registered MFI. The actual utilisation of these Programme funds to support the transformation process will be decided later on and depend on (i) the WU's success in the implementation of CPRP activities; (ii) the results and progress of the transformation in other provinces; and (iii) WU's success in attracting additional capital from other donors to expand its lending operations to SCGs and to improve its sustainability during the CPRP period.

59. *Activity 2.2.4: Leveraging Capital for Agricultural Commodity Chains.* To have a substantial impact on rural economy and poverty alleviation, the rural commodity chain operations will require significant investment capital. In Ha Giang, there are various potential sources of capital available for investments in the commodity chains that are likely to be supported by CPRP, including a useful loan guarantee scheme operating under the Ha Giang provincial administration, providing affordable guarantees for both small and larger enterprise loans.

60. In this situation, one key objective of CPRP will be to work in a pro-active manner to attract financing from various types of financial institutions to the commodity chain operations identified and supported through CPRP. The Programme is in a unique position to do this. Both the commercial banks and the provincial guarantee fund identify the poor quality of business plans and the unconvincing managerial and technological capabilities in agro-companies as the biggest constraints for lending to these firms. Under components 1 and 2, CPRP will make large investments to address these capacity constraints. At the same time it will provide competitive co-financing to selected companies and cooperatives, which will further reduce the financiers' risks and, together with active use of the guarantee scheme, make lending to CPRP's partner companies an attractive and low risk business. CPRP also, with its focused support to farmers and their groups, improves the chances of agro-companies to procure larger amounts of high quality raw material from the farming community in Ha Giang. With this support package, opportunities to significantly increase the financing of focal commodity chains are substantial and realistic.

61. This advocacy and financial linkage building is a continuous process and an integral part of the work of the CPRP management team in the province and the five Programme districts. Three specific investments in this area are included in the CPRP budget. Firstly, the CPRP budget will include support to organising Provincial Agro-Finance Workshops in Ha Giang Province, to bring key local and regional financiers, agro-enterprises, donors, and producers' representatives together and to share information on various types of financing options for commodity chain participants in the province. Secondly, to support poor household access to credit from financial institutions, the Programme will, on a cost-sharing basis with GoV (IFAD 30%/Government 70%), finance DoNRE to complete the issuance of forest land Red Books to poor and near poor households in Hoàng Su Phì,

Bac Quang and Xin Man districts. Red Books with joint husband/wife title will significantly improve access to collateralized credit, especially for women. Thirdly, the programme will finance annual missions of an international recruited Senior Rural Finance Expert to CPRP, covering all the rural finance and competitive co-financing operations of the Programme, with particular emphasis on financial linkage building between the focal CPRP commodity chains and the financial service providers.

62. Sub-Component 2.3. Public – Private Collaboration (P-PC) implemented. The Programme will use P-PC co-financing to generate investments and job opportunities among rural enterprises and households, with particular attention to poor and women-headed households in the Programme area. In line with recent GoV decisions¹⁸, CPRP will catalyze private sector agro-enterprise investments in Ha Giang by co-financing up to 49% of investments that generate incremental markets and value addition for raw material, leading to incremental production and increased income and job opportunities among rural households. Applications with higher levels of own contribution will be assessed as more competitive. The Programme will identify commodities having investment potential and which are aligned with the Ha Giang (SEDP). The selected commodities will be chosen based on having: (i) strong potential for export and/or import substitution; (ii) strong potential for involving rural households to undertake investments and thereby expanding their production/income and creating incremental jobs; (iii) potential for engaging poor households. At least 40% of the total number of households benefiting from P-PC supported investments should be represented by poor, near poor or women-headed households.

63. For each selected commodity, a value chain Strategic Investment Plan (SIP) will be prepared, including all envisaged activities within the value chain. The SIP will list the potential types of investments eligible for P-PC support and each type of investment will be accompanied with a realistic business model/financial analysis. Investments/upgrading not directly supported by the P-PC output, e.g. training of farmers, organizing farmers into groups, etc., will also be listed together with known co-financiers like CPRP and other potential co-financiers and each type of investment will be accompanied with a business/model financial analysis. The SIP will be used as the framework for calling entrepreneurs to express their interest for investing in Ha Giang.

64. Only legally registered cooperative societies and companies of at least 24 months standing will be eligible to apply. Entities that are the subject of bankruptcy, criminal investigation, fraud, corruption or are in default of contractual agreements will be ineligible. P-PC investments will be awarded on a competitive basis for capital investments in civil works, equipment (processing, packaging, energy generation or environment protection), transportation and marketing, related directly to the core activity of the investor. The PSC will be responsible for adopting recommendations for P-PC investments, which will be subsequently approved by the PPC. Poor people income and jobs, value added products, and productivity and market access and gender equality will be important criteria in investment proposal evaluation, together with commercial viability, environment impact and cost effectiveness assessments. The P-PC programme will be underpinned by a technical, business management, accounting and Information Communication Technology (ICT) capacity building program for District and Commune level businesses with a view to improving their farmer service capacity, profitability and enterprise linkages, both at the local level and to upstream quality suppliers and markets. It is recommended that the provincial Enterprise Association mentors this programme.

65. A P-PC facility will be established with IFAD co-financing up to 49% of total investment cost, with the remaining investment being contributed by the benefitting business. Up to 30% of P-PC co-financing will be available for the purchase of supporting services (business development services (BDS), legal, technical, marketing, standards, farmer extension, etc.) for the planned commodity chain

¹⁸ (i) GoV Decree No.: 210/2013/ND-CP on incentive policies for enterprises investing in agriculture and rural area; (ii) Prime Minister Decision No. 62 on promotion policy on cooperation and development of production links associated with agricultural development; and (iii) Ha Giang PPC Decision Nr: 47/2012/NQ-HDND: Resolution on incentive policies for social and economic development in Ha Giang Province. MARD is also finalizing a Government Decree on investment in the form of public-private partnerships in agriculture and rural development.

investment. Co-financing will start at USD 15,000 as a minimum and reach up to USD 100,000 as the maximum. In cases where the potential export/import substitution and social impact of the proposed Programme is extremely high and/ or the investment is pivotal for developing the respective commodity in Ha Giang, the maximum P-PC co-financing could, with IFAD approval, be up to USD 200,000. In case of production of new raw material, the PCO could recommend to the PSC that trial production can be financed at a smaller amount than USD 15 000, but otherwise follow the same requirement as the main stream P-PC. For household enterprises, the co-financing range will be USD 5,000 to USD 30,000. The enterprise in-kind contribution should not exceed 50% of total counterpart's contribution. The in-kind contribution must be supported by appropriated documentation stating its value based on market evaluation undertaken by an independent authorized entirety. The minimum 21% (of total investment) enterprise cash contribution for P-PC investments must be deposited into a designated P-PC Co-financing Accounts held by the lead enterprise and accounted for separately in their books of accounts. The cash contribution cannot be reduced over the duration of the P-PC co-financing period, however, the enterprise can expanded this level using own resources or other (equity and debt) funding. The CPRP will provide approximately USD 3.6 million (including co-financing) for P-PC facility financing. P-PC supported investments in prioritized commodities must be within Ha Giang, but could fall outside of the five nominated Programme districts.

66. The Programme will also support enterprise staff training and technical advisory services to farmer suppliers on a cost sharing basis. Output-based enterprise extension services and enterprise vocational training programmes, will, if required, be included into P-PC funding applications. Up to 30% of a P-PC grant could be used for training purposes. Within this limit, the Programme will co-finance up to 70% of the cost of (i) vocational training for enterprise staff and (ii) outcome-based enterprise extension contracts targeting improved commodity production and productivity that include at least 40% of poor and women-headed farm households. Extension services will, preferably, be delivered by enterprise staff, however, enterprises could also employ experienced farmers or third party technical advisors (e.g. NGOs, academic institutions, service centres, etc.) to deliver such services.

67. CPRP will provide business management training to existing and potential agribusiness entrepreneurs in Ha Giang. The training programme will include, *inter alia*, setting measurable goals, developing business plans, identifying markets and competitors and setting marketing strategies and plans, financing your business, financial analysis, keeping accounts and managing people. One course of two weeks duration will be run annual by an experienced business trainer.

D. Lessons learned and adherence to IFAD policies

68. The key lessons from the on-going portfolio include:

- (a) The effective application of participatory MoSEDP processes in poor province's needs:
 - (i) coordination among agencies through PCOs and technical task forces;
 - (ii) staff capacity building;
 - (iii) integration of market information and VC analysis in the SEDP process;
 - (iv) private sector participation in the planning process.
- (b) Poverty targeting and gender mainstreaming under the market-oriented approach can benefit poor rural women and men through:
 - (i) selection of pro-poor market and VC interventions that create employment and relevant production, processing and marketing systems for poor people;
 - (ii) farmer-to-farmer extension and increased use of appropriate climate responsive technologies;
 - (iii) vocational training opportunities in both farm and non-farm skills for poor households, targeting youth, ethnic minorities and women;
 - (iv) market-based infrastructure and improved connectivity in remote areas.
- (c) For the empowerment of ethnic minorities, and particularly ethnic women, engagement in community decision-making, representation in local institutions, off-farm employment opportunities, women's land-use entitlement, and women's SCGs for investment have proven to be successful in the on-going IFAD portfolio.

- (d) The voluntary development of common-interest groups (CIGs) can promote the transition from subsistence- to commodity-oriented production and serve as a foundation for poor people to cooperate with better-off groups and private business, including through farmer-to-farmer extension. Improved collaboration with mass organizations, such as the Viet Nam Farmers' Union (VFU) and Women's Union (WU), and with key farmers in facilitating CIG development has been shown to work. CIGs with access to credit and women's SCGs have been most successful in this context.
- (e) Private stakeholders drive the development of markets and value chains and investment in agriculture input supply, production and processing, including in poor areas, where:
 - (i) legislation and policies are in place that enable private sector activity and strengthen its competitiveness and transparency; (ii) capacities of province and district staff for private-sector promotion are available; and (iii) access to finance, business and technical skills and market information is possible.
- (f) Partnering with the small- and medium-scale private entities can impart much-needed technologies and business skills to smallholders, in turn opening markets for them.

69. The DPPR, which included the 4 most remote and mountainous northern districts, was rated as "successful" and those districts now receive significant ongoing development support through NTP funding. Project successes, summarised in Table 2 below and detailed in Appendix 3, Annex 1, included: (i) a sharp drop in household poverty levels, supported by the adoption of broad strategies for improved productivity; (ii) the mainstreaming of a comprehensive decentralization and community empowerment strategy; and (iii) infrastructure development supporting enhanced agricultural production and market access, particularly through village to commune road development. The DPPR highlighted opportunities for increased agriculture productivity and resulting reduction in household vulnerability and improvement in food security, however, because of the isolated location of the 4 project districts, only short value chains to local markets resulted. Four areas identified in the Ha Giang DPPR final report for future poverty reduction in Ha Giang include: (i) the promotion of market-oriented production, focusing on high-value crops and animal production of the province, to serve local demand and export purposes; (ii) the strengthening of linkages between enterprises and farmers through support for Public Private Collaboration (P-PC), rural finance and the attraction of private investments from enterprises within and beyond the province; (iii) further intensification of linkages between 'growth clusters' (i.e. districts with high potential for economic growth) and poor areas in the province; and (iv) the development of upland production systems with due attention to climate change adaptation. These findings have been incorporated into the CPRP design

70. Regarding capacity building and training, DPPB lessons include: (i) capacity building of district and commune level Programme staff was a key success factor; (ii) training needs assessments and subsequently customized practical "real-life" training materials improve trainings dramatically, in contrast to scientific lectures; (iii) TOT approach engaging distinguished village members and key farmers as trainers allows outreach to non-Kinh-speakers; (iv) timing of all farmer trainings need to be planned along with view on planting and harvest cycles.

71. Regarding production support, DPPB lessons include: (i) all support should be conditional in terms of investment in improved livelihood and contribution of beneficiary resources; (ii) production models by Programme need to be replicable and profitable among target groups; (iii) new technologies should be accompanied by related technical training; and (iv) extension service should be demand driven by continuous communication between extension staff and beneficiaries, by simplifying and streamlining of production models, and by the introduction of alternative extension agents.

Table 2 Key DPPR Results

Indicator	DPPR Result	Impact on CPRP Design
Percent reduction in poverty rate in project districts	Reduced from 35.5% to 13.2% of project district population	CPRP continues IFAD focus on agriculture-led poverty reduction, targeting the poorest households
Reduction in the prevalence of child malnutrition (w/h; h/a; w/a), by gender (children below the age of five)	<ul style="list-style-type: none"> • Girl weight for age: 47% to 25% • Boy weight for age: 49% to 24% • Girl height for age: 75% to 66% • Boy height for age: 78% to 61% • Girl weight for height: 4% to 5% • Boy weight for height: 5% to 7% 	Child nutrition remains a serious development issue in Ha Giang, and upland Viet Nam in general. The Programme will incorporate nutrition information in its value chain development actions
Roads constructed	270KM, benefiting 16,300 HH, of whom 6,100 were poor. Although not directly attributable, the road access contributed to a 220% improvement in goods transported, 90% increase in beneficiary market participation and a 75% increase in trader visits to villages for product purpose.	Road development is a high priority for villagers and is a contributing factor to improved market participation. Climate adapted road development/upgrading will be an option for community infrastructure investment under the CPRP

72. **Key IFAD policies** that have guided the design of the CPRP are found in the COSOP 2012-2017. In summary, these are:

- (a) Focus of Investment. The CPRP will continue to focus on market-led innovations for smallholder agriculture; pilot activities such as farmer group formation and empowerment, decentralized service delivery, productivity improvement and market integration and pro-poor value chain development; with a greater emphasis on up-scaling pilots through local-level institutional and policy reforms.
- (b) The CPRP is compliant with all three strategic objectives elaborated in the COSOP.
 - (i) SO1: Enable poor rural provinces to carry out market-led, pro-poor rural Development. This objective is satisfied through the provincial approach using the market-oriented SEDP and the Value Chain Approach.
 - (ii) SO2: Improve access of poor rural people – particularly women – to commodity and labour markets. This objective is satisfied through the targeting methodology, ensuring representation of the poor in planning forums and a range of pro-poor engagement products, particularly those involving provision of rural financial services.
 - (iii) SO3: Enhance the capacity of poor rural households to adapt to CC. This objective is satisfied through the outcome employed to finance CC adaptation.

III. Programme implementation

A. Approach

73. The results from the DPPR and other IFAD projects in Viet Nam demonstrate that the participatory approach and decentralization to commune and village level as well as the pro-poor market-based public-private partnership approach are feasible and should be expanded. In particular, substantial benefits arise from the application of the MoSEDP in communes and villages' development planning, which facilitates the participation of beneficiary communities and private sector service providers in the whole planning process, from needs identification, prioritization, planning, implementation, monitoring and evaluation. The Programme Preparation Board established by the PPC in the province has placed considerable emphasis on the success of the decentralization and market-based public private partnership approach and expressed their strong support for the replication of such a model for the strategic management of the new CPRP. At the same time, it was

agreed during CPRP preparation that the staff that have been trained and experienced the innovative approaches under DPPR should be retained to serve implementation management of the Programme.

74. The organizational and management structure proposed for CPRP is based on the lessons learnt under the DPPR, which can be summarized as follows:

- TORs specifying positions, roles and functions of the Programme Steering Committees, PCOs at all levels and their reporting system are critically important to ensure effective and timely Programme implementation performance in its early stage;
- Lack of participation of private sector entities in key decision making processes such as in meetings of the PSC, PCO and planning workshops and the MoSEDP process reduced the effectiveness of the Programme's efforts in development of markets, value chains and private sector partnership;
- Financial management mechanism and flow of funds for all outcomes should be clearly specified in the Programme design and implementation guideline documents;
- Pre-determined number and specified positions for the PCO at all levels left little room for flexibility of decisions based on actual needs;
- The IFAD Programme management system should not create a different system parallel with the existing local institutional setup;
- Complicated structures of outcome lead agencies and co-implementing agencies at the province level has led IFAD projects to face slow progress at the early stage of implementation due to unclear roles and responsibilities among provincial agencies. The Programme capacity building interventions should focus on improving the public services at the district and commune levels to ensure effective decentralization;
- There was a lack of effective tools to ensure performance accountability and competition of the Programme districts and communes;
- Coordination and information sharing between the IFAD projects and other donor-funded and NGO projects should be identified during the Programme formulation and negotiation;
- The Programme M&E systems were quite robust in terms of generation of timely and sufficient data, but was as a management tool for planning, strategizing and implementation;
- Poor cooperation/coordination among IFAD projects in the same region in terms of market linkages, value chains and private sector partnership should be addressed.

75. The Programme will adopt similar implementation arrangements to those used for previous IFAD projects. Changes reflecting their operational and managerial experience and lessons learned will, however, be incorporated. Programme Management will aim at maximizing effectiveness and efficiency through application of the following principles:

- The Programme management structure will adhere to the current structure of local institutions, building capacity to address poverty through market-based approaches;
- The Programme will decentralize its resources to the commune and village levels while mobilising private participation and strengthening public market and value chain development service providers;
- The Programme will focus its support in districts with higher productive potential but having strong linkages to poor upland areas/communities;
- Application of the "learning by doing" approach to introduce innovations to communes and promoting replication on increasingly larger scales when concepts are effectively proven;

- Changes of the roles of the provincial agencies from traditional implementing bodies to the positions of knowledge sharing and policy/guidelines makers;
- Mainstreaming the participation of the private sector throughout the planning, implementation, monitoring and evaluation of the Programme activities;
- Strict implementation of IFAD policies and guidelines in result-based Programme management;
- Inter-provincial coordination for efficient technical assistance use, synergies development and reduced implementation costs;
- The development and application of an effective anti-corruption policy.

B. Organizational framework

76. The PPC of Ha Giang will be the Programme Owner. It will establish a PCO to coordinate Programme implementation and a PSC, which will assist the PPC in leading government agencies, mass organizations, the private sector and communities at all levels to ensure achievement of the Programme objectives.

77. **Programme Steering Committee.** The PSC is established by the PPC to inform the PPC on overall execution of Programme implementation and ensure effective coordination/integration/cooperation among all government and donor-funded projects. The PSC will be led by the PPC Chairman (or a Vice-Chairman), comprised of Directors or Vice-Directors of concerned line-departments and Chairpersons of mass organizations and representatives from the private sector. The PSC will inform the PPC on matters concerning the strategic management of the Programme, including the decisions such as appointment of the PD and Deputy PD, approval of the PIM, annual work program and budget (AWPB), and other decisions related to the Programme coordination, orientation and mobilization of resources. The PSC will invite the Chairman of the Enterprise's Association and two Directors of private companies that have major levels of cooperation with farmers in the Programme areas to join the PSC. The PSC will meet on a quarterly basis to coordinate Programme implementation, guide planning, review progress, and make recommendations for any modifications of AWPB as needed.

78. **Programme Coordination Office.** A PCO will be established to assist the PSC in coordination of the provincial agencies and in actual management of government's and IFAD resources. The PCO will report directly to the PSC and act as an advisory body of the PPC and secretariat of the PSC. The PCO is established at the administrative level equal to a provincial department. The PPC Decision on the establishment of the PCO and TORs of the PCO should ensure that the PCO function on behalf of the Programme Owner, the PPC. Furthermore, the PPC will ensure that the PCO is to assist the PSC in coordination of all line agencies, relevant donor funded initiatives and other stakeholders to implement the multi-sector integrated rural development Programme.

79. The mandate of the PCO will be to ensure: (i) coherence of the Programme approaches and strategies, and integration among Programme activities in order to produce the Programme outcomes, outputs and impact; (ii) coordination and synergy of the co-implementing agencies (DARD, DoNRE, DPI, DoLISA, DoIT) and technical service providers, and the district and commune level agencies, and grassroots communities; (iii) mobilization of resources from the private sector, mass organizations, professional associations, research institutes, technical units and non-government organizations; (iv) contracting of suitable service providers to undertake various forms of research, studies, technical assistance and training (co-implementing agencies will mostly manage these providers); (v) accountable management of IFAD and Government's resources, including preparation of PIM, AWPB, procurement plan, selection of technical assistance and audit service providers, establishment and operation of M&E system, and other functions of the operational and financial management of the Programme; and (vi) knowledge sharing and policy development interventions, in collaboration with co-implementing agencies.

80. The PCO will include 25 staff as detailed in Table 3 below.

Table 3. Key positions of Programme Coordination Unit

Position	No.
Programme Director	1
Programme Deputy Director	1
<i>M&E and Knowledge Management Section</i>	
Senior M&E/KM Officer	1
M&E Officer	1
Knowledge Management Officer	1
<i>Strategic Management Section</i>	
MoSEDP Planning Officer	1
Rural Finance Officer	2
Capacity Building Officer	1
Commodity & Value Chain Development Officer	2
Community-based adaptation and DRM Officer	1
Community Infrastructure Development Engineer	2
<i>Financial Management Section</i>	
Chief Financial Officer/Chief Accountant – Head of Section	1
Accountant	3
Cashier	1
<i>Administration Section</i>	
Administrative support officer	2
Interpreter	1
Security Officer/office support	1
Driver	2
Total	25

81. The **Programme Director**, who should have solid experience in working for a previous IFAD-supported Programme, will lead the PCO. The PD shall be fully involved in the Programme design and negotiation and receive proper training from IFAD on new policies and management skills. The PD, as the Head of PCO, will work full-time for the Programme, and will have no additional responsibilities within any other provincial department. The major responsibilities of the PD will be to ensure that the involved provincial agencies, districts, communes and villages carry out the Programme activities in line with the Programme approach, operating schedules and procedures. The PD will be provided with adequate executive authorities and accountabilities through a Decision of the PPC. The PD will also act as Secretary of the PSC.

82. **Programme Management at District Level:** At the district level, the District People's Committee (DPC) will be responsible for coordination of the Programme activities and integration with the organizational structures and mandates of the line agencies and mass organizations at the district level. The DPC Chairman (or Vice-Chairman) will be responsible for the coordination of Programme activities. Under guidance of the DPC, and with technical support from DARD and other province departments, the District Planning and Finance Section (DPFS), District Agriculture and Rural Development Section, the District Agriculture Extension Station, the District Trade and Commerce Section, the District Plant Protection Station, the District Veterinary Station and the other concerned district sections will be mobilized for Programme implementation. The provinces will employ district technical advisors in numbers proportional to the number of underlying communes and level of Programme support at commune level. CPRP will finance a VCMDO and a Monitoring and Evaluation (M7E) officer in Programme districts.

83. **Programme Management at Commune Level.** The CPC will be accountable for the Programme implementation at the commune level. The commune's chairpersons and accountant will receive a Programme management allowance in line with government policy. The Programme commune programme will commence in the selected communes in the first Programme year. To the extent possible, Programme implementation will be decentralized to the CPCs, which will receive

substantial training to develop their capacities. The MoSEDP process will guide Programme implementation at Commune level, with focus in principles of commodity development and market orientation. At the village level the Programme will utilize VDBs established under the NTP-NRD, building on the experience of similar structures under the DPPR. The VDB is assigned to mobilize communities of the village in MoSEDP planning and implementation including an integrated approach to the selection of pro-poor value chains and livelihood support activities, infrastructure schemes implementation and maintenance, development of saving and credit groups, development of CIGs and the other community initiatives. VDBs should have at least: 30% female membership; 30% membership from DoLISA registered poor households.

84. Staff Development and Training for the PCO.

Key units of the leadership training programme will be:

- (a) Market Economy Management Concepts, including: (i) roles of the State Agencies and the Private Sector; (ii) Public-Private Partnership/Cooperation in Agriculture and Rural Development; (iii) competition and agricultural competitiveness; (iv) market-oriented local economic development planning – concepts and techniques in the context of CC adaptation; and (v) market and value chain techniques in planning development and Programme interventions.
- (b) Market and commodity/Value Chain Assessment, including: (i) new market trends (e.g. safe agriculture products, organic production, traceability); (ii) public and private certification systems and standards for agriculture products (national and international); understanding 'market barriers' (economic and institutional); and (iii) market and value chain assessment methods and identification of viable market opportunities.
- (c) Program Planning for Developing Viable Market Opportunities, including: (i) review of policy and regulatory environment for agricultural market development in Viet Nam and in the Programme provinces; incentive mechanisms for promoting agricultural markets; and (ii) feasibility assessment and economic appraisal of market investment proposals and program planning tools.

C. Planning, M&E, learning and knowledge management

Planning

85. **Annual Work Plans and Budgets.** Successful CPRP implementation requires the government SEDP and Programme AWPB planning process to effectively articulate the views of various public institutions (government and line agencies), private entities, people's and communities' organizations and groups. This requires building consensus around common objectives, constant communication and a flexible decision-making structure. The SEDP is the principal planning process and instrument that government utilizes to orient all public financing of relevance for the CPRP. Through mainstreaming into the SEDP, the potential exists to institutionalize pro-poor, commodity oriented development approaches and see them replicated across the country. The CPRP provides an opportunity to assist both national and provincial government to learn and develop an appropriate approach.

86. The Programme AWPB details the expected annual results of the Programme. Two innovations are proposed to strengthen the AWPB (and, to some extent, the SEDP) process in terms of its technical quality, institutional alignment and to enhance coordination among the implementation partners. These are:

- (a) A Thematic Ad-hoc Group, comprised of senior and knowledgeable technical staff from among key stakeholder groups, provide a flexible, temporary mechanism for organizing effective discussion; providing technical accompaniment and oversight to technical studies, evaluations, research and analysis; strengthening technical coordination and; providing useful and timely recommendations to local policy-makers; and,
- (b) AWPB Coordination Subcommittee of the PSC, enabling joint budgeting exercises that integrate and institutionalize programme activities into the line agencies own annual work

programs. The Subcommittee will comprise the heads of the agencies (e.g., DPI, DARD, DoNRE) or their representatives, along with the PCO Director; and

- (c) Memoranda of Understanding negotiated and signed by the CPRP and DPI, DARD, DoNRE managers respectively and endorsed by the PPC, which provide annual targets for departmental implementation of CPRP activities.

87. The basis for investment planning at the community level will be derived directly from the MoSEDP process, which will initiate the preparation of investment plans for the public sector. Communes will inform/channel potential private investor's opportunities for investment support under the Programme, and prepare estimates for private sector activity financed by the Programme. Specialist PCO staff will ensure that this commune-based planning process is genuinely representative and inclusive, as well as being consistent with CPRP rules and policies. These PCO officers will provide supervision to the support staff at the district and commune levels and coordinate with the staff of the General Planning Section under the DPI to organize the SEDP planning process in the Programme target communes and districts.

88. The commune plans will be consolidated at District level, using the support of the PCO Specialists, as well as staff of the District and relevant line agencies.

89. In the first year, the PCO will also provide and coordinate training workshops on the Programme strategy and approaches, AWPB and procurement for key stakeholders. This will ensure an accurate and shared understanding of the Programme strategy and information needs.

90. The MoSEDP Programme Officer, working with the PCO Director and other PCO staff, will incorporate the MoSEDPs of the Programme communes and districts into the Programme AWPB. They will then assist the PD in drafting the AWPB and its revisions for the PSC/PPC consideration and IFAD comments and endorsement.

91. The PCO will be responsible for the generation of plans not directly derived from the MoSEDP process or planning delegated to DARD, DoNRE, or DPI under the respective MoUs to be signed by these institutions and the PCO. PCO planning responsibilities will include provision of specialist support and other specialist training under Component 1, various forms of Technical Assistance under Component 2, and the requirements for Programme Management. The consolidated AWPB will reflect both the previous year's achievements and performance and anticipated Programme progress. The PCO ensures coordination between other government agencies and externally financed Programmes in the Programme area. The draft AWPBs will include a procurement plan (an initial eighteen-month plan and then twelve-month plans for subsequent years), a detailed description of planned CPRP activities, and the sources and use of funds. The PD will be ultimately responsible for preparing the draft AWPBs in an accurate and timely manner.

92. The draft AWPBs will be submitted to the PSC for review and subsequent PPC approval. The approved draft AWPB will then be transmitted to IFAD for comments and no objection no later than sixty days before the beginning of the relevant Programme year. An Annual Stakeholder Review and Planning Workshops at which Annual Performance Report findings and management implications will be discussed will support the AWPB preparation process.

Monitoring and evaluation

93. The M&E system will monitor performance and assess the impact of the activities. Monitoring will focus on activities/inputs, outputs, outcomes, performance and risks while evaluation will assess the relevance, efficiency, effectiveness and impact on poverty reduction, business growth and environment, empowerment and partnership, sustainability, replicability, lessons learned, and knowledge up-take. The M&E system will cover both the operational and financial aspects of the Programme.

94. The Programme M&E system will be designed to track and verify the levels of achievement of Programme Sub-Components, the associated outcomes, and the success in achieving the Programme objective and its development goal. These levels are all causally connected as set out in

the Programme Logical Framework. To a large extent, the M&E system will be participatory, involving the supported communes in data collection and management. The Knowledge Management Officer will assist the PCO in the data management in a standardised system, keep a central system to compile overall monitoring and evaluation information, and conduct studies to measure overall impacts. The PCO Strategic Management Section will be in charge of setting up and operating the management information system (MIS) and establishing and ensuring the M&E function, reporting and knowledge management.

95. **The Programme MIS** will be established to provide a comprehensive system of data collection, analysis and exchange. It will bring together physical and financial records with the main purpose of informing management decisions on Programme matters. Quantitative measures of progress will be supplemented with qualitative information related to the acquisition of personal and shared skills, group behaviour changes, target groups' perception, awareness and attitudes. The MIS will be the sole channel of Programme monitoring material and form the basis of six-monthly and annual reports.

96. In order to ensure that a single and compatible system is implemented, the MIS will be set up centrally at Programme start-up and refinements will be introduced in the light of experience during the first Programme year. It will be based on the Logical Framework, which, together with the MIS, may be modified at Programme Mid-term Review (MTR) to adjust the Programme to changing circumstances. The preparation of reporting formats for use by implementing agencies, particularly the participating communes, districts, and other partners will be part of the overall design of the MIS.

97. **Monitoring:** Monitoring will be an integral part of the Programme coordination role. All staff will be involved in strengthening Programme progress and performance monitoring in their particular areas of responsibility. A large part of the monitoring data will be collected and communicated by the participating communes.

98. The monitoring will provide semi-annual and annual feedback on the extent to which the Programme is achieving its outputs, implementing the activities, identifying potential problems at an early stage and proposing possible solutions. The accessibility of the Programme to all sectors of the target population, as well as the technical and financial efficiency will be monitored and possible improvements suggested.

99. Monitoring indicators have been selected for each of the Programme's outcomes as detailed in the Logical Framework. Wherever relevant and possible, gender-specific data, ethnic minority status and poverty data as classified by Ministry of Labour, Invalids and Social Affairs (MoLISA) will be collected. Involving the target groups will ensure beneficiary participation in Programme monitoring and, when possible, women, in data collection in forms of individual interviews, focus group discussion or case studies.

100. Programme training will be competency based. The performance of training activities will be monitored through pre and post training knowledge tests with a further test 6-12 months post training to determine knowledge retention and adoption. It will not be possible to monitor all training events at this level; however, random competency monitoring will be applied to all typologies of training events across the Programme life.

101. **Evaluation:** Programme evaluation will be initiated and managed by the Strategic Management Section in two major forms (i) annual outcome/impact evaluations and (ii) thematic evaluation. At the same time, the full reviews at mid-term and at the conclusion of the Programme will be conducted by IFAD and GoV. These two official reviews are the MTR and Programme Completion Review (PCR).

102. **Impact evaluation:** The impact will be measured from the baseline data, at mid-term and at Programme end. The Baseline Survey will be undertaken shortly after Programme start-up to provide a platform of information from which the follow-on surveys could reveal changes in the households' livelihoods. Similarly, the Mid-term Survey and the Completion Survey will be carried out just before the MTR and towards the end of the Programme, timed so that their results will be available for the MTR and PCR. These follow-on surveys will be carried out in the same manner as the Baseline

Survey. Ideally they will visit the same households so that developments in the course of Programme participation can be measured, and household members who have left the Programme area as a result of finding employment elsewhere will be captured as well. These three surveys will be carried out in conformity with IFAD's Results and Impact Management System (RIMS) reporting requirements. They will use the standard RIMS questionnaire form to collect key beneficiary data including household assets and base data used to establish the prevalence of child malnutrition in participating households, with a few added questions to reflect Programme-specific impact data. The participating households will be randomly selected from the Programme communes. The data will be processed by a simple custom software package to be provided by IFAD.

103. As the Programme will be establishing investments using business principles and business plans, there is the opportunity to use data generated during the planning and operation of such investments to provide for impact assessment. The intention is that the pre-Programme baseline, the operational data (profit and loss, return on investment, returns to labour etc.) will provide the impact assessment at the micro-economic level. (See Monitoring Framework for detailed indicators).

104. **Thematic studies:** The PCO SMS will contract or carry out thematic impact studies that will look at the impact of activities under Programme Outcomes. Such impact assessment will include an analysis of the effectiveness of: poverty impact of commodity-specific market support activities; Public and Private Partnership in poverty reduction; impact of micro credits on women; effectiveness of collective economic models; effect of SME development on the availability of jobs for the poor; The topics for these thematic studies will be identified in consultation with relevant government departments during Programme implementation, taking into account the NTP-NRD policies. The Monitoring Framework provides the indicators, collection methods and the usage of the processed data.

105. **Mid-term Review and Completion Review:** IFAD and Government of Viet Nam will be responsible for carrying out two full reviews of the Programme achievements: the MTR during Programme Year 3 and the completion review after Programme completion. Key Questions to be answered during the reviews on the basis of the indicators contained in the Logical Framework will include: (i) have Programme investments enabled coherent planning for commodity development and poverty reduction;; (ii) has Programme targeting been successful; (iii) has the Programme assisted the underemployed in getting jobs and have rural marketing links been forged effectively; (iv) does the Programme have the expected financial service outreach; (v) has decentralised market-based planning been operated as an effective development tool; (vi) has the Programme contributed good examples to the national policies related to agricultural commodity development within a rural development Programme; and (vii) how have changes in the external environment including climate change related challenges impacted on Programme beneficiaries.

106. **Progress Reporting:** The PCO Director will be responsible for the preparation of six-monthly and annual provincial progress reports for submission to the PPC, PSC/PPC, and IFAD within a month from the end of the reporting period. The implementing agencies will be required to provide their progress reports as an input for PCO to prepare a provincial report that will be submitted to IFAD and Government in a timely and accurate manner. These reports will include the narrative report as a harmonised source of key data and ensure the trends are highlighted. The reports will record the financial and physical progress against AWPB targets. The Knowledge Management Officer will prepare a report on KM survey and analytical work, with a tabular appendix showing the progress in each Province against the Programme indicators. The SMS will be responsible only for the availability of data as indicated in the Logical Framework. The availability of all other data in the appendix will be the responsibility of the institutions, assisted by the PCO in the preparation of the standardised reporting formats.

107. The implementing agencies will - within 2 weeks from the end of the reporting period - submit six-monthly progress reports to the PCO as a condition for release of funds for the ensuing period. CPCs and DPCs, will report on Programme supported SEDP initiatives. The Women's Union and others will report directly to the PCO.

108. **Annual Results and Impact Reporting:** The PCO will report separately to IFAD on the Programme indicators that overlap with IFAD's COSOP. The information contained in these Annual Results and Impact Reports will be drawn from the Programme MIS, and set in relation to the targets contained in this Report and those in the AWPB.

109. **Mid-Term Report:** This single report will be prepared by the PCO and comprise the assessment of the efficiency as well as the Programme achievements to-date, an analysis of the Programme approach and activities, and detailed proposals for the implementation of the second part of the Programme.

110. **Programme Completion Report:** At the end of the implementation period, a single, comprehensive PCR will be compiled by the PCO. The PCR will follow the IFAD guidelines and format for Programme completion reports. The assessment criteria will include: participation of the target groups, the Programme's strategies and approaches, relevance, finance management, efficiency, outputs delivery, effectiveness, impacts, sustainability, Innovation, up-scalability and replicability.

Learning and knowledge management

111. **Knowledge Management:** The Programme's knowledge management will be an essential element for delivery of Programme objectives, especially for learning related to poverty reduction through commodity development. Two approaches will be taken: (i) a knowledge management program within the Programme for purposes of supporting within and between Programme learning; and (ii) support for a broader program of knowledge management aimed at informing government decision-makers and influencing policy. Concerning policy development, the opinion of a single province, although important, is unlikely to sway national policy in areas around the MoSEDP or P-PC, however, the collective knowledge of IFAD project experience in these fields in Viet Nam is substantial and will continue to grow. As such, the IFAD country office must play a role in bringing key project staff at provincial level together to collate and evaluate project outcomes and shape policy recommendations that can be carried forward to the national level. IFAD Viet Nam has been requested by the Minister MARD to assist with the development of governments PPP/P-PC policy. It is also a member of a donor group that was recently formed to support DPI with the development of the MoSEDP approach. As such, IFAD Viet Nam is well placed to bring the collective experience of IFAD financed investments in Viet Nam into national policy and strategic planning discussion.

112. The data management system will ensure that all reporting is completed and that information, reports and data are available in suitably accessible formats. Evidence based learning is an important output and the knowledge management system, combined with the evaluations must generate these evidence backed lessons. Lessons may be about approaches that do not work as well as those that do. In order to manage the knowledge and information of the Programme, the following activities will be conducted:

- (a) **Documenting lessons learnt, best practices and cases of success:** The SMS will collect all available relevant information to document lessons learnt, best practices and cases of success. It could be based on information collected from: progress reports, meetings and interviews, monitoring and evaluation reports, outputs evidence provided by targeted groups, market and value chain entities and other involved parties.
- (b) **Developing and delivering a lessons learnt study:** Based on the information collected along Programme implementation, the KM Officer will develop an end of Programme Lessons Learnt Report, analysing the documented lessons learnt, best practices and cases. It will be first submitted to IFAD and, once feedback has been incorporated, if any, the report will be shared widely.
- (c) **Development of material for dissemination:** The SMS will produce communication materials summarizing some of the success stories to be distributed through networks and policy dialogue. Based on analysis of the documented information, and the reports, material for dissemination will be produced at the end of the Programme; a mid-term Lessons Learnt

Report might be developed. A short film about the Programme combining before and after footage will be shared with target groups, policy makers and other stakeholders.
Recommendations and actions for market and value chain development will be developed.

D. Financial management, procurement and governance

113. **Financial Management.** The provincial PCO will be responsible and accountable to Government and IFAD for the proper use of funds apportioned to them, in line with the respective legal agreements, subsidiary financing agreements for financial institutions and contractual arrangements for service providers. It will provide detailed financial statements of the operations, resources and expenditures related to the Programme for each fiscal year prepared in accordance with standards and procedures acceptable to IFAD and deliver such financial statements to IFAD within four months of the end of each fiscal year.

114. Subsequently, audit firms appointed on an annual basis will audit these financial statements. The auditors will be jointly appointed by the PCO following a competitive procurement process acceptable to IFAD. The selection of the auditors and the audit process itself will comply with IFAD's Guidelines for Project Audits and international auditing standards. The cost of the audits will be financed from Programme proceeds. The annual audit, which will be a single process across both provinces, will be performed in accordance with International Standards on Auditing complemented by ToR acceptable to IFAD. The financial statements will be prepared in accordance with the cash basis of accounting in accordance with International Public Sector Accounting Standards (IPSAS) that reflect receipts, payments (by disbursement category) and fund balance for the current reporting period and the cumulative period from the commencement of the Programme. The auditors will issue separate opinions covering the financial statements, statements of expenditures and the management of designated accounts. The audited financial statements and audit reports will be submitted to IFAD within six months after the end of each fiscal year and after the Programme closing date. In addition, the auditors will also issue management letters outlining any internal control weaknesses.

115. Flow of funds arrangement. IFAD will make funds available to the Government of Viet Nam under the terms and conditions of the Finance Agreement. Programme funds will flow from IFAD via a single Designated Account (DA) established in a commercial bank acceptable to the IFAD. Government funds will flow to a separate account.

116. Designated Account (DA): In accordance with the Financing Agreement and Section 4.04(d) of the General Conditions, immediately after entry into force of the Financing Agreement, the GOV shall open and thereafter maintain in a commercial bank accepted by IFAD, an account denominated in US dollars for the purpose of financing the Programme, "Designated Account". The Designated Account will be operated by the Ministry of Finance (MoF) and will be protected against set-off, seizure or attachment on terms and conditions proposed by the Borrower and accepted by IFAD. The Borrower shall inform the Fund of the officials authorized to operate the DA.

117. Programme Account: The PCO shall open and maintain in the provincial treasuries an account denominated in VND for Programme operations, the "Programme Account". The Programme Account shall be funded and replenished as necessary from the resources held in the Designated Account, upon request of the PCO and in accordance with expenditures incurred under approved AWPBs. The Programme Director shall be fully authorized to operate the Programme Account.

118. Counterpart government contributions payments will be made from a Provincial Budget by arrangement of provincial Department of Finance, and be used specifically for the Vietnamese contributions to the Programme. These contributions will be received annually/quarterly in accordance with normal budget procedures.

119. Statements of Expenditure (SOE). For Withdrawal Applications for IFAD resources, the SOE facility will be applicable for all contracts up to a threshold to be agreed by IFAD.

120. Financial management. As custodians of funds in the Programme Account, the PCO will undertake the following financial management tasks:

- (a) Ensure that Programme expenditure items and practices are consistent with those of the Government and IFAD;
- (b) Ensure that Programme suppliers and locally paid staff are paid promptly and adequately through liaison with Ministry of Finance and the IFAD Country Office finance staff;
- (c) Ensure that Programme expenditure is being coded correctly and consistently and that Programme funds are used solely for the purposes for which they were granted and in accordance with relevant IFAD guidelines;
- (d) Establish an asset register for all assets purchased by or provided to the Programme in line with standard IFAD policies;
- (e) Check monthly Programme financial report for accuracy and appropriateness, and ensure the Finance Manager is current with events concerning financial reporting issues, errors, trends, payment delays and related matters; and,
- (f) Monitor expenditure on a monthly basis against the approved AWPB in order to prepare and send timely fund withdrawal applications to IFAD and review expenditure projections to ensure that expenditure stays within budget. Significant actual or anticipated expenditure variances against the budget should be included in the monthly report to line management together with any recommendations for changes to the budget.

121. The Head of Finance and Administration of the PCO will be responsible for the actual management of these tasks, and will report to the PCO Director.

122. Procurement. Procurement of goods, works and consulting services financed by IFAD under CPRP will be carried out in compliance with the IFAD's Project Procurement Guidelines (as approved by IFAD in September 2010 and which may be amended from time to time). The national procurement procedures, processes and regulations under the Procurement Law could be applied to the extent that they are consistent with IFAD Project Procurement Guidelines.

123. As soon as possible after Programme commencement, the PCO shall submit to IFAD the Draft AWPB. The Procurement Plan covering the initial eighteen (18) month period of Programme implementation is included in Appendix 8. This shall be updated to cover each succeeding twelve (12) month period for IFAD review and no objection. Each procurement plan shall include the proposed contracts, estimated costs and financings sources, methods of procurement, related IFAD review procedures, time schedules, etc. as specified in the IFAD procurement format.

124. Procurement methods for work and goods packages under the CPRP include (i) national competitive bidding applied for packages with estimated cost equivalent or exceeding USD 60,000; (ii) local competitive bidding applied for packages with estimated cost less than USD 60,000; (iii) procurement with community participation or Force Account applied for infrastructure schemes that can use intensive un-skilled labour and simple techniques such as concrete roads, lined canals, storages, etc. with the estimated cost less than USD 30,000; (iv) direct contracting could be applied for very small packages with estimated cost less than USD 5,000.

125. Methods for selecting consultants under the CPRP include (i) Quality and Cost Based Selection applied for service packages with estimated cost equivalent to or exceeding USD 30,000; (ii) Select Based on Consultants' Qualifications applied for service packages with estimated cost less than USD 30,000; (iii) Single Source Selection could be applied only in exceptional circumstances and will need to be approved by IFAD in the procurement plan.

126. Prior review thresholds. In accordance with IFAD Project Procurement Guidelines the following shall be subject to prior review by IFAD: (i) any goods contract estimated to cost USD 60,000 or more; (ii) any work contract estimated to cost USD 60,000 or more; and (iii) any consulting service contracts estimated to cost USD 30,000 or more.

127. Governance. The PPC, DPCs, and CPCs will have overall responsibility for program management and coordination of all departments and other agencies at their respective levels for implementation of the Programme.

128. The PPC of Ha Giang will be the Programme Owner. It will establish a PCO to coordinate Programme implementation and a PSC, which will assist the PPC in leading government agencies, mass organizations, the private sector and communities at all levels to ensure achievement of the Programme objectives...

129. The PPC, as the Programme Owner, will provide oversight to ensure adherence to Government of Viet Nam's policies and norms and the IFAD Loan Agreement. In each province, the PPC will issue a decision enabling the establishment of the PCO.

130. The PSC is established by the PPC to represent the PPC in overall execution of Programme implementation and ensure effective coordination/integration/cooperation among all government and donor-funded projects. As such, it is the executive agency for Programme governance.

131. The PCO will sign MoU with the DPI, DARD and DoNRE Directors outlining those institution's CPRP implementation responsibilities and output, outcome and impact targets.

E. Supervision

132. The Programme will be directly supervised by IFAD, in accordance with the on-going arrangements in Viet Nam. The IFAD Country Office will manage the supervision, IFAD staff and consultants will attend the Programme start-up workshops, and specialist consultants and staff will continue to be involved in supervision and implementation support. The initial supervision and implementation support mission will take place soon after Programme commencement. Further supervision missions will be undertaken annually and complemented by short and focused follow-up missions as appropriate. Supervision will be based on IFAD's operational modalities and practices. As far as possible, the identity of personnel engaged in supervision and implementation support will not be changed frequently unless there are compelling reasons to do so. The frequency and composition of supervision missions will be determined in light of actual requirements and in accordance with IFAD and the Government.

F. Risk identification and mitigation

133. The main identified risks for this Programme are identified in the Programme logical framework. They are:

134. **At the Programme Goal Level**, the risk of external shocks to the macro-economy has the greatest prominence. This risk is ever present in a relatively open economy such as that of Viet Nam, particularly with the high proportion of income being derived from export revenue. This is a significant risk for the Programme. At the national level, sound macro-economic policies, including market determined exchange rates are the main means of mitigation of this risk. The main mitigation measures at the Programme and enterprise levels are the emphasis on sound financial analysis of Programmes, with emphasis on quality and high productivity and low cost per unit of output value.

135. **At the Development Objective Level**, is associated with that of "Elite Capture" of benefits targeted for poor inhabitants of the Programme area. Although this risk is significant, there are a number of in-built devices within the Programme design that mitigate this. These are:

- The use of specially trained district VCMDOs to assist at commune level;
- The action of the PRA at the outset of MoSEDP process;
- The careful screening of all public investments proposed through the MoSEDP;
- The adoption of the closely mentored inclusive approach to participatory planning of development; and,

- The rigorous use of screening and approval of private investment proposals to ensure that there are strong backward linkages to the primary target group.

136. **At the Output Level**, the main risk is that there is insufficient availability of skilled and efficient contractors and service providers to effectively implement the Programme in a cost-effective manner. Rigorous screening and investigation of potential contractors prior to engagement can deal with this risk adequately. The experience of the IFAD country office and the PCO in this respect remains vital. In some circumstances, particularly for the facilitation services being provided to the MoSEDP process, it may prove to be necessary for some intensive training and mentoring of service providers. This is accommodated under Outcome 1.

137. Associated with this risk is that of the lack of experience of CPCs and DPCs in applying the MoSEDP processes for identification of appropriate value chain investments. This is a genuine risk in communities because of their previous orientation towards production and public investment. This risk is explicitly recognised in the Programme design, and training and mentoring will be provided to change the skills and mind-sets of the relevant officials.

138. There is a risk that integrated disaster risk management and vulnerability planning are not effectively integrated into village, commune and district-level planning. The mitigating factors for this risk are: (i) substantive investment in CC orientation; (ii) careful screening of all investments proposed; and (iii) adoption of the closely mentored inclusive approach to participatory planning of development.

139. Financial service providers may not be sufficiently interested to invest in Programme targeted value chains. Past performance by leading rural financial service providers has demonstrated this risk. It will be alleviated by: (i) development of new rural financial service providers; (ii) increased emphasis on savings; (iii) development of new financial products; and (iv) investment in profitable, climate adapted production systems and value chains.

140. The allocation of land use title to male household heads is a significant risk to women's participation in productive investments. This risk will be addressed by Programme acceleration of the ongoing provincial process of assigning husband and wife's name to any land use tenure document

IV. Programme costs, financing, benefits and sustainability

A. Programme costs

141. The main assumptions underlying the derivation of Programme costs, estimated Programme costs and financing plan are:

- a. The Programme costs are based on April 2014 prices.
- b. The proposed Programme will be financed over a five-year period (2015-2019).
- c. Inflation. The Economist Intelligence Unit's (EIU) estimate for the consumer price inflation in 2015-18 is an average of 8%, and this rate was set as a base for the analysis for the Programme period 2015-2019. Foreign inflation was set at 2% p.a. over the project period, based on the MUV (15) Index.
- d. Exchange Rate. The Base Exchange rate for this analysis has been set at VND 21,000 to USD 1 as an official exchange rate prevailing in April 2014 (rounded).
- e. The Programme costs are presented in both VND and USD. Conversions from current USD values into Dong use constant purchasing power exchange rates:
- f. Taxes and Duties. There is value added tax (VAT) of 10% levied on all imported and locally procured goods and services, except for agricultural outputs/inputs that are levied at 5%. Vehicles have a tax of up to 50% depending on an engine power. International technical assistance does not carry any taxes. For directly recruited local staff the Programme will cover the social insurance charges of 33.5%.

- g. The Government will finance the cost of all taxes on goods and services procured under the Programme.

142. The total investment and incremental recurrent Programme costs, including physical and price contingencies, as detailed in **Error! Reference source not found.**, are estimated at about USD 33.7 million (VND 751.8 billion). Physical and price contingencies make up about 2.4% of the total Programme costs due to the fact that investments associated with the infrastructure, credit financing and grants make up around 49% of the total Programme costs (expressed as a lump sum) while training, technical assistance and funding of Red Book allocation account for another 32% of total costs (no physical contingencies are applied to these items). The foreign exchange component is estimated at USD 2.41 million or about 7.1% of the total Programme costs. Taxes and duties make up approximately USD 0.96 million (3.9%). Programme Management costs amount to USD 3.09 million (about 9.2% of the total Programme costs) and cover operational costs linked to Component 2 as well as all technical Programme staff in charge of components 1 and 2.

Table 4. Programme Costs by Component and Output

Socialist Republic of Viet Nam Ha Giang Commodity-oriented Poverty Reduction Programme (CPRP) Components Project Cost Summary								
	(VND Million)			(US\$ '000)			% Foreign Exchange	% Total Base Costs
	Local	Foreign	Total	Local	Foreign	Total		
A. Planning for sustainable, market-led development established								
1. Commodity-based investment planning institutionalized	5,481.0	-	5,481.0	261.0	-	261.0	-	1
2. Planning is climate adapted, market oriented and results based	96,558.8	3,118.5	99,677.3	4,598.0	148.5	4,746.5	3	14
3. Climate adapted technology tested and developed	28,213.5	630.0	28,843.5	1,343.5	30.0	1,373.5	2	4
Subtotal Planning for sustainable, market-led development established	130,253.3	3,748.5	134,001.8	6,202.5	178.5	6,381.0	3	19
B. Building pro-poor commodity investment								
1. Community development co-financed	254,562.0	37,800.0	292,362.0	12,122.0	1,800.0	13,922.0	13	42
2. Rural financial services enhanced	112,673.4	3,780.0	116,453.4	5,365.4	180.0	5,545.4	3	17
3. Public-Private Collaboration (P-PC) implemented	86,205.0	966.0	87,171.0	4,105.0	46.0	4,151.0	1	13
Subtotal building pro-poor commodity investment	453,440.4	42,546.0	495,986.4	21,592.4	2,026.0	23,618.4	9	72
C. Programme Coordination	57,411.9	3,622.5	61,034.4	2,733.9	172.5	2,906.4	6	9
Total BASELINE COSTS	641,105.6	49,917.0	691,022.6	30,528.8	2,377.0	32,905.8	7	100
Physical Contingencies	3,349.0	187.4	3,536.4	159.5	8.9	168.4	5	1
Price Contingencies	55,374.6	1,874.3	57,248.9	617.1	21.0	638.0	3	2
Total PROJECT COSTS	699,829.3	51,978.7	751,808.0	31,305.4	2,406.9	33,712.3	7	102

B. Programme financing

143. An IFAD Loan (Loan 1) of USD 10 million¹⁹ (29.7% of the total Programme costs). There is a financing gap of USD 10 million (29.7%) (Loan 2), which IFAD intends to fill through existing or future PBAS resources, once available. Collectively, the IFAD loans 1 and 2 will finance 79.2% of the Planning for Sustainable, Market-led Development Component (USD 5.36 million), 55.6% of the Pro-Poor Commodity Investments Component (USD 13.26 million) and 44.6% of the Programme Coordination Component (USD 1.38 million).

144. Beneficiaries will contribute approximately USD 4.22 million (12.5%) as co-financing of the community infrastructure (10%) and of the CIG grants for Technical Advisory Service contracts (at least 50%), as well as in the form of 51% of the P-PC investments to be contributed by the benefitting businesses.

145. The Government contribution will cover all taxes and duties on all Programme inputs that involve funding from the IFAD Loan/Grant and any other external source of funding associated with the IFAD Loan/Grant (USD 1.52 million). In addition, the Government is expected to contribute from its budget about USD 7.98 million to cover staff salary costs, its contribution to the issuance of forest land red books and the NTP-NRD contribution to CIGs. **Error! Reference source not found.** provides a summary by the Programme financing plan by outcomes.

¹⁹ There is a financing gap of USD 10 million (29.6%), which IFAD intends to fill through existing or future PBAS resources, once available.

Table 5. Financing Plan by Component and Output (USD'000)

Socialist Republic of Viet Nam															
Ha Giang Commodity-oriented Poverty Reduction Programme (CPRP)															
Components by Financiers															
(US\$ '000)															
	IFAD Loan 1		IFAD Loan 2		GOV Taxes		GOV		Beneficiaries		Total		Local	Duties &	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	For. Exch.	(Excl. Taxes)	Taxes
A. Planning for sustainable, market-led development established															
1. Commodity-based investment planning institutionalized	212.1	79.9	43.2	16.3	10.0	3.8	-	-	-	-	265.3	0.8	-	255.3	10.0
2. MoSEDP processes supporting private sector investment at commune level implemented	2,452.5	48.4	1,284.0	25.3	304.9	6.0	1,030.8	20.3	-	-	5,072.2	15.0	155.8	4,611.5	304.9
3. Climate adapted technology tested and developed	596.8	41.9	768.2	53.9	60.6	4.2	-	-	-	-	1,425.5	4.2	33.1	1,331.8	60.6
Subtotal Planning for sustainable, market-led development established	3,261.4	48.2	2,095.4	31.0	375.5	5.6	1,030.8	15.2	-	-	6,763.0	20.1	189.0	6,198.6	375.5
B. Building pro-poor commodity investment															
1. Community development co-financed	3,849.1	27.3	4,357.6	30.9	908.3	6.4	2,613.2	18.5	2,384.4	16.9	14,112.6	41.9	1,800.0	11,404.3	908.3
2. Rural financial services enhanced	1,424.3	25.5	1,315.9	23.5	54.2	1.0	2,800.0	50.1	-	-	5,594.4	16.6	188.6	5,351.6	54.2
3. Public-Private Collaboration (P-PC) implemented	776.7	18.7	1,540.5	37.1	-	-	-	-	1,836.0	44.2	4,153.2	12.3	47.9	4,105.3	-
Subtotal Building pro-poor commodity investment	6,050.1	25.4	7,214.1	30.2	962.5	4.0	5,413.2	22.7	4,220.4	17.7	23,860.2	70.8	2,036.5	20,861.2	962.5
C. Programme Coordination	688.4	22.3	690.8	22.4	177.8	5.8	1,532.0	49.6	-	-	3,089.0	9.2	181.5	2,729.7	177.8
Total PROJECT COSTS	9,999.9	29.7	10,000.3	29.7	1,515.8	4.5	7,976.0	23.7	4,220.4	12.5	33,712.3	100.0	2,406.9	29,789.6	1,515.8

C. Summary benefits and economic analysis

146. **Benefits.** The Programme is expected to generate substantial net incremental benefits for poor farmers and rural entrepreneurs engaged in the supported commodity chains throughout the province. The primary benefits from the Programme would come from: (i) increased crop, forest and livestock productivity and production, resulting from improved access to better and more affordable inputs and their application, as well as climate-smart agriculture technologies; (ii) increased proportion of marketed farm produce, resulting from improved market linkages and outlets; (iii) reduced losses during production, processing and transportation of produce through innovative technology and improved rural infrastructure, particularly village to commune access roads and irrigation development; (iv) enhanced value addition along the value chain and improved quality of products resulting in higher producer prices; (v) enhanced access to longer-term credit and to co-financing; (vi) increased employment either for hired or family labour for both on-farm and off-farm activities; and (vii) increased tax revenues.

147. It is expected that by the end of the Programme at least 10,000 poor and near-poor households supported by the Programme would have at least 30 percent increase in income. These include 4,500 CIG members, 5,220 SCG members as well as households that will benefit from P-PC investments, enterprise-based vocational training and farm-based extension provided by the Programme. Furthermore, up to 20,400 households in the 30 Programme communes would benefit from community infrastructure investments, particularly market access roads and irrigation development, including 11,800 poor and near poor households (58%) (see Appendix 10 Tables A-3, A-6, A-7 and A-8 for details).

148. The increased income and employment would result in increased demand for goods and services in the rural areas in Ha Giang, which is expected to generate additional income and employment effects, and further increase government tax revenues. The increased agricultural output will increase national production, and thereby contribute to growth in overall GDP and national food security. In addition, foreign exchange earnings/savings are expected from increases in exports (mainly tea, timber, medicinal plants and spices) and a reduction in imports (mainly timber).

149. Major institutional benefits expected from the Programme are: (i) at least 300 common interest groups (CIG) and 348 newly established savings and credit groups (SCG) as well as farmers' cooperatives supported by the Programme are effectively serving their members; (ii) Commodity-based investment planning is institutionalized in DARD, DPI and DOF and staff capacity at provincial and district level is built for preparation of strategic investment plans (SIPs) and market economy management; and (iii) all districts and communes are planning and implementing participatory annual climate-smart SEDPs for market-oriented and demand-driven rural development public investment.

150. The main social and environmental benefits expected from the Programme are: (i) reduced vulnerability and increased resilience to climate-change and disaster impacts, resulting from the

implementation of climate-smart MoSEDP at district and commune level; (ii) increased participation of women and the poor in decision making at local level; (iii) reduced environmental degradation and conserved natural resource base for sustainable livelihoods of present and future generations; and (iv) environmentally friendly agronomic practices, energy-efficient processing and safe disposal of agro-industrial waste products. An overview of the potential Programme benefits is provided in Appendix 10.

151. **Financial Analysis (FA).** The FA is based on illustrative models for annual crops (5), tree crops and forestry (5), animal production (6) and processing enterprises (6) which have been identified for the main commodity chains that are likely to be supported by the Programme. The commodity chains have been selected on the basis of a preliminary analysis of the market demand, constraints, opportunities and their potential to contribute to poverty reduction in Ha Giang. Tables 1–4 in Appendix 10 summarize the main financial parameters. Detailed enterprise budgets are presented in the Financial and Economic Analysis Annex in the Programme Life File. The FA shows the potential for significant increases in net profits, return to labour and return on investment resulting from the Programme. It should be noted that, while net profits and return to labour increase considerably, the higher investment costs may result in a reduced return on the capital invested for some models (although still substantial), compared to the without Programme scenario. Decisions on Programme support to investments in farming systems and enterprises would be based on sound FA, specifically for (i) investment proposals that are required for accessing Public – Private Collaboration (P PC) competitive business grants (CBGs); and (ii) business plans for investments by common interest groups (CIGs) and by Savings and Credit Group (SCG) members. The financial enterprise budgets prepared together with the PPB and DARD staff provide the basis for the Economic Analysis of the Programme. Furthermore, it is envisaged that the templates developed will provide the building blocks for a thorough value chain analysis for the main value chains to be supported by the programme, as well as for the above mentioned FA that will be carried out during implementation (after some modification as required).

152. **Economic analysis (EA).** The CPRP does not lend itself to the traditional EA of development projects, as it is demand- and market-driven and it is not possible to determine ex-ante for which types of eligible commodities and economic activities farmers and enterprises will request Programme support, which technologies and business practices they will actually choose, and what types of community infrastructures will be funded. Therefore, the EA has been based on (i) an estimated distribution of farm and enterprise models identified in the FA and conservative assumptions regarding outreach, adoption and success rate; and (ii) representative models for irrigation scheme and rural road rehabilitation/construction supported under sub-component 2.1. It should be noted that potential benefits from Component 1: Capacity building for market-led development have not been quantified separately as (i) this component would contribute to realizing the outcomes expected from Component 2; and (ii) it is difficult to quantify in economic terms additional benefits resulting from the institutional support and capacity development provided under Component 1.

153. The economic internal rate of return (EIRR) of the Programme for the base case is 16.4 percent. The net present value (NPV), discounted at 12 percent is VND 162.06 billion (USD 7.717 million). An increase in Programme costs by 10 percent will reduce the EIRR to 14.9 percent, while a decrease in overall Programme benefits by 20 percent will result in an EIRR of 12.9 percent. A one-year delay in benefits reduces the EIRR to 14.0 percent and a two-year delay to 12.0 percent. The switching values show that the Programme will remain economically viable if benefits decreased by 25 percent or Programme costs increased by 33 percent (see also additional scenarios presented in Appendix 10).

154. **Conclusions.** On the basis of conservative assumptions, and given the fact that many potential benefits that are expected from the Programme have not been quantified in economic terms, the Programme can be justified on economic grounds. It should be kept in mind that not all potential economic benefits (for example, environmental benefits; other direct and indirect benefits of community infrastructure; and additional direct benefits from Component 1) have been included in the

analysis. Furthermore, the likely multiplier effects mentioned above have not been quantified. Therefore, it is safe to assume that the estimated economic benefits are on the low side of the potential economic returns that can be expected when the Programme is implemented.

D. Sustainability

155. The emphasis of the Programme is on enhancement of private sector activity and competitiveness in the specific sub-sectors targeted for investment. The most important determinant of sustainability of such investments and, by extension, provision of expected benefits, is their continued profitability. The approach adopted will provide strong grounds for the expectation that a large majority of investments will endure. The main tools used by the Programme to enhance prospects of private business sustainability will be:

- Enhanced capacity of government staff, farmers and private rural enterprise actors to analyse and prioritize investment choices;
- Rigorous scrutiny of business proposals by CPRP and collaborating financial institutions;
- The commitment of a substantial proportion of investment from the client's own financial resources;
- The complementary public investment in infrastructure designed to improve business conditions and lower costs; and,
- The focussed approach to investment within the Communes provided by the MoSEDP process.

156. The incorporation of the private sector into an enhanced MoSEDP process, which will holistically plan both government and Programme resources is critical to the post Programme economic welfare of the target group.

157. The public investments through the leveraging of market and value chain development provide a different challenge for sustainability of benefits. The experience gained by IFAD and by DRPP in supporting this is crucial. The Ministry of Agriculture and Rural Development (MARD) is also supportive of PPP/P-PC investments and, with donor support, including IFAD, is preparing national guidelines for PPP/P-PC that will be adopted by CPRP. The likelihood of sustainability of the public investments, although not assured, will be further enhanced through the following measures which are built in to Programme design:

- The operation of investments will largely be through existing institutions;
- The requirement for a relatively significant contribution from the sponsoring agency or community groups; and,
- The assurance local ownership and participatory planning through the MoSEDP process;

Appendix 1: Country and rural context background

A. National Level

Overview of country development over the recent years:

1 The Government of Vietnam (GoV) introduced a wide-ranging set of reforms known as Đổi Mới (renovation) in 1986, which were formulated to liberalize the economy. Vietnam has undergone almost 28 years of reform following the Đổi Mới resolutions, which has largely been successful. The economy is now sustaining strong economic growth, is well-advanced in its transition from a planned to a market-oriented economy. GDP growth averaged 7.26% during 2001- 2010.

2 With progress achieved in poverty reduction and economic growth, Vietnam had become a low middle income country in 2009 (GSO, 2012) and achieved five out of eight millennium development goals by 2010 (BTI, 2012). The poverty rate was halved from 28.9% in 2002 to just 10.7% in 2010 (GSO, 2012). The economy also has experienced a positive structural shift with the agricultural proportion of GDP decreasing from more than 40% in 1990 to about 20% in 2010. The proportion of the labour force in agriculture also decreased from more than 80% in 1990s to less than 50% to-day.

3 Along with economic development, Vietnam has also provided opportunities for greatly enhanced foreign direct investment and international trade. In the last decade, Vietnam's international trade turnover has increased more than 5 times (GSO, 2012), showing an open economy at a high level and a commitment to integration.

Table 6: Major Economic Indicators for Vietnam

Indicator	Unit	2005	2012
Population	head	83.5 million	88.8 million
GDP	USD	52.9 billion	154 billion
Inflation Rate	%	9.5	9
Exports	USD	32.0 billion	115.0 billion
FDI	USD	5.8 billion	16.3 billion

Source: Vietnam General Statistics Office data and Ministry of Planning and Investment.

4 Agriculture and Rural development the recent years: There have been major reforms toward liberalization of agriculture and encouragement of private sector development in recent years. The agriculture sector contributes a considerable part to Vietnam's export each year with the yearly growth rate of about 4.5%. Vietnam is now the world's second largest exporter of rice and is a significant player in world markets for coffee, pepper, tea, cashew and seafood. Export earnings from agricultural and aquaculture products have been continuously increasing since 1990. Subsectors such as industrial crops, vegetables and livestock have developed rapidly and have been able to meet domestic demand. Agricultural production shows stable growth, rising in the ten years from 2001-2010 by 50.4% in total value (GSO, 2012). Aquaculture has also provided impressive growth, and now accounts for 21.1% of all agricultural production value (GSO, 2012). The agricultural sector has also shown increased market orientation with the production of industrial crops increasing by 40.4% in ten years from 2001 to 2010.

5 Despite this progress, the development of agriculture and rural areas remains slower than other sectors of the economy, and some of the progress achieved may not be sustainable. Although agricultural production has developed some links with markets, often these are neither strong nor enduring. The use of advanced technologies, advanced trade mechanisms, market forecast and analysis are very limited within the agricultural sector.

The opportunities for rural development of Vietnam:

6 The current policies, programs are supporting the rural development that GoV and other Donors initiate: The Government of Vietnam primarily plays facilitating roles in infrastructure

development, public services, and in special programs. It also provides direct support for areas with extremely difficult conditions in remote and/or mountainous areas (Global Donor Platform for Rural Development, 2011). Government investment and support for rural areas is prioritized towards infrastructure upgrading and development to provide better services for production, transportation (and trade), and markets. It also provides direct support for non-agricultural economic activities and development of SMEs and industrial villages in rural areas. In line with priorities of government, the largest donor-funded activities are focused mostly on infrastructure such as transportation, irrigation, utilities and other public facilities. ODA funding plays an important role with 61% of funds goes to rural areas (ODA for agriculture and rural development for the period 2006-2010 and development trend 2011-2015, 2010).

7 Involvement of the private sector: National public policies have combined with international cooperation and private sector intervention in order to target the reduction of Vietnam's general poverty rate. The private sector created 87 % of the total employment in Vietnam in 2008 (GSO). Moreover, with the initiation of public-private partnerships, the private sector plays a more and more important role in providing education and training services to the poor. While challenges still exist, the government has recognized the value of foreign investment and private enterprise in steering economic growth and has made doing business in Vietnam much easier in recent years.

8 Within the policy and investment framework, there are numerous viable avenues for agricultural and rural development in Viet Nam, building on the successes of the recent past. Viet Nam possesses a well-educated rural work force, has relatively good rural infrastructure and relatively good physical environment. All of these factors enable it to be a low cost producer of agricultural commodities. The most prominent of the opportunities for Ha Giang province are:

- Production of wood and wood products for domestic and export markets;
- Production of tea for local and export markets;
- Production and processing of livestock products for burgeoning urban markets in the north-west mountains and China;
- Production and processing of medicinal plants and spices for domestic and export markets.

Public Sector Planning for rural development

9 The Ministry of Planning and Investment (MPI) has under its jurisdiction the entire planning process as well as the development of the various strategies and plans, at all levels. The two central components of the planning system are the 10-year "Socio-economic Development Strategy" (SEDS) and the corresponding consecutive "Five-year Socio-economic Development Plans" (SEDP). In addition, there are (i) regional development plans whose purpose is to tailor the objectives of the SEDS and SEDP to the conditions of the regions in Vietnam; (ii) national sectoral development plans that define the sector-specific objectives to be implemented by the line ministries, (iii) at the sub-national level, the line ministries' regional and provincial sectoral development plans, and (iv) the Provincial People's Committees' long-term and annual plans for socio-economic development.

10 The current SEDS, covering the period from 2011-2020, focuses on structural reforms, environmental sustainability, social equity, and emerging issues of macroeconomic stability. It defines three "breakthrough areas": (i) promoting human resources/skills development (particularly skills for modern industry and innovation), (ii) improving market institutions, and (iii) infrastructure development.

11 The SEDP is the primary national planning tool for the implementation of the SEDS. The current SEDP for the period 2011-2015 focuses on the need to restructure the economy to increase the share of high value-adding economic activities, improve the living standards of ethnic minority populations, strengthen environmental protection, and mitigate and prevent the adverse impacts of CC. The Plan underlines the need to develop favourable conditions for the private sector and to gradually reduce the contribution of the state sector to GDP. It also outlines the importance of environmental protection, CC mitigation, and adaption and building resilience to natural hazards.

12 A bottom-up mechanism is employed in the development of the SEDPs, both the five year as well as the annual SEDP plans. Local governments at the commune, district, and province-levels develop and submit proposals to the next higher level of government, which are then ultimately and eventually submitted to MPI, where they are incorporated into the annual SEDP plans.

Table 7. Types of socio-economic development planning inputs.

Planning document	Characteristics	Approving body	Drafting body	Example
Ten-Year Socio-economic development strategy	National, 10-year. States political vision for long-term development. Sets priorities for national, sectoral and regional development.	Communist Party of Vietnam	Development Strategy Institute of the Ministry of Planning and Investment	Socio-economic development strategy 2011-2020
Five-year socio-economic development plan	National, 5-year. Concretises the development strategy and sectoral master plans	National Assembly	Ministry of Planning and Investment	Socio-economic development plan 2011-2015, 2016-2020
Sectoral socio-economic development strategy	Sectoral, long-term. Sets target programs for regions.	Prime Minister	Sectoral Department of the Ministry of Planning and Investment working together with relevant sectoral ministry	National Strategy on Climate Change, Period 2011-2020; Master plan on economic restructuring in association with conversion of the growth model towards improving quality, efficiency and competitiveness during the 2013-2020 period
Regional socio-economic development plan, "master plans"	Regional or sectoral, long-term. Sets target programs for regions.	Prime Minister	Planned and coordinated by MPI working together with relevant Ministries	Master Plan for Socio-Economic Development of the Mekong Delta Region to 2020
Annual socio-economic development plan	National, annual.	National Assembly	Ministry of Planning and Investment	Socio-economic development plan 2013, 2014, 2015
Provincial socio-economic development plan, also "master plan"	Provincial, 10-year. Sets target programs for provinces	Prime Minister	Department of Local and Regional Economy of the Ministry of Planning and Investment	Master Plan on Socio-Economic Development of Ben Tre Province Through 2020

Source: Tan, S. 2012. Reconsidering the Vietnamese development vision of "industrialization and modernization by 2020". Working Paper 102. ZEF Working Paper Series. Department of Political and Cultural Change, Center for Development Research, University of Bonn

13 Of greatest relevance to the proposed Programme is the context and functioning of the SEDP process at the local-levels (commune, district and province). Their five-year plans establish the annual targets for each Province and, by extension, the annual priorities to be incorporated into each years' SEDP. Under the SEDP 2011-2015 there are four thematic areas whose targets orient the planning for the agriculture and rural development (ARD) sector. These thematic areas are: Clean Water, the National Target Program for New Rural Development, the National Target Program for Response to CC, and Clean Food & Agriculture.

National Policy and Planning Framework for CC

14 For the ARD sector, the principle orienting frameworks for medium-term responses to CC are the National Target Program to Respond to CC (NTP-RCC) and the Action Plan Framework for Adaptation to CC in the Agriculture and Rural Development Sector Period 2008-2020. Both of these were approved and issued in 2008. Subsequently, in 2011, MARD issued its Action Plan To Response To CC Of The Agriculture And Rural Development In Period 2011-2015 And Vision To 2150 (RCC-ARD).

15 The NTP-RCC which covers the period from 2009 to 2015, has the global objectives of: (i) assessing potential impacts of CC; (ii) ensuring that a CC response action plan is developed by each sector; (iii) initiating efforts to move the country towards a low-carbon economy, and (iv) contributing to global efforts for the mitigation of GHGs. The NTP simply establishes the requirement that all other

line ministries, provinces and cities produce CC action plans. As such, the NTP-RCC is not a CC strategy, though reportedly MoNRE is now working on the preparation of such a strategy.

16 MARD's "Action Program In Response to CC of the Agriculture and Rural Development Sector During 2011-2015 and Vision to 2050" (RCC-ARD) establishes priorities for the next three years. The overall objective of the Action Plan is to improve the CC response capacity of the agriculture and rural development sector in order to (i) minimize CC-related damages; (ii) reduce the agricultural sectors greenhouse gas emissions; (iii) protect the lives of people exposed to climate risk and sea level rise related natural disasters; and (iv) create opportunities for sustainable agriculture and rural development within the context of CC. Priority thematic areas within the Plan include protection of populations and agricultural lands in the coastal zones; stabilizing agriculture, forestry and salt production; ensuring food security (especially, rice production); the safety and integrity of the dyke system and other productive infrastructure important for agricultural production; natural disaster prevention and control; and economic growth that reduces both poverty and greenhouse gas emissions.

17 To achieve the objectives of the Action Plan, MARD has specified a series of seven policy, strategy, capacity building and awareness raising tasks to be accomplished: (i) further evaluation of CC and sea level rise impacts on ARD and development of mitigation and adaptation measure and solutions; (ii) development of specific programs/projects in response to projected impacts; (iii) awareness raising; (iv) training and development of human resources to respond to CC challenges and create development opportunities; (v) integration of CC and sea level rise concerns into action plans, policies, strategies, planning and sector/field/local development plans; (vi) cooperation with International Governments and donors to mobilize resources, knowledge and experience for the implementation of the Action Plan; and (vii) monitoring, inspection and evaluation of the implementation of the Action Plan. Very importantly, the Plan recognizes that there is an important need for flexibility and locally adapted responses.

Other Important National Frameworks

18 There are two other national instruments are of high importance for CC response and adaptation.

- The National Strategy For Natural Disaster Prevention (NS-NDP), approved by government in 2007, has as its main objectives;
- The integration of disaster risk management into socio-economic development plans at the national and levels with a focus on disaster response;
- Ensuring sustainable disaster recovery which integrates disaster risk management;
- Planning five different regional disaster risk management strategies for the five geographical regions of the country;
- Combining structural and non-structural measures in disaster risk management and dividing implementation responsibilities and timing for risk reduction among a range of ministries.

19 Whereas Viet Nam has traditionally focused on preparedness and response through a strong emphasis on structural measures (e.g., dykes and seawalls), this strategy also places disaster preparedness and forecasting among its foremost objectives. The implementation plan for the strategy includes a series of actions that offer an opportunity to bring together community-level disaster risk management/vulnerability reduction and CC response. Of particular note are those elements having to do with Community-based Disaster Risk Management (CBDRM):

- Capacity building for local government staff at all levels on managing and implementing CBDRM activities; and,

- Capacity building on CBDRM for communities, including: the formation of community-selected CBDRM working groups in communities; developing participatory community-level hazard and vulnerability maps.

20 MARD is responsible for development and implementation of the training and capacity building programs while the People's Committees are responsible for the local planning and hazard/vulnerability mapping.

21 **The National Target Program on New Rural Development (NTP-NRD)** is to implement the ARD sector's "New Agricultural and Rural Development Strategy". The policy calls for structural changes that will widely affect policy, legal frameworks, planning, land use, investment and principal factors of production within the sector and in the rural areas. The intent of the new policy is to speed up industrialization and modernization of the rural sector. MARD is the lead Ministry for the implementation. Among others, the policy calls for:

- Improved natural resource management and CC adaptation for livelihood security, and building capacity at grassroots level for promoting sustainable uses of natural resources to enhance the livelihoods of the farmers;
- Decentralization of decision making and resources covering both economic and social issues;
- The transition of the role of the State in agriculture, from service provider to regulator and facilitator;
- A continued transition to market-oriented agriculture and rural economic development; and
- Economic growth and competitiveness through the creation of non-farm and off-farm employment opportunities through accelerated market-oriented reforms.

22 Operational details for the implementation of the NTP were defined in a 2010 decision which detailed program's eleven components and their institutional and implementation arrangements. There are three components which are of particular importance in a discussion of climate adapted investment and in building resilience for adaptation to CC:

- General master plan for rural development – including all planning processes for the development of "new rural areas", i.e. planning of land use, basic infrastructure, production of agricultural commodities, agro-industry, craft industry, provision of services, socio-economic and environmental infrastructure, new residential areas and improvements to existing residential areas in communes;
- Socio-economic infrastructure development – construction of roads, power grids, clinics, schools, irrigation systems, etc.;
- Economic restructuring, development and income improvement – including restructuring agricultural production towards production of commodities with "high economic efficiency" and; strengthening extension activities, increasing research outputs on advanced technologies for agro-forestry-aquaculture production.

B. Ha Giang Province

23 Hà Giang is a province of north eastern Vietnam, and includes Vietnam's northernmost point, sharing a 270 km long border with China. The province covers 7,915 square kilometres of which agro-forestry production land accounts for 86% equivalent to 719,403 ha (including agricultural land of 156.062 ha (19.7%) and forest land of 561.948 ha (71%)). Hà Giang has 10 districts (Đồng Văn, Mèo Vạc, Yên Minh, Quản Bạ, Bắc Mê, Vị Xuyên, Bắc Quang, Quang Bình, Hoàng Su Phì, Xín Mần) and Hà Giang, the provincial city of Hà Giang province, embracing 195 communes, wards and towns. Geologically, the province is deeply fragmented, being divided into three distinctive zones:

- **Northern zone:** comprising Dong Van, Meo Vac, Yen Minh and Quan Ba districts — amongst the poorest and most difficult to access districts in Vietnam. This area, characterized by limestone mountains, experiences relatively severe weather condition with long cold winter and low rainfall. Water shortage, lack of land for cultivation, remoteness and severe weather are the key barriers to the economic development of this zone.
- **Western zone:** including Xin Man, Hoang Su Phi and Quang Binh districts. This zone is characterized by the steep-poor quality soil hills. These districts difficult to access during the rainy season (June – October) primarily because of landslides.
- **Eastern and southern zone:** includes Ha Giang town, and Vi Xuyen, Bac Quang and Bac Me districts. This zone spreads along the Lo River, running from China to Tuyen Quang province. The main geographical characteristic of this zone are the large, flat valleys providing land suitable for wet rice and cash-crop cultivation.

24 At end-2011, the province had 755,632 inhabitants belonging to 22 ethnic groups. The Hmong people for the largest ethnic group (32%), following by the Tay (23%), Dao (15%), Kinh (13%) and others (16%). Ha Giang was ranked the least developed of Viet Nam's 63 provinces, with 30.1% of the total population living under the poverty line and 20.6% are living just above the poverty line (DOLISA, 2012).

25 The economy structure of the province has been relatively rather stable in recent years. In 2012, the agricultural, forestry and fishery sub-sectors accounts for 32% of the provincial GDP (down from 37% in 2008); with industry and construction occupying 29.5% and services accounting for 38.5%. Livestock production formed 29% of total agriculture production. The total provincial GDP in 2012 was VND 3161.8 billion (USD 150.6 million), or VND 11.1 million (USD 528) per capita.

26 Climate Change: The World Bank's Economics of Adaptation to Climate Change (EACC) social survey in Ha Giang studied attitudes to CC in Quang Ba (upland) and Quang Binh (lowland) districts. Upland communities reported an increasing frequency of (i) a shortened growing season; (ii) droughts during spring and summer causing limited access to drinking and agricultural water; (iii) flash floods in late summer causing damage to homes and (iv) cold spells in winter killing livestock and causing human illnesses. Lowland communities cited the main climate threats as (i) a shortened growing season; (ii) droughts during spring and summer causing limited access to drinking and agricultural water; and (iii) flash floods in late summer washing down to lowland areas and cause damage to homes and depositing sand on fields. The daily temperature and diurnal temperature range are also increasing in Ha Giang. Table 8 below summarises household experiences with climate change related events.

Table 8. Households in Ha Giang experiencing CC-induced Events during the last 5 years

Type of hazard	Upland district (%)	Lowland district (%)
Drought	73.3	75.0
Heavy rain	66.7	68.8
Cold spell	66.7	68.8
Landslide	33.3	12.5
Tornado	26.7	68.8
Flash flood	6.7	43.8
Hot weather	N/A	93.8

Source: Household survey, March 2010

27 The World Bank report notes that minority people in Ha Giang have traditionally relied on indigenous knowledge to help them through climate events, but with the severity of climate events increasing and as a result of increasing vulnerabilities outside of their control, such activities have become less effective. For example, in the past, local people have dealt with heat by collecting imperata grass to make shade roofs, but it is now hard to collect that kind of grass because lands that

previously had grass are planted with forest monocultures of acacia under national reforestation programs. Such monoculture forest are also less effective in preventing flash floods – one of the reasons it was originally planted. Local people used to deal with landslides by digging a hole in front of their fields to capture washed down sand, but this option does not work now as there is too much sand and the flash floods are too strong; the hole being filled with sand after just one rain. Adaptation options currently applied in upland and lowland areas are summarised in Table 9. Income diversification is the final option that Ha Giang residents have adopted. To cover loss and damage caused by hazards, minority people often work for construction projects near their commune (e.g. construction of roads, lakes, small-scale hydro power plants, etc.).

Table 9. Adaptation options taken by people in Ha Giang in upland (Thai An) and lowland (Tan Trinh) areas

Type of hazards	Thai An	Tan Trinh
Cold spell	<ul style="list-style-type: none"> store grass before winter cover cage with plastic cover store fuelwood keep fire in the house <p>Costs: This does not cost much in terms of money, except for 50,000–100,000 VND to buy plastic cover. The cost is in terms of labor days. It takes nearly 3 weeks—if we push for the timing the villagers spend on collecting grass and fuelwood</p>	<ul style="list-style-type: none"> keep livestock in cage (instead of grazing) and feed with grass keep fire inside cage use plastic cover for cage prepare porridge with salt and <i>thao quato</i> feed buffalo use short-term varieties replace rice with vegetables (if rice can't stand) <p>Costs: 200,000–300,000 (mainly on vegetable seeds to replace rice, plastic cover and <i>thao qua</i>)</p>
Drought	<ul style="list-style-type: none"> buy (extensive) plastic pipes to get water for household use do not plant any crop <p>Costs: 100,000–200,000 VND (on plastic pipes)</p>	<ul style="list-style-type: none"> replace rice with vegetable replace rice with <i>cai daw</i> (oil-produced crop) replace corn with peanuts <p>Costs: 100,000–200,000 VND for seeds</p>
Flash flood	<ul style="list-style-type: none"> build house away from streams dig contours in front of the house to catch water (before it gets to the house) evacuate to other houses <p>Costs: 5,000,000 VND (on building a house), 1 week on digging contours</p>	<ul style="list-style-type: none"> move house to another place move to relatives before flash use short-term varieties to harvest before flood season <p>Costs: no cost in terms of money</p>
Landslide		<ul style="list-style-type: none"> evacuate to relatives or neighbors <p>Costs: no cost in terms of money</p>
Tomado	<ul style="list-style-type: none"> use bamboo to tie the roof resettle in other village <p>Costs: no cost in terms of money</p>	<ul style="list-style-type: none"> tie down roof dig tunnel near the house to hide in use wooden poles to support the house build low-roof cage build cement house <p>Costs: 5,000,000–7,000,000 VND on building a house, 300,000–400,000 VND on fixing roof</p>

Source: Household survey and focus group discussions.

28 **Agriculture:** Ha Giang has limited agricultural land; with only 153,076 ha out of 791,500 ha (about 19%) classified as agricultural land. Most of this land has been allocated to households with the red book certificate, however, only a few red books show dual ownership by husband and wife. Agricultural production is insufficient to meet provincial food requirement. In 2011, about 30% of provincial inhabitants experienced a 3 months food shortage. Maize, wetland rice, terraced rice and soya bean are the main food crops cultivated, of which, maize is cultivated in all three zones and considered the key crop of the northern zone. Paddy rice is primarily cultivated in the eastern and southern zone. Terraced rice and soybean are mainly found in the northern and western zones. About five years ago, cassava became dominant in the western zone and partly in northern zone, but production has declined significantly due to reduced demand.

29 The Ha Giang agro- forestry sector grew by over 5% per annum over the last 5 years, in part, through the introduction under the DPPR of hybrid and improved plant varieties resulting in significant yield increases – in the period 2005-2011, maize yield increased from 2.1 ton/ha to 3.1 ton/ha, and wetland rice yield increased from 4.5 ton/ha to 5.5 ton/ha. Recent years have also seen an increase in rotational cultivation, multi-cropping and mechanization, particularly in Bac Quang, Quang Binh and Vi Xuyen districts. As a results, the agricultural land utilization coefficient for rice cultivation in the whole

province almost doubled in 2012. Soybeans (22,124 ha/1.2 ton/ha) and peanuts (7,300 ha/1.7 ton/ha) are also important crops in the province. Fruit production, notably of oranges and tangerines, has declined by over 50% over the last 5 years, due primarily to the prevalence of greening disease, but offers potential under improved management conditions. Tea production, primarily in Bac Quang, Quang Binh, Vi Xuyen, Hoang Su Phi and Xin Man districts, accounting for almost 8% of the provincial value of agriculture production. In 2012 tea was planted on 19,440 ha, up by almost 17% on 2008, with increased focus on planting improved varieties in lowland areas and the upgrading of the highland Shan tea industry. Medicinal plants including Cardamom, Rosemary, Arrowroot, *Gynostemma pentaphyllum*, *Cortex eucommiae* and *Homalomena amaraticae* are an important economic activity, however, over harvesting has damaged the natural resource base and the industry must refocus on sustainable harvesting and plantation development. While there has been significant progress in agricultural production in recent years, provincial food security remains elusive nonetheless. Inadequate government staff capacity, limited adoption of improved technology and the prevalence of inclement weather and endemic disease collectively limit productivity gains.

30 Most households in the province have a home garden ranging from 300 to 1000 square meters (northern zone to western zone, respectively). Vegetables, fruit trees and foodstuff for livestock are found in the home gardens, which, generally, does not provide a cash income to households. In the western and the south-eastern zones however, Hau plum has been planted in Xin Man district to meet local and Hanoi market demand, while in Xuan Minh commune – Quang Binh district, tea is intensively cultivated and processed to sell to other provinces and China.

31 Forestry: There is 552.033,9 ha of forest land in Ha Giang (accounting for 69.5% of total area), including: 283.622 ha of productive forest land, 218.887 ha of protected forest land and 49.524 ha of specialized forest land... Except for some areas that were classified as protected areas with dense forests; most forests in Ha Giang are of low quality. About 50% of bare land in Ha Giang (mostly distributed in northern part) is unsuitable for trees because of the rocky topography. Apart from special-use forest for protected areas management, all of the protection and productions forests have been allocated to either households or State forestry organizations. Although forest lands have been allocated under long term leases, the progress of reforestation is slow. A significant part of classified forest land in the western zone has been converted to terraced rice, maize, tea, mandarin and canna production. In the eastern and southern zone manglieta or acacia plantations have been established. Forest products such as timber, cardamom, tea and herbal medicine are considered potential products to strengthen the provincial economy, with private tea companies already established and a large plywood factory under construction. Cardamom and tea value chains are being supported by SNV, with Swiss government assistance. Improved land use planning and infrastructure investment will be required for poor households to benefit from forestry production.

32 Livestock production plays an important role in the economic development of Ha Giang province. Over the last 5 years, annual growth in livestock production has been at 2% for buffalo, buffalo, 3,6% for cattle, 5% for bees and 6.5% for both pigs and poultry. Only goat production has declined (1.2%/annum) over the same period. Total herds of buffalo and cattle are 157.700 head and 103.800 head respectively. Livestock, especially grazing cattle, are the main source of income generation and savings for rural households, especially in the Northern and Western zones. Forest land allocation to households has reduced the tradition of extensive, free cattle grazing, but has created the possibility for profitable intensive fodder-based grazing which has helped farmers' better cope with weather and disease risk, but requires investment in fodder. Attention must be paid to fodder development since most introduced fodder varieties remain vulnerable to the severe winter.

33 Apart from cattle, pig raising especially sow raising is common in rural households. All of pigs raised by households are from a local breed that is small and slow growing, but appropriate to the prevailing weather and easily marketed at a good price. Pig production is also experiencing a shift from traditional free grazing to intensive stall-feeding. Poor access to animal health care is a major constraint to more intensive pig production.

34 Aquaculture has limited potential in Ha Giang province due to the severe topography and water scarcity. Along the Lo River in the eastern and southern zone, household ponds are used to raise fish for domestic purpose. There is one Aquaculture Centre in Ha Giang town where DPPR support was unsuccessful due to low fingerling demand.

35 Industry: Hydro-power and mining are the key industrial enterprises in Ha Giang, however, hydro-power plant development has had negative impacts on water supply to agricultural and mining resulting in water pollution and forest degradation. In low land areas such as Quang Binh, Vi Xuyen and Bac Quang districts, agricultural product processing is growing, with tea processing and plywood production expected to contribute significantly to smallholder income, through product sales and job creation. Linking agricultural production and industrial processing is a key provincial objective.

36 Trade and services are underdeveloped in the province. Located within reasonable proximity of the major domestic big markets of Ha Noi (320 km) and Hai Phong (400km), Ha Giang has substantial potential in trading and tourism services, including with neighbouring China, with which it shares a common 270 km border, including the Thanh Thuy international border gate. Currently, the exchange of products between Ha Giang and China is modest. In 2012, it is calculated that exports generated USD 200 million, whereas import accounted for USD 152 million. Key export products include tea and timber, while key imports included fertilizers, fruits and electricity. To expand its trade with China the province must strengthen its policy on trans-boundary trading and cooperation.

37 Rural enterprises in Ha Giang. At end-2012 there were 3,539 rural enterprises operating in Ha Giang, of which, 94.4% were privately owned, generating employment for 18,700 labourers. Only 68 private enterprises and 130 production units are collectively owned. Household enterprises form 92% of rural enterprise activity, with cooperatives forming 6% and limited companies and joint stock companies just 1.2%. Rural household enterprises include, inter alia, 193 rattan and bamboo weaving units and other handicrafts, 134 tea processing units, 156 wooden products and wood processing units, 82 alcohol production units, 593 weaving units, 72 building material production units, 82 mechanical, manufacture and assemble units, and small numbers of honey, soybean, canna and fruit and vegetable processors. There are also 18 recognized trade villages including the Brocade Weaving Trade Village in Lung Tao (Vi Xuyen district), the Ethnic Clothing Trade Village in Pho Bang town (Dong Van district), the Votive Paper Trade Village of Dao People in Thanh Son, Bac Quang district. Rural enterprises, however, are not well developed, being characterised by their: (i) small sizes (more than 64% of the enterprises employ less than 10 labourers); (ii) low working capital (96.5% of rural enterprises have less than VND 500 million (USD 23,810) investment capital and only 1.1% have borrowed capital. (most enterprises rely on their own capital and/or borrow from their friends and relatives; (iii) use of inefficient technology for production and processing; (iv) negative environmental impact and unsafe work practices, especially with the forest products sub-sector; (v) low education levels of both managers and labourers, with more than 90% of labourers not sufficiently trained in their vocations; and (vi) limited product sales outside Ha Giang (only 25% sell their products out of Ha Giang), because of low product quality and weak capacity to access higher value markets. The province places a high priority on investment in the improved competitiveness of rural enterprises. Synopses of selected rural agri-businesses in Ha Giang are detailed in Appendix 1, Annex 1.

38 Cooperatives: There are 225 registered agricultural and aquaculture cooperative having 2,223 cooperative members, however just 51 cooperatives (23%) are considered to run efficiently and 73 cooperatives have ceased operation. Only 14 cooperatives use borrowed funds. Cooperative activities amongst those efficient cooperatives include crop production (12), livestock husbandry (12), irrigations services (13), and general services (14). The cooperatives, generally, are constrained by low membership, weak management and poor cooperative procedures, low capital bases, inefficient technology, limited access to credit and weak market focus and access. While there are models of successful cooperatives in Ha Giang, including the Phin Ho Tea Co-operative, the Then Phang Agricultural Service Co-operative and the 20/10 Flower and Vegetable Co-operative, cooperatives, in

general, form a small part of the rural economy and are insufficiently integrated with rural household economies.

39 Business development environment in Ha Giang: Over the last 3 years, Ha Giang has tried to improve its business environment and attract more investment to the province. Despite its efforts, Ha Giang's PCI score continues to be low, ranking 53rd amongst Vietnam's 63 provinces in 2012, and little foreign direct investment yet FDI in the province. Major improvements have been achieved in such indices as entry cost, access to land and transparency and access to information, however, Ha Giang remains weak in proactivity attracting investment, labour training, legal institutions, informal rents, and with the time cost of regulatory compliance. Among 14 Northern provinces, Ha Giang is ranked 9th, but still better than Lai Chau, Bac Kan, Cao Bang, Tuyen Quang and Dien Bien provinces. To attract both domestic and foreign investment to the province, Ha Giang must improve its PCI and create a more enabling environment for enterprises to do business, including with the rural poor.

40 Rural Credit. The VBSP in Ha Giang has a branch office at provincial level, 10 transaction offices at district level and 195 mobile transaction outlets at commune, ward, and town people's committees. The VBARD has a branch office at provincial level, 11 level-3 sub-branches at district level and 7 transaction outlets. The VBARD loan portfolio at end-October 2013 is detailed in Table 10 and Table 11 below. Lending to households and individuals for agriculture production formed only 8.7% of the total loan portfolio for that group of borrowers, while lending to cooperatives and enterprises for agriculture production totalled just 3.4% of the portfolio for that group. The financing of trading, mining and consumption loans dominates VBARD lending. Only 3% of the Ha Giang VBARD's capital base is on terms >24 months, with 57% on terms < 12 months.

41 . Under Decree No.78/2002/NĐ-CP, the VBSP provides low collateral loans to households. Interest rates vary by product and include: for sanitation (0.9% per month), doing business in disadvantaged areas (0.9% per month), and for poor households (0.845% per month), however, the maximum loan size under this decree, at VND 60 million (USD 2,860), is relatively small. The structure of VBSP's financing at 31 October 2013 is detailed in Table 12 below. At this time, VBSP lending to 64,393 poor households comprised both 55% of the loan portfolio and 55% of total borrowers, while lending for agriculture²⁰ formed 82.5% of all lending. Women form just 10 - 20% of VBSP borrowers in upland districts, and 25 – 30% in lowland districts.

42 The Ha Giang Women's Union has participated in credit delivery since 1993. At end-June 2013, total loan managed by Women's Union, primarily on behalf of the VBSP was VND 508.310 million, delivered through 936 women's groups having 34.516 loan beneficiaries. Ninety nine point 5 percent of the WU loan portfolio has been financed by the VBSP, with 0.5% coming from Central Association and International Organizations and directly managed by Women's Union.

43 The DPPR assisted the establishment 275 SCGs with 4,881 primarily female members in 45 communes in 5 districts, which, at project-end, had a loan portfolio of VND 9 billion (USD 429,000) and no non-performing assets. Over the project life, the SCGs made 11,869 loans and SCG members' savings amounted to VND1.7 billion (USD 81,000). The DPPR Project Completion Report noted that the "SCG model is one of the most successful activities of the project".

44 The DPPR, at mid-term review, also established a production Support Fund (PSF) designed to provide a rotational fund for input procurement. The PSF, which continues post-project, was established in 45 communes, where it is managed by a PSF Management Unit that reports to the CPC. Poor households comprised more than 58% of the 5,213 beneficiaries, 73% of whom were women. A total of 6,878 PSF loans were made under the DPPR. At project end, the PSFs had a loan portfolio valued at VND 18.9 billion (USD 900,000), which continues to be managed by commune PSF management units. PSFs initially provided input loans in kind, but, in 2006, shifted to cash loans, making them very similarr to SCGs.

²⁰ Agriculture includes crop, livestock and forestry activities

Sub-sector	Total loan amount (VND x 10 ⁶)	Share of total loan amount for all sub-sectors %	No. of borrowers	Avg. loan size (VND x 10 ⁶)	Avg. repayment period (months)	Max. repayment period (months)	Default rate %	Main uses of loan (please specify main types of investment)
Agriculture	51,928	3.6%	773	30	12	36	2.2%	Agricultural production
Forestry	6,893	0.5%	51	30	12	60	0.0%	Forestry production
Livestock	65,217	4.5%	1,798	30	12	36	6.9%	Breeding and cages
Fisheries	780	0.1%	8	30	12	36	4.5%	Fishery cost
Trading	511,444	35.4%	1,887	30	12	12	0.9%	Trading and business cost
Mining, processing and manufacturing industry,	37,283	2.6%	160	30	12	36	0.5%	Cost for materials and machine equipment
Others (lending individuals via salary payment)	772,476	53.4%	16,753	30	3	36	0.2%	Personal consumption
Total	1,446,021	100%	21,430				0.8%	

Table 10. Lending by AGRIBANK Ha Giang to households and individuals by Sub-sector (31 October 2013)

Table 11. Lending by AGRIBANK Ha Giang to ENTERPRISES, COOPERATIVES by Sub-sector

Sub-sector	Total loan amount (Mio VND)	Share of total loan amount for all sub-sectors %	No. of borrowers	Avg. loan size (Mio VND)	Avg. repayment period (months)	Max. repayment period (months)	Default rate %	Main uses of loan (please specify main types of investment)
Agriculture	19,686	2.8%	8	2,000	12	12	0	Production cost for agriculture business
Forestry	3,631	0.5%	7	500	12	12	0	Production cost for forestry
Livestock	900	0.1%	3	300	36	36	0	Production cost for livestock
Trading	131,924	18.7%	63	2,000	12	12	3.9%	Working capital for trade and business
Mining, processing and manufacturing industry and electricity	550,020	77.9%	27	20,000	36	180	2.5%	Project investment cost
Total	706,161	100%	108					

Table 12. Structure of the Ha Giang VBSP financing at 31 October 2013.

Source	Type (please specify type of beneficiary and use)	Amount (VND x 10 ⁶)	No. of Borrowers	Avg. Loan Size (VND x 10 ⁶)	Max. Loan Size (VND x 10 ⁶)	Interest Rate per Month	Repayment Period (Months)
Central VBSP		1,716,405	116,352	356	1,729	6	528
Poor households program	Poor households	945,254	64,393	15	30	0,65	36
Disadvantaged students program	Disadvantaged students	59,007	4,162	15	55	0,65	Depending on student's studying
Job creation program	Job creation	68,653	3,341	15	500	0,65	36
Program for migrant workers abroad as per the Document No.365	Migrant workers abroad as per the Document No.365	4,454	269	20	30	0.650	36
Program for migrant workers abroad in poor district as per the Decision No. 71	migrant workers abroad in poor district as per the Decision No. 71	2,188	102	20	30	0.650	36
Safe water and rural sanitation program	Lack of safe water and rural sanitation	68,322	9,003	8	8	0.800	60
Housing support program for the poor	Lack of houses	108,291	13,560	8	8	0.250	120
Small and medium enterprises program (KFW)	Small and medium enterprises	1,100	4	200	500	0.900	36
Program for business and production households living in extremely disadvantaged areas and communes	business and production households living in extremely disadvantaged areas	411,009	16,586	15	30	0.800	36
Extremely disadvantaged ethnic minority households program	Extremely disadvantaged ethnic minority	19,597	3,946	5	8	0.100	60
Credit program for traders doing business in disadvantaged areas	Traders doing business in disadvantaged areas	6,012	87	20	500	0.800	36
Near poor households program	Near poor households	22,518	899	15	30	0.780	36
Local fund		14,902	954	30	50		
Poor households program	Poor households	8,030	548	15	30	0,65	36
Job creation program	Job creation	6,872	406	15	20	0,65	24
	Total	1,731,307	117,306	386	1,779		

45 National Target Programme on Building New Rural Areas: Initiated in Ha Giang in 2011, the NTP-NRD is implemented by a 17 person Management Unit led by DARD and overseen by a Steering Committee chaired by the PPC Chairperson. At district and commune level, Steering Committees are led by the Party representative. VDBs have been established in participating villages. Forty communes (23% of provincial total) have been targeted to achieve all 19 outcomes by 2015. To date, one commune has achieved 13 criteria, two others have achieved 12 criteria and three have met between from 10 to 11 criteria. The programme is being implemented across all districts. Total funding for the period 2011-13 amounts to VND 1,931,322 million (USD 92 million) of which VND 179,487 million (USD 8.5 million (9.2%)) has come from the central government, including VND 91,972 million (USD 4.4 million (4.7%)) from the NTP-NRD fund. Funds from “other programmes and Programmes” has formed 70% of total funding, with community contributions amounting to 7.3% and enterprise contributions totalling 2.3% of contributions. To date 100% of communes have achieved Criteria 1 “Planning for new countryside development”, 89% have achieved Criteria 19, “Other training activities” and 80% have achieved Criteria 18, “Other dissemination activities”. To date 11% of communes have achieved the production criteria, 9% the market criteria, 11% the group/cooperative criteria, 12% the education criteria and 25% have achieved the health criteria. No communes have yet achieved the environment criteria. Implementation constraints include lack of awareness of the NTP-NRD and consequent weak integration into local planning, over attention to infrastructure development, high staff turnover and low staff capacity, limited commitment in some agencies/locations, slow consultative processes due to remoteness, poor infrastructure quality, slow payments and insufficient funding.

46 Government policy for agro-forestry development. In addition to the implementation of the NTPs, the Ha Giang Government has passed numerous decisions supporting agro-forestry production. These include:

- Resolution No. 12/2009/NQ-HDND providing a 100% interest rate subsidy for upgrading old- tea plantations and a 50% interest rate subsidy for factories upgrading;
- Resolution No. 09/2007/NQ-HDND, providing a 50% interest rate subsidy for animal husbandry, construction of breeding and animal- feed processing facilities and for inoculation against epidemic diseases of livestock in the Western and Eastern/Southern zones;
- Resolution No. 12/2009/NQ-HDND, and the Resolution No. 47/2012/NQ-HDND regarding support for animal production in 6 poor districts and the P135 area;
- Project no. 175/DA-UBND regarding care and improvement of 6.433,7 ha of existing perennial medicinal trees and new cultivation of 4.000 ha of medicinal trees to form centralized raw material areas for harvesting and processing;
- Plan 36/KH-UBND dated 31/10/2012, regarding carrying out Resolution No. 06-NQ/TU dated 28/10/2011 by the XV provincial party committee regarding implementation of quick and sustainable poverty reduction in Ha Giang province.

Annex 1. Synopsies of selected agri-businesses in Ha Giang Province

Wood Processing Enterprises

Hung Thang Wood Processing Factory, established in 2010 with operations starting in Nov. 2012 belongs to the Xin Man Joint-stock Company (latter licensed for over 30 economic activities including construction, export, forest plantation, feed production and vocational training). The factory purchases pre-processed acacia wood from local agents within a radius of around 40 km and processes it into boards that are transported to a furniture producer in Hanoi (Quang Minh) for producing garden furniture for export. The factory has a capacity of 250m³ of cut and polished boards per month, but is usually running only at 60% capacity (150 m³/month) due to lack of material. It was said that many farmers prefer to sell to paper mills which pay higher prices. Raw material cost per m³ processed wood is around VND 3-3.5 million while the price of the processed boards is around VND 7-7.5 million per m³. Preliminary calculations based on available data suggest that using the factory only 60% to capacity, given the cost of the investment and overheads including management and skilled labour, is not economically viable. In addition to the limited availability of raw material, the company also faces a quality problem as most farmers prefer to sell their wood after four years while harvesting after seven years is recommended for the production of boards. In order to get stable supplies for the factory, the company has, in 2012, assisted 324 households in planting 440 ha of acacia (seedlings, fertilizer, labour). In order to increase the margins and at the same time be able to pay higher producer prices, the company plans to start furniture production, which was part of the original business plan. It was explained, however, that this is constrained by the lack of skilled labourers in Ha Giang Province who will only be available in Hanoi. Capital or technology was said to be not a problem. The company, therefore, plans to send workers for training to Hanoi. Given the good export market opportunities for furniture from Vietnam, the company's business model is viable and has a high potential of benefitting poor households in its raw material catchment area. The programme could remove some of the observed constraints by (i) supporting vocational training in wood processing and furniture production within the province; (ii) training of farmers in improved forestry practices; and (iii) facilitating the establishment of contractual relationships between farmers, agents and the enterprise.

Organic Tea Processing Enterprise

Hung Cuong Trading Co., Ltd. In Vi Xuyen District was established in 1998 and was the first enterprise producing organic tea in Vietnam. It is also the only company in Ha Giang that produces tea for export. The company has five factories with a total capacity of processing 100 MT of fresh tea per day (with a daily production of around 20 MT dried tea). Average production of tea per year was reported to be 2,000 MT, of which 300 MT are organic tea. Production figures reported for 2012 were 1,000 MT conventional tea and 150 MT organic tea. While green tea amounts to around 90% of total output (, black and yellow tea and tea cake are also produced. The supplies come from smallholder farmers in the districts of Vi Xuyen, Bac Quang, Hoang Su Phi and Xin Man. The company established the organic tea brand "Origin: Cao Bo", applying ISO 9001-2008 and HACCP standards and having IFOAM certification. Organic tea and high quality conventional tea is exported to the EU, Japan and US while lower quality tea is sold to the markets in Russia, China and the Middle East. 15-20% of total production is for the domestic market. The export price of organic tea ranges from USD 5,000-8,000/MT, around 3-4 times the average export price of conventional tea. The Cao Bo organic tea is produced by 645 households from 11 villages cultivating around 600 ha. Recently farmers were supported to establish another 300 ha (seed, training, labour). Farmers are paid around VND 8,000 per kg for organic tea while the average price for conventional tea is VND 3,500 per kg. Assuming that farmers receive on average only VND 6,500 for organic tea, incremental income of one farmer cultivating one ha of organic tea will amount to VN 10.5 million or USD 500, based on an average production of 3.5 MT per ha (not considering potential yield increases resulting from improved agricultural practices). The Cao Bo organic tea production enterprise represents an economically viable model, as the demand for organic tea in the western world remains high and the company has a well-established name and market channels. Given the high potential to increase incomes of smallholder tea producers as well the expected positive environmental impact, the programme may (i) provide training for farmers supplying to the factory in improved agricultural practices including harvesting and handling; and (ii) facilitate the establishment or improvement of contractual relationships between farmers and the enterprise.

Appendix 2: Poverty, targeting and gender

Poverty

1. For decades, Ha Giang has been ranked as the poorest province in Vietnam. By late 2010, Ha Giang had counted 63,453 poor and 21,288 near-poor households, representing 41.8 and 14 percent of its total number of households, respectively²¹. Out of the 63,453 poor households, as many as 62,676 were from ethnic minorities, making up 98.8 percent of the total. Poverty is concentrated in six mountainous districts, with 45,621 poor households, accounting for 61.5 percent of the total household population. However, according to the official reports, by late 2012, the number of poor households had declined by 15,442, thus the poverty rates had decreased to 30.1 percent. Especially, in these mountainous districts, the number of poor households had declined by 9,714, thus the poverty rates had decreased to 45.8 percent in the same period. There are 142 communes in Ha Giang in the list of 1,870 most difficult communes in Vietnam that have been benefiting from the implementation of “Programme 135” since 1999. The districts with the largest numbers of “*communes 135*” were Xin Man (all 20 communes and town), Dong Van (all 19 communes and town) and Meo Vac (all 16 communes and town); followed by Hoang Su Phi (26/27), Bac Me (12/13), Yen Minh (16/18) and Quan Ba (11/13).

2. While Ha Giang is one the poorest in Vietnam, 87.7 percent of its roads to commune centers have been asphalted. All communes and wards have been connected to the national electric grid, with 78 percent of the households having access to electricity. As many as 98 and 92 percent of the provincial areas have been covered with radio and television waves, and 66 percent of the households possess TVs, and 87 percent of the households can watch TV. All communes have been covered with the telecommunication network²². Incomes have risen in recent years and poverty has been reduced, but many households remain just at or over the basic poverty line, and are susceptible to weather-related shocks that push them back below it.

3. The poverty situation in three specific geographic zones is as follows:

- Northern zone: comprising Dong Van, Meo Vac, Yen Minh and Quan Ba, is the poorest zone. The fragmented and steep rocky topography and severe weather conditions provide limited opportunity for intensive crop cultivation and livestock grazing. Formed on an ancient monolith, the region, furthermore, has limited access to mining for industrial development. As a result, about 61% of the population are poor (46%) or near poor (15%) and experience 2-8 months of food shortage annually. A typical poor household in this region is characterised by a small cottage with few material assets, a small rocky garden where maize is planted in the rocky holes filled soil brought from elsewhere, and a few chickens and/or a small local pig. This region has been heavily subsidized by various projects/programmes especially provincial and government programmes such as the 30A programme, Programme 135, and other National Target Programmes (NTPs). These programmes have, in the short term, ensured the food security and fundamental needs for local people, but, in the long term, have created a dependence on government subsidy.
- Western zone: comprising Quang Binh, Hoang Su Phi, and Xin Man districts, this region is ranked second poorest after the northern zone, with 34% of households classified as poor and 13% as near poor. Poverty characteristics of this region are similar to almost of other poor regions of the northern Vietnam. Overuse of natural resources especially the forest resources has caused land degradation, while local communities have yet not adopted soil fertility management practices, with resultant low productivity. Deforestation also leads to land slips, blocking market access in the rainy season.
- Eastern and Southern zone: comprising Vi Xuyen, Bac Quang and Bac Me districts and Ha Giang City are relatively better – off, with 12% of households near poor and 16% poor. Poverty in this zone, which has the potential to drive rural industrialization in the province, is often associated with newly married households, separated

²¹ According to the poverty lines (adopted by MoLISA) applicable for the 2011-2015 period.

²² The data come from the provincial official reports updated by late 2012.

couples, and households facing risks (sickness, disaster). In comparison to the other two zones, poverty reduction options are more visible and manageable, especially through pro-poor job generation within the industrial, trade and services sectors.

4. The following table details the poverty rates of different districts in 2012:

Zone	District	Rate of near poor households (%)	Rate of poor households (%)
Northern zone	Meo Vac	9.22	50.55
	Đông Văn	17.47	56.79
	Yên Minh	13.37	39.85
	Quan Ba	20.96	37.84
	Sub-total	15.26	46.26
Western zone	Xin Man	17.60	46.81
	Hoàng Su Phì	13.51	40.67
	Quảng Bình	8.12	14.03
	Sub-total	13.08	33.84
Eastern & Southern Zone	Bắc Quang	4.66	6.40
	Việt Xuyên	17.78	24.05
	Bắc Mê	23.62	33.94
	Hà Giang City	3.86	1.46
	Sub-total	12.48	16.46
Ha Giang Province		20.60	30.13

5. The primary causes of poverty, as determined through a 2012 DoLISA survey, include lack of access to productive capital (62%), lack of cultivable land (21%) and lack of means of production (25%) and productive technology/knowledge (15%).

6. There are other “cross-cutting” factors which also influence poverty. These include:

(a) Poorly or inappropriately developed infrastructure. In some areas, roads, key bridges and potable water supplies are either absent or in poor condition. In lowland areas irrigation systems may be inefficient and inflexible in their means of operation.

(b) Limited knowledge and skills of the producers on market-orientation and organizing collective economic activities. The previous support by IFAD in Ha Giang contributed substantially to improving the producers’ practices in organizing the production in collective economic models (cooperatives, common interest groups) and approaching the domestic and international markets. However, most producers are far from capable in apply the advanced production and business management necessary for sustainable income improvement.

(c) Potentially profitable agricultural value chains have not received sufficient investment capital to be fully and sustainably developed. There are significant potential value chains identified, including tea, livestock husbandry, wood and wood products and medicinal plants and herbs. Some innovative models which have been demonstrated which confirm this. These value chains, however, have not had sufficient investment from the private sector or from debt financing. The loans offered by VBARD and other financial intermediaries have been limited to a relatively few households, CIGs, cooperatives and SMEs due to their lack of capability in formulating a profitable business/investment plans and lack of collateral.

7. The factors hindering poverty alleviation suggest the strategies for the Programme intervention, taking into consideration the IFAD’s country strategy and the local Government’s socio-economic development priorities.

Target Area.

8. The Programme will provide support for investment in awareness and capacity-building related activities to enable climate-smart agriculture to be implemented throughout the province. However, due to the need to target the poorest and most vulnerable communes, the Programme will concentrate its support for physical and commercial investments in about 30 communes in 5 districts. The Programme will operate wherever possible in NTP-NRD communes. The communes selected will be prioritized by: The final selection of communes was based on, inter alia, (i) poverty rate; (ii) vulnerability to natural disaster; (iii) commitment of leadership; (iv) potential for development of pro-

poor value chains; and (v) level of on-going support projects. Communes selection ensures a balance between better market-linked and more remote communes that can be linked through value chain development.

9. The list of the priority communes has been prepared by the provincial authorities using these criteria, and is shown in Appendix 1 to this Annex.

10. The main groups of rural people targeted for support under the Programme will be:

- rural poor households with land and labour, including household enterprises;
- unskilled employed rural people;
- rural people lacking production land but having business acumen and desire; and,
- key farmers who have the skills to promote commercial agricultural production.

11. The Programme, to a considerable degree, is self-targeting for the poor. The MoSEDP process supports the devolvement of governance to the commune level, where most poor live. The selection criteria for support under P-PC co-financing will be weighted in support of investments that will benefit the poor. The Programme will bring greater equity to forest land allocation and establish legal production forest land use rights, particularly benefiting poor upland communities and women. The community investment program will empower poor upland male and female farmers to choose investments and services that meet their perceived needs. The development of value-chain linked and climate adapted farming systems and technologies will directly benefit the poor, raising crop and fodder production, diversifying income generating opportunities in the process. The rural credit programme, with its modest loan size, will be of primary interest to poor women farmers.

Gender²³

12. Vietnam's development background is rooted in a feudal and highly patriarchal society derived from Confucian philosophy, with a more recent history of socialist government overlaid by an increasingly market-led economy. Social justice and the role of women have been circumscribed by these features, although over the past two decades significant demographic shifts and changes in the role and status of women have taken place. In the "modern" era which began in 1946, women are no longer viewed primarily as wives and mothers, but also as a significant labour force with many of the same potentials and rights as men. The first Constitution of 1946 stated in Article 9 that "All power in the country belongs to the Vietnamese people, irrespective of race, fortune, class, religion..." and that "women are equal to men in all respects" (First Constitution of Vietnam, 1946)

13. The current Constitution of Viet Nam enshrine the principle of gender equality, and specifically prohibits the violation of women's rights. In regard to legal rights, the position of Vietnamese women has improved over the past decades. In 2006, the National Assembly passed the country's first Law on Gender Equality. This law aims to address a range of issues (such as wage gaps) and eliminate discrimination based on gender. The position of women varies considerably among Viet Nam's 54 official ethnic groups. Harmful practices such as such as the marriage of young girls and marriage of a widow to her deceased husband's brother are prevalent among some groups, despite being prohibited by law since 2000. Viet Nam ratified the Convention on the Elimination of all Forms of Discrimination against Women (CEDAW) in 1982, but has not yet ratified the Optional Protocol. Under the 2012 Human Development Index, Viet Nam is ranked in 127th place (out of 187 countries), with a score of 0.617. The country's score in the Gender Inequality Index for 2012 is 0.299 (48 out of 146 countries). In Viet Nam, 24.4 percent of parliamentary seats are held by women, and 24.7 percent of adult women have reached a secondary or higher level of education compared to 28 percent of their male counterparts. For every 100,000 live births, 59 women die from pregnancy related causes; and the adolescent fertility rate is 22.7 births per 1000 live births. Female participation in the labour market is 73.2 percent compared to 81.2 for men.

14. Although women in Vietnam enjoy a large measure of equality under the law and men regard women as partners in the labour force, the practice of social and economic gender equity lags behind both the spirit and the application of legislation and official support for equality. Public life is still

²³ This note on gender draws information from multiple sources, but is particularly indebted to the work of Ms. Sandy Stephens on analysing gender and development issues in Viet Nam.

traditionally viewed as a predominantly male domain, while women remain responsible for unpaid work in the household. This is particularly true in rural areas and in the highlands, where women also face limited education and employment opportunities, and access to healthcare.

15. Agriculture employs the majority of people in Vietnam, with 68 percent of women and 58 percent of men working in agriculture. Most women work as unpaid family labour on farms, and their free labour is often assumed in planning agricultural development projects and programmes - 53% of all employed women work as unpaid family labourers compared with 32% of men. Regulations governing minimum wages for women are widely ignored or circumvented by contract and piece-work, and by offering "part-time" menial, low-paid tasks which sometimes add up to more hours for less remuneration than full-time work. In addition women are responsible for most of the unpaid household and community work which is usually invisible, unrecognised and carries low status.

16. There is almost no gender gap in enrolment and achievements of Vietnamese children in primary schools, but at secondary and tertiary levels, particularly in rural areas, the decline in enrolment is much higher for girls. This is especially clear in poorer families where girls are either needed as productive labour and for the care of siblings, or where preference is shown for boys' education when there is insufficient money for both. Among ethnic minorities access to education is much more limited for both sexes, and gender gaps are more marked at all levels. Illiteracy remains relatively high, with females showing about twice the illiteracy rate of males, and where higher education is valued it is generally valued only for males. Physical isolation usually requires the minority student's board at secondary and tertiary educational institutions, and it is usually culturally unacceptable for girls and women to leave home before marriage in most minority groups. At tertiary level therefore it is extremely rare to find a female ethnic minority student enrolled in full-time study.

17. Cultural attitudes to women remain a major constraint to their achieving equality and parity with men. Confucian values expressed in *dao* or ways, stipulate that women should be obedient to their fathers before marriage, to their husbands after marriage, and to their sons upon their husbands' death. A second *dao* lists four wifely virtues: beauty, hard work, modesty, and faithfulness to one's husband.

18. The Vietnam Women's Union (WU) remains the most active mass organisation in the country, existing since 1930 first to mobilize women for wartime activities, and later as the central organisation for promoting women's issues. Although technically not a Government body, the WU has been supported mainly by Government until the recent past. Under economic reforms the President of the WU retains the right to participate as an equal member in the regular meetings of Government, but inputs into significant policy areas such as macro-economic reform have been very limited. WU resources have not allowed adequate research and analysis of gender issues, nor the monitoring of the impact of reform and development on women and on poor families. Research carried out by others e.g. internationally funded projects is ad hoc and confined to rather small geographical areas. WU activities are like those of non-governmental organisations, operating at four administrative levels - central, provincial, district and commune - and reaching through all 53 of Vietnam's provinces to its estimated membership of 10 million. Membership is voluntary, and consists mainly of rural women between the ages of 30 and 50. The small membership fee is routinely waived for poor women who cannot afford to pay. WU membership allows access to credit and training provided by the Union, which now receives significant international donor assistance for the implementation of government policies and programmes oriented to the integration of women in development, as well as for special projects and welfare for women. Their limited human resources, however, are constrained by insufficient technical expertise, and a lack of transport and equipment to carry out their work efficiently. The level of international assistance fluctuates, and varies between provinces, and those most in need tend to receive the least.

19. With limited female participation in decision-making for national and provincial policy and plans, these are heavily biased towards male priorities and preferences. In the agriculture sector the absence of women in macro and in local level policy planning is even more conspicuous, and agricultural policy and resource allocations tend to ignore female needs, favouring for example, cash crops over subsistence, export crops over self-sufficiency in food, cattle over small ruminants and poultry, raw materials production for factories over sustainable community and social forestry, capture fisheries over aquaculture. Official proclamations about gender equity and equality clearly remain to be internalised by men and women in decision-making, and to be applied to resource allocations and programme implementation.

20. Women farmers remain, officially, largely invisible. When they are not seen, they are not addressed by policy, and their needs are routinely overlooked. Farmers are considered male, households heads are men, households are viewed as homogeneous, and official inputs to agriculture are directed at men by men. The feminization of farming as a policy issue has barely been recognised in Vietnam or elsewhere so little strategic planning has been done. Instead, an ad hoc approach channels occasional inputs to women as passive recipients of welfare rather than as economic partners in a vital and dynamic production sector. In response, women ignore official proffering and get on with their long and lengthening work day. In Vietnam as elsewhere, policies and plans that are not explicit about including women in rural development effectively exclude them and thereby retard all development. Most policies are silent on gender and on broader issues of equity; plan objectives are gender blind; data are unavailable, inadequate or misleading; resource allocations are extremely limited; women remain invisible and strategies by-pass them; mandates and accountability for gender mainstreaming is absent; and gender awareness and commitment to equity are weak. Job descriptions rarely mention gender, and management is not held accountable for meeting either gender or social objectives. This situation generally pertains at all levels and in most development projects.

21. The trend for men to migrate out of agriculture into more attractive employment (or any employment) in other sectors will continue to place an increasing burden on women farmers. Women left behind will be expected to shoulder more of the agricultural and rural development work in the future, leading inexorably to a longer working day on a natural resource base which may be depleted or degraded due to over-exploitation and misuse. Studies show rural women's work day already significantly longer than that of men and it is lengthening, so labour-saving technologies and more efficient working methods (e.g. in organised groups) is indicated. The fragmentation of women's time which significantly lowers their productivity also needs to be reduced by the provision of child care facilities where this is cost effective. In rural areas this may simply mean one woman in a group taking care of others' children to free the majority from such responsibilities during productive work periods. Communities which can afford it may hire child carers and pre-school education personnel.

22. Labour bottlenecks could limit growth, delay or extend critical periods such as harvesting, and increase the unattractiveness of agriculture as a career for the brightest and best among youth. Low female productivity in agriculture will increase food insecurity, decrease rural household incomes and thereby increase rural poverty. It may also force women into unsustainable practices which further degrade the environment. These issues can be addressed with education, training and technology to lighten the drudgery of women's work, increase their productivity and add value to their production, but these will be insufficient without increasing women's strategic intervention potential by enabling them to participate in decision-making and management.

23. Women farmers' lower education levels, their inferior physical strength and their limited access to land and other capital, as well as the constraints imposed by culture and their multiple roles on the farm, in the community and in the household negatively affect their capacity to take advantage of available technological innovations. Men's advantaged position on the other hand enables them to gain access to opportunities, new technologies and other agricultural innovations before women do. This gap needs to be addressed in plans and strategies for achieving gender equity, and to enable women who are "breadwinners" and farmers in their own right, to increase their productivity.

24. Expanding investments in human capital for women will help in the long run to integrate more women in the economy, improving their opportunities and thereby the efficiency and effectiveness of all development. Initiatives will be needed to encourage girls to continue to secondary and tertiary education, and to provide non-formal education and training directly to rural women to enhance their long term productive potential. In the short term, targeted training of rural women will increase their total production, their productivity and incomes, and hopefully increase their leisure time and their options in life.

25. Women's access to land and other capital is far less than that of men, and men control most productive inputs in the farming and forestry sectors. If women are to take increasing responsibility for primary production and processing, barriers around their access to and control over relevant resources must be removed. These include direct access to credit, land, water and other agricultural inputs, women's active participation in organisations including decision-making bodies at all levels, access to extension information and services, access to education and training, and participation in decision-making and management.

26. Credit from the formal banking sector is an input which is relatively in-accessible to women, yet women have shown themselves, particularly through WU managed SCGs to be bankable clients with rates of return often exceeding those of men. It is extremely cost-effective to make special provisions to accommodate women as users of credit in their own right, and this may include changes in rules and regulations especially for collateral, direct extension support to women, special education and training, and the provision of financial packages which complement the provision of credit.

27. A commitment to gender equity requires a commitment to change in traditional project design and management. The availability of adequate data and the inclusion of competent women on all decision-making bodies will ensure their concerns are addressed in policy and planning, but in day to day activities during implementation of rural development projects support will be needed to facilitate the meaningful participation of rural women in their own development. This requires:

- an adequate disaggregated data base on men and women;
- a firm commitment to gender equity: gender-explicit policies, objectives and mandates with accountability and enforcement;
- the allocation and targeting of relevant resources;
- sensitisation and training of men and women in gender issues, at all levels;
- inclusion of women in decision-making, management, training and in the distribution of benefits;
- monitoring and evaluation of gender gaps, and relevant reporting;

28. The CPRP is designed to address these aforementioned issues. CPRP gender and targeting checklists are contained in Appendix 2, Annex 2.

Annex 1. Programme commune details

No.	Total No.	District/Commune	CPC Staff		Total Area (ha)	Total Agricultural Land (ha)	Of which					Statistics at end-2013							
			Total Staff	University and College Educated			Annual Crop Land (ha)	Perennial Crop Land (ha)	Pasture Land (ha)	Aquaculture Land (ha)	Forest Land (ha)	Total Households	Total Population	Poor and Near-poor Households (HH)					
														Poor HHs	(%)	Near Poor HHs	(%)	Minority People HHs	(%)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	
I		Hoàng Su Phì																	
1	1	Chiến Phố	23	4	3,006	2,399	372	20	0	0	2,008	707	3,350	247	35%	14	2%	261	37%
2	2	Hồ Thâu	22	9	5,288	4,983	487	258	10	0	4,228	402	2,104	119	30%	42	10%	161	40%
3	3	Nậm Ty	23	8	4,334	4,123	738	600	0	0	2,785	555	2,870	112	20%	80	14%	192	35%
4	4	Túng Sán	22	8	4,942	4,457	422	76	12	0	3,946	589	3,017	199	34%	103	17%	302	51%
5	5	Tụ Nhân	21	8	2,579	2,253	565	23	125	0	1,541	729	3,619	306	42%	177	24%	483	100
6	6	Sán Sả Hồ	19	9	1,363	1,126	234	19	0	0	873	430	2,116	130	30%	63	15%	193	45%
7	7	Pồ Lô	23	7	2,662	1,979	357	28	2	0	1,592	641	3,032	186	29%	94	15%	280	44%
8	8	Pờ Ly Ngải	23	6	2,115	2,115	520	41	78	0	1,477	387	2,004	142	37%	35	9%	177	46%
		Sub-total	176	59	26,288	23,435	3,695	1,064	227	0	18,449	4,440	22,112	1,441	32%	608	14%	2,049	46%
II		Xín Mần																	
1	9	Quảng Nguyên	25	4	10,038	9,727	1,697	365	45	6	7,659	1,001	5,192	388	39%	234	23%	622	62%
2	10	Tả Nhiu	23	10	2,021	1,466	336	44	34		1,085	743	3,550	330	44%	102	14%	432	58%
3	11	Bản Ngò	23	8	1,945	1,710	609	159	48		942	677	3,369	264	39%	133	20%	397	59%
4	12	Chê Là	23	6	2,634	1,887	453	20	38		1,414	595	3,147	311	52%	184	31%	495	83%
5	13	Nậm Dân	23	11	3,947	3,523	578	37	27		2,908	706	3,562	292	41%	108	15%	400	57%
6	14	Ngán Chiến	23	3	1,686	1,336	343	116	27		877	718	3,710	275	38%	170	24%	445	62%
7	15	Nậm Sín	25	8	2,509	2,366	1,140	80	28		1,146	632	3,436	358	57%	36	6%	394	62.3
8	16	Thần Phảng	23	10	3,642	3,207	1,024	125	36	0	2,058	840	4,188	374	45%	130	15%	504	60.0
9	17	Bản Diu	23	5	1,772	1,664	786	96	38		782	893	4,436	347	39%	335	38%	682	76%
		Sub-total	211	65	30,193	26,885	6,966	1,042	321	7	18,871	6,805	34,590	2,939	43%	1,432	21%	4,371	64%
III		Quang Bình																	
1	18	Xuân Minh	23	7	6,813	6,642	304	502	115	13	5,707	484	2,347	120	25%	92	19%	212	44%
2	19	Yên Thành	22	10	4,508	4,161	310	105	66	24	3,655	632	3,125	156	25%	104	16%	252	40%
3	20	Tân Nam	22	8	8,246	5,617	259	322	240	164	4,632	619	3,018	213	34%	100	16%	307	50%
4	21	Bản Rịa	22	6	3,355	2,666	130	104	69	12	2,351	381	1,795	178	47%	37	10%	215	56%
5	22	Nà Khương	23	3	3,043	2,446	306	40	36	11	2,053	494	2,668	172	35%	134	27%	306	62%
		Sub-total	112	34	25,965	21,531	1,309	1,073	526	224	18,399	2,610	12,953	839	32%	467	18%	1,292	50%
IV		Bắc Quang																	
1	23	Thượng Bình	21	9	44	363	320	43		2	3,817	378	1,927	148	39%	45	12%	193	51%
2	24	Tân Lập	22	9	75	444	273	171		1	5,821	447	2,386	98	22%	104	23%	202	45%
3	25	Sóc Xuân	22	11	56	4,486	620	382	239	3	3,860	463	2,193	117	25%	51	11%	168	36%
3	26	Đồng Tiến	22	10	41	588	139	448		10	3,203	413	2,104	145	35%	64	15%	209	51%
		Sub-total	87	39	217	5,880	1,352	1,044	239	16	16,700	1,701	8,610	508	30%	264	16%	772	45%
V		Vị Xuyên																	
1	27	Thượng Sơn	25	8	11,754	11,536	1,212	703		0	9,620	1,092	5,310	563	52%	158	14%	721.0	66%
2	28	Cao Bồ	23	5	11,017	11,010	795	835	105	1	9,275	715	3,743	334	47%	151	21%	485.0	68%
3	29	Thuận Hòa	25	10	10,836	10,446	1,484	433	0	0	8,530	1,284	6,450	618	48%	317	25%	935.0	73%
4	30	Linh Hồ	25	9	7,708	7,573	1,069	93	58	19	6,334	1,745	8,044	316	18%	852	49%	1,168.0	67%
		Sub-total	98	32	41,314	40,564	4,559	2,063	163	20	33,759	4,836	23,547	1,831	38%	1,478	31%	3,309	68%
		Total	684	229	123,978	118,295	17,880	6,288	1,476	267	106,177	20,392	101,812	7,558	37%	4,249	21%	11,793	58%

Annex 2: Gender and Targeting Checklist

Attachment 1. Gender targeting

Issue	Practice
Organizational Policy	<p>Do the organizational mandate, vision and objectives have explicit commitment to gender equality of opportunity and women's empowerment?</p> <p>The Vietnamese government has a strong commitment and specific policies and programmes in support of women's empowerment. At provincial level, the Women's Union, which is a key Programme partner, represents women's interests</p> <p>Is there a gender policy that supports this commitment, and was it developed through a participatory process with staff and clients, integrated into all staff training and including gender equitable recruitment, employment and promotion?</p> <p>Yes, gender sensitization will be part of Programme start-up training and is integrated into the market-oriented socio-economic planning process. All PCO ToRs specify gender sensitivity in the staff selection process.</p>
Staff Training	<p>Have staff (including the senior management) to the institution (and its partners participating under CPRP) undergone gender sensitization. Staff carrying over from the DPPR have received gender training, however, this will be part of the Programme start-up training programme</p> <p>Has the institution made a business case for engaging women in agriculture development. The Programme has a very strong focus on women's inclusion in all Programme activities, for which minimum participation levels are mandated.</p>
Product design and access	<p>Is there any form of gender discrimination in access to all forms of I services - product and service development, including technological innovation. No, the Programme mandates women's participation and the issuance of forest land red books in both husband and wife's names will significantly improve women's access to credit.</p> <p>Do Programme services contribute to women's empowerment through effective design of products? Yes, see above</p>
Monitoring	<p>Are gender indicators an integral part of social performance management and field surveys. Yes, all key success indicators are gender disaggregated</p>
Advocacy	<p>Do consumer protection and regulatory policies integrate gender equality of opportunity and empowerment? Most such policies in Viet Nam are gender neutral</p> <p>Is gender advocacy in areas like women's property rights and to removing gender discrimination and empowerment an integral part of the advocacy strategy. Yes, see note above concerning forest land use right certificates</p> <p>Is there a general understanding of gender issues in rural environments among staff. Amongst the PCO staff yes. Government staff will receive gender sensitization training</p>
	<p>Is the institutional culture gender-friendly and empowering, and does it manifests traits of promotion, planning and interactions with clients.</p> <p>Are simple diagram tools used in the organisation's field studies process and/or on an ongoing basis by the institution. Yes, the Programme implementation involves a strong community and gender empowerment process at village level.</p> <p>Are there tools designed to increase participants' understanding of their situation, in business planning, agriculture production and learning from friends, relatives or simple pictorial pamphlets. Such tools will be targeted to increase knowledge</p> <p>Institution provides forum for gender and poverty awareness-raising and changing power relationships as well as collective action and gender advocacy for change. Yes, particularly at village level where a village-based program of climate vulnerability and capacity, gender and power analysis and Participatory Scenario Development (PSD), will be used to develop an understanding of: long term aspirations; vulnerable groups; vulnerability to CC; economic opportunities; local institutions; power dynamics; and gender tensions, relations and norms.</p> <p>Training of trainers in gender and poverty - individuals and households supported to develop visions and an analysis of opportunities and challenges. See above</p>

**FRAMEWORK FOR MAINSTREAMING GENDER IN IFAD'S OPERATIONS
 KEY FEATURES OF GENDER-SENSITIVE DESIGN AND IMPLEMENTATION**

	SCORE (1-6)	Issues
1. <i>The Programme design document contains – and Programme implementation is based on - gender-disaggregated poverty data and analysis of gender differences in the activities or sectors concerned.</i>	4	There is little recent gender disaggregated data for Ha Giang province or of women's engagement in agriculture production. The Programme will directly address this constraint through its M&E programme and will adopt participatory, community-based gender targeting strategies supported by minimum quotas for women's participation in key activities.
2. The Programme design report articulates – or the Programme implement – actions with aim to: <ul style="list-style-type: none"> • Expand women's economic empowerment through access to and control over fundamental assets ; • Strengthen women's decision-making role in community affairs and representation in local institutions; and • Improve women's knowledge and well-being and ease their workloads by facilitating their access to basic rural services and infrastructure. 	5	The Programme design sets quota's for women's participation in key capacity building, market –oriented planning and economic activities and strengthens women's farm management and entrepreneurship training, credit access and land use entitlement. Service providers will be gender sensitized and the Women's Union will be a key partner in the delivery of field services.
3. <i>The design document describes - and the project/programme implements - operational measures to ensure gender-equitable participation in, and benefit from, Programme activities. These will generally include:</i>		
3.1 Allocating adequate resources to implement the gender strategy;	4.5	The Programme allocates resources for gender and development training, gender targeted support services, women's empowerment within a family setting and carries programmes that specifically targets women for technology development, credit and land use ownership rights.
3.2 Ensuring and supporting women's active participation in Programme-related decision-making bodies and committees;	4.5	The Programme will ensure balanced women's representation in the Village Development Board, which is the key Programme planning and resource allocation institution. The Women's Union will manage a sustainable credit programme targeting women farmers...
3.3 Ensuring that project/programme management arrangements (composition of the Programme management unit/programme coordination	4	Programme coordination entities in Viet Nam tend to be male dominated. The PCO is yet to be appointed, however, gender balance will be sought in its establishment and ToRs reflect attention to gender concerns.

unit, Programme terms of reference, etc.) reflect attention to gender equality and women's empowerment concerns; and		
3.4 Ensuring direct project/programme outreach to women (for example through appropriate numbers and qualification of field staff), especially where women's mobility is limited.	5	The Women's Union is a key stakeholder on the Programme. All service providers will receive gender sensitization training and an NGO with gender and development experience will support the community based adaptation and community-based disaster risk mitigation activities
4. The Programme's logical framework and monitoring and evaluation (M&E) system specify in design – and Programme M&E units collect – gender-disaggregated performance and impact data.	5	Key indicators all require the collection of gender disaggregated data, while some indicators are gender specific.
AVERAGE SCORE	4.5	

Attachment 2: CPRP Targeting Mechanism

Measures	Activities
Geographical targeting	The Programme will target 5 districts in Ha Giang province selected for both their poverty incidence and their potential to engage in commodity-based value chain development.
Enabling measures to create and sustain a policy and institutional environment favourable to gender equality and women's empowerment	Sensitisation and capacity building of CPRP staff and Ha Giang provincial government senior management and operational staff on gender issues Promote learning and capacity-building networks that can work together to identify, develop and monitor good practices and innovations in increasing women's empowerment Target female farmers through a Women's Union run sustainable agricultural credit programme; Engage gender-sensitized NGO to oversee community based adaptation and community-based disaster risk mitigation planning.
Empowering measures	Women's participation in all Programme activities is mandated The Programme credit programme specifically targets women Women's SCG and female members of CIFs will receive farm and business management training Women will be targeted for capacity building training for agri-business employment Promote women representation in leadership positions
Direct targeting	The credit programme targets women exclusively. Quotas set for women's participation in community-based planning processes and CIF implementation
Self-targeting measures	The Programme credit programme is exclusively for women. Make all information accessible in local languages and visual forms that women are more likely to speak and understand. Technology development for climate adaptation and value chain integration will be targeted for smallholder farmer engagement
Operational measures	Ensure TORs for Programme staff reflect contribution to gender equality and community empowerment Women's economic empowerment to be discussed during the start-up workshop Gender sensitization will be part and parcel of the capacity building of the supporting staff;
Monitoring targeting performance-monitor output/outcome & emerging impacts on the target group	All data will be disaggregated by gender, and where possible, by age. Such data will be complemented by qualitative interpretation and analysis to capture gender issues (e.g. men capturing women's grants) Capture information on quality of the services accessed by women compared to men Gender aspects included in baseline survey, impact assessments, mid-term review

IFAD'S TARGETING POLICY - CHECKLIST for DESIGN

	SCORE (1-6)	ISSUES
1) Does the main target group - those expected to benefit most- correspond to IFAD's target group as defined by the Targeting Policy (the extremely poor and food insecure)?	5	<i>As poverty at household level is well identified in Viet Nam, the Programme can readily target the poor and near poor.</i> The target group are poor and near poor smallholder farmers, who form the majority of total poor households in the Programme area. Poor women-headed households are specifically targeted including the application of high minimum participation rates for women in key Programme activities.
2) Have target sub-groups been identified and described according to	4.5	<i>As poverty at household level is well identified in Viet Nam, the Programme can readily target the poor and near</i>

<p>their different socio-economic characteristics, assets and livelihoods - with due attention to gender differences?</p>		<p><i>poor</i></p> <p>The market oriented socio-economic development planning process will benefit both poor and wealthier farmers. Programme investment activities target poor and near-poor households and women, with minimum participation rates for both groups specified for most Programme activities</p>
<p>3) Is evidence provided of interest in and likely uptake of the proposed activities by the identified target sub-groups?</p>	<p>4</p>	<p><i>The evidence is predominantly anecdotal, having been primarily gathered through extensive field visits. Experience for the previous DPPR would suggest that the Programme activities are of interest to the target group.</i></p> <p>Rural communities in the Programme area are already engaged in participatory socio-economic development planning, which will be strengthened and made more climate smart and market oriented. There is ample evidence in Viet Nam that farmers are committed to improving their agricultural production and productivity. The evidence that minority people in the Programme area will take up this challenge or that farmers will engage robustly with an expanding agri-business sector is less certain, but anecdotal evidence suggests that this will not be a major constraint to Programme implementation</p>
<p>4) Does the design document describe a feasible and operational targeting strategy in line with the Targeting Policy? <i>The targeting strategy will involve either all or some of the following measures and methods</i></p>		
<p>4.1) Geographic targeting – based on poverty data or proxy indicators to identify, for area-based projects or programmes, geographic areas (and within these, communities) with high concentrations of poor people</p>	<p>5</p>	<p><i>Household poverty data in Viet Nam is comprehensive</i></p> <p>The Programme communes were selected, <i>inter alia</i>, for their poverty incidence (see Appendix 2, Annex 1. Programme activities target poor households within these communes.</p>
<p>4.2) Enabling measures – These include measures to strengthen stakeholders’ and partners’ attitude and commitment to poverty targeting, gender equality and women’s empowerment, including policy dialogue, awareness-raising and capacity-building, and appropriate project/programme management arrangements (references in ToR, PCU composition); language in describing staff positions (s/he; masculine/feminine).</p>	<p>4.5</p>	<p><i>Viet Nam has a clear policy of gender empowerment and poverty targeting, although its implementation in rural areas may be weak.</i></p> <p>CPRP will support gender mainstreaming across the Programme. This would include: (i) ensuring that gender issues were considered in any policy dialogue; (ii) training PCO staff in gender issues, reflecting gender responsibilities in ToRs, screening Programme work plans and support entities for their gender sensitivity and appointing a gender focal point in the PCO for each of the two Programme components; (iii) having a strong focus on women’s participation in Programme activities, particularly for community level planning, SCG’s, CIFs and capacity building; and (iv) closely monitoring gender empowerment.</p>
<p>4.3) Empowerment and capacity-</p>	<p>4</p>	<p><i>Public administration and agricultural support service</i></p>

<p>building measures including information and communication, focused capacity- and confidence-building measures, organisational support, in order to empower and encourage the more active participation and inclusion in planning and decision making of people who traditionally have less voice and power.</p>		<p><i>providers in Viet Nam are predominantly male.</i></p> <p>The Women's Union will be a key Programme stakeholder. Minimum women's and poor household participation in key activities is mandated. Gender awareness/sensitivity is incorporated in capacity building training. A gender-sensitive NGO would guide CBA and CNDRM processes. The Programme Coordination Office, Technical Advisory Group and Programme Steering Committee would seek gender balance in membership. ToRs are all gender sensitive.</p>
<p>4.4) Direct targeting when services or resources are to be channelled to specific individuals or households. Such measures may include eligibility criteria, to be developed and applied with community participation; quotas (e.g. for women), earmarked funds</p>	<p>4.5</p>	<p><i>Viet Nam's statistical database facilitates Programme targeting.</i></p> <p>All major Programme activities have quota set for women's and poor household participation. The credit programme run by the Women's Union targets poor women and women-headed households. The value chain development is pro-poor with beneficiaries required to incorporate poor-households in proportion to the size of their co-financing.</p>
<p>4.5) Attention to procedural measures that could militate against participation by the intended target groups (such as, excessive beneficiary contributions; cumbersome legal requirements, etc.)</p>	<p>4.5</p>	<p><i>Minority people may be less able to meet beneficiary contributions.</i></p> <p>Beneficiary contributions have been carefully set to ensure commitment and ownership without being onerous. A significant proportion of beneficiary contributions can be made in kind. For CIGs, where poor households may have more difficulty meeting beneficiary contributions, the option exists for them to increase their in-kind contribution. The VBSP has confirmed its willingness to finance beneficiary contributions where necessary.</p>
<p>5) Monitoring targeting performance. Does the design document specify that targeting performance will be monitored using participatory M&E, and also be assessed at Mid-term review?</p>	<p>4.5</p>	<p><i>Data collection systems in rural Viet Nam is relatively efficient, although less so on a gender disaggregated basis.</i></p> <p>Data collection will involve participatory methodologies and data for all key indicators will be gender disaggregated.</p>
<p>OVERALL SCORE</p>	<p>4.5</p>	

Appendix 3: Country performance and lessons learned

1. **Performance.** Viet Nam became a lower-middle-income status country in 2010, as average per capita GDP has been above USD 1,000 since 2009. The strongest income growth has been associated with urban areas and export-oriented economic activities. Economic growth in Viet Nam is expected to average 6.5- 7.0% per year in the period 2011-2015, driven by sustained growth in consumption, investment and exports. Despite a recent downturn in foreign direct investment (USD 12.72 billion in 2012), FDI in Viet Nam, which has averaged 8.3% of GDP in the last five years (2008-2012) is among the highest rates globally and export-oriented foreign investor interest remains fairly robust.

2. Viet Nam experienced double digit inflation and macroeconomic instability in 2011, leading the Government to introduce remedial measures such as tightening monetary and fiscal policy, reduction in public investment and the budget deficit, control of the trade deficit and export promotion. As a result, inflation has been steadily brought under control (the consumer price index for 2013 rose by 6.6%), public debt is being kept at a safe level, at about 55.4% of GDP by the end of 2012, and the total budget deficit has been reduced to 4.9 % of GDP. Exports continue to grow. Their total value was estimated at USD 132.0 billion in 2013, which is a 13.2 % increase over 2012. Viet Nam balance of trade remained in a surplus of USD 917 million in 2013, up on USD 780 million in 2012, which ended 19 years of trade deficit. Vietnam recorded a Current Account surplus of 7.4% of the country's Gross Domestic Product in 2012, up from just 0.2% in 2102, which was the first surplus in 8 years. Despite recent surpluses, the current account is expected to remain in low surplus or in deficit in the medium term, due to strong consumption and investment growth and rising profit repatriation by foreign-invested enterprises.

3. **Agriculture and rural poverty.** Agricultural growth has assured national food security and made a key contribution to economic and social development and stability. Some 69.4% of the population lives in rural areas – an 11.5% increase compared with 2006. The increase in rural household numbers for the period 2006-2011 is higher than in 2001-2006, due both to growth of the rural population and to multiplication of households. The economic structure has shifted, with the number of households dependent on agriculture reduced from 71.1% in 2006 to 62% in 2011 and with an increasing share of households in industry and services, from 25.1% in 2006 to 33.2% in 2011. This shift in the rural economic structure varies greatly among regions. The three regions with shares of non-farm households higher than 30 % are the South-East (58.1%), Red River Delta (44.5%) and Mekong River Delta (32.2%). In contrast, the Central Highlands, Central Coast and Northern Uplands regions have more than 80% of their population relying on agricultural incomes, while the share of non-farm households remains relatively low, which has many ramifications for poverty.

4. While overall agriculture annual growth between 2005 and 2010 has averaged 3.4 %, in 2011 annual growth was 5.2% (crop and livestock increased 4.8%, forestry 5.7% and fisheries 5% respectively). Of the total cultivated area, 54 % is devoted to rice and a further 26 % to other annual crops, with the remaining 20% being used for perennial crops. In 2011, total rice production was 42.3 million tonnes, an increase of 2.3 million tonnes compared with 2010 – the highest increase over the past 10 years. Rising agricultural labour costs are slowly forcing efficiency gains (mechanization and land consolidation) and accelerated production diversification. The livestock subsector accounts for 25% of agricultural GDP and is projected to rise significantly. Fisheries output rose by an annual average of 9.4% from 2002 to 2009, with particularly rapid gains in freshwater aquaculture output and shrimp production, which now exceeds the harvest of wild fish. In 2011, total output of fisheries reached 5.43 million tonnes, an increase of 5.6% compared with 2010. Exports of seafood increased to USD 6.1 billion in 2011 (an increase of 21.7 % from 2010 and from USD 3.4 billion in 2006), making it Viet Nam's fifth most valuable export.

5. Despite this strong performance, a number of constraints remain. Product quality is low, and Viet Nam typically receives significantly lower prices than neighbouring countries and market competitors for its rice, coffee, tea, rubber and aquaculture exports. Agricultural knowledge systems require significant investment and stronger client and market orientation, while massive infrastructural investment in water management and transport infrastructure is needed. Rural markets are characterized by weak farmer access to market information, limited integration along value chains,

low levels of value addition, and continued dominance by state- owned enterprises of some commodities and markets, notably export markets.

6. These business, market and quality constraints, combined with an underdeveloped processing sector, represent a very significant loss of investment, revenue and employment opportunities, while seriously constraining farm profitability. With higher rural labour wages and an increasingly scarce natural resource base, the agriculture sector urgently needs to further diversify production to higher-quality products, promote value addition and processing, and increase efficiency while ensuring resource-base sustainability.

7. Although use rights on 9 million hectares (ha) of agricultural land have been issued to 12 million households and 11.5 million land-use rights certificates (LURCs) approved, the land reform process is incomplete, requiring further investment in LURC issuance, land information systems and land-use planning and consolidation, and the incorporation of customary land tenure into collective land use rights, particularly for “residential communities” of ethnic minorities. Unsustainable natural resource use, particularly of water and in the forestry sector, leads to problems of water scarcity and land degradation, including saline intrusion and loss of biodiversity and flooding. This is amplifying vulnerability to CC and natural climate hazards, which are increasing in frequency and severity. These constraints are compounded by the limited capacity of supporting institutions, particularly at provincial and lower levels.

8. In the period 1993-2008, national poverty incidence declined from 58.1 percent to 14.5 percent, and to under 10 % in 2010, lifting some 30 million Vietnamese people out of poverty. Rural poverty incidence over that same period fell from 66.4 to 18.7% and to 17.4% in 2010. Poverty, however, remains predominantly a rural phenomenon: rural people comprised 91 % of total poor people in 2010 a figure that has shown little decline since 1993 when it stood at 95%. While ethnic minorities represent only 15% of the total population, the poverty rate among ethnic minority people, at 45%, is of particular concern. Poverty rates vary significantly among ethnic groups. Factors for the higher incidence of poverty among minority peoples include: lower enrolment in primary education and earlier departure from formal education; lower quality of endowments in community, educational or physical assets and lower returns on assets; location in isolated, less endowed, more disaster-prone areas; lack of social, physical, human and financial capital; greater dependence on agricultural sources of income; reduced access to employment opportunities and lower received wages; social constraints on the transition from communal to market-based land tenure systems; inability to speak the majority language, i.e. Kinh Vietnamese; and negative stereotyping of minority communities.

9. Women, particularly rural and ethnic women, continue to be disadvantaged in terms of the nature of opportunities and quality of resources available to them, despite the passage of gender equality legislation. Women are overrepresented in economic sectors that are vulnerable in times of economic downturn, including the informal sector, and still lack equal access to land tenure (women hold just 19% of Land Use Right Certificates) and to agricultural credit and technologies. Despite Viet Nam’s progress towards educational equity, girls are more likely to drop out of school as a result of the demands of domestic work. One fifth of ethnic girls have never attended school and, in secondary school, lag behind their Kinh counterparts’ enrolment by 10%. Inadequate knowledge of the benefits of breastfeeding and micronutrients, and lack of women’s time for child and personal care, appear to be the main contributing factors in stunting. Reduction of the persistently high levels of child malnutrition in ethnic communities and of the early departure of minority girls from the formal education system are specific concerns for longer-term poverty reduction.

10. The nexus between climate risk and poverty is of growing concern. The most socially vulnerable groups (women, ethnic minorities and the disabled) are likely to be disproportionately less able to adapt to CC. They are exposed to greater risk, given their frequent direct reliance on agriculture and the natural resource base for their livelihoods, their greater exposure to natural disasters and their lack of assets and capital to recover or to shift to alternative livelihoods, and their susceptibility to climate-related health problems.

11. **Past Performance of the IFAD Portfolio.** The 2011 IFAD Country Portfolio Evaluation (CPE) found overall performance of the country programme to be satisfactory, particularly in terms of support for decentralization, capacity-building, participatory planning, gender mainstreaming, small-scale infrastructure, development of savings and credit groups (SCGs), and improving rural livelihoods through production for markets. The CPE found that the country programme has had a positive impact

on household income and assets, particularly through the women-centred savings and loan programme, increased levels of agricultural productivity, and investment in livestock and improved animal health services. The impact that the country programme has had on the quality of women's lives and empowerment is positive, while vocational training has been important for income diversification and promoting non-farm employment for rural youth. In terms of efficiency, much has been achieved with regard to Programme implementation and management, capacity-building at the provincial, district and commune levels, planning, coordination, monitoring and evaluation (M&E), and direct supervision and implementation support. The CPE noted that in every province in which IFAD has been active there is evidence of a significant reduction in levels of poverty.

12. The CPE also pointed out the need for a holistic approach to the continued development of ethnic minorities in upland areas. There is a need for a strengthened market oriented approach, more comprehensive geographic coverage, a more favourable credit environment for smallholders, more strategic knowledge management, strengthening of partnerships, increased counterpart funding by the Government, and a strategic approach to the conservation of natural resources and the response to CC.

13. Lessons. The key lessons from the on-going portfolio include:

- (a) Application of participatory, market-oriented local economic planning processes in poor province needs:
 - (i) Coordination among agencies through project steering committees and technical task forces;
 - (ii) Staff capacity to prepare and implement participatory market-oriented socio-economic planning processes and value chain approaches; and,
 - (iii) Integration of market information and value chain analysis in the market-oriented participatory SEDP process.
- (b) Poverty targeting and gender mainstreaming under the market-oriented approach with market linkages can benefit poor rural women and men through:
 - (i) Selection and promotion of pro-poor value chains that create employment and relevant production, processing and marketing systems for poor people;
 - (ii) Farmer-to-farmer extension and increased use of appropriate technologies for adoption by poor farmers, particularly ethnic minorities;
 - (iii) Vocational training opportunities for poor households, targeting ethnic minorities and women; and,
 - (iv) Market-based infrastructure and improved connectivity in remote areas.
- (c) For the empowerment of ethnic minorities, and particularly ethnic women, engagement in community decision-making, representation in local institutions, off-farm employment opportunities, women's land-use entitlement, and women's SCGs for investment in improved agricultural productivity, livestock production and animal health have proved to be successful.
- (d) The voluntary development of common-interest groups (CIGs) can promote the transition from subsistence- to commodity-oriented production and serve as a foundation for poor people to cooperate with better-off groups and private business. Improved collaboration with mass organizations, such as the Viet Nam Farmers' Union (VFU) and VWU, and with key farmers in facilitating CIG development has been shown to work. CIGs with access to credit and women's SCGs have been most successful in this context.
- (e) Private stakeholders and service providers drive the development of markets, value chains and investment in agriculture production and processing, including in poor areas, where:
 - (i) Legislation and policies are in place that enable the private sector and strengthen competitiveness and transparency;
 - (ii) Capacities of province and district staff for private-sector promotion are available;
 - (iii) Access to finance, skills and market information is possible.
- (f) Partnering with the small- and medium-scale private entities can impart much-needed technologies and skills to smallholders – in turn opening markets to them.

14. With regard to CC and disaster risk management, relevant lessons from local experience include:
 - (a) Policies to adapt to CC need to be focused on poor and vulnerable people;
 - (b) Adaptation to CC in high-risk, marginalized communities should target “no regret” approaches, i.e. those that have little additional cost in enhancing livelihoods, sustainable agriculture and poverty reduction;
 - (c) As the poor are the most vulnerable to climate risks, emphasis on improving their incomes is of itself a viable climate-risk adaptation strategy;
 - (d) Capacities of agricultural and water systems to cope with current weather variability must be enhanced, while remaining sufficiently flexible; and,
 - (e) Increased long-term investment in agricultural knowledge and dissemination is important in supporting farmer adaptation to CC.
15. *Key lessons learned from the DPPR*, which included the 4 most remote and mountainous northern districts, was rated as “successful” and those districts now receive significant ongoing development support through NTP funding. Project successes, detailed in Table 13 below and in Appendix 3, Annex 1, included: (i) a sharp drop in household poverty levels, supported by the adoption of broad strategies for improved productivity; (ii) the mainstreaming of a comprehensive decentralization and community empowerment strategy; and (iii) infrastructure development supporting enhanced agricultural production and market access, particularly through village to commune road development. The DPPR highlighted opportunities for increased agriculture productivity and resulting reduction in household vulnerability and improvement in food security, however, because of the isolated location of the 4 project districts, only short value chains to local markets resulted. Four areas identified in the Ha Giang DPPR final report for future poverty reduction in Ha Giang include: (i) the promotion of market-oriented production, focusing on high-value crops and animal production of the province, to serve local demand and export purposes; (ii) the strengthening of linkages between enterprises and farmers through support for Public Private Collaboration (P-PC), rural finance and the attraction of private investments from enterprises within and beyond the province; (iii) further intensification of linkages between ‘growth clusters’ (i.e. districts with high potential for economic growth) and poor areas in the province; and (iv) the development of upland production systems with due attention to climate change adaptation. These findings have been incorporated into the CPRP design
16. Regarding capacity building and training, DPPB lessons include: (i) capacity building of district and commune level Programme staff was a key success factor; (ii) training needs assessments and subsequently customized practical “real-life” training materials improve trainings dramatically, in contrast to scientific lectures; (iii) TOT approach engaging distinguished village members and key farmers as trainers allows outreach to non-Kinh-speakers; (iv) timing of all farmer trainings need to be planned along with view on planting and harvest cycles.
17. Regarding production support, DPPB lessons include: (i) all support should be conditional in terms of investment in improved livelihood and contribution of beneficiary resources; (ii) production models by Programme need to be replicable and profitable among target groups; (iii) new technologies should be accompanied by related technical training; and (iv) extension service should be demand driven by continuous communication between extension staff and beneficiaries, by simplifying and streamlining of production models, and by the introduction of alternative extension agents.

Table 13 Key DPPR Results

Indicator	DPPR Result	Impact on CPRP Design
Percent reduction in poverty rate in project districts	Reduced from 35.5% to 13.2% of project district population	CPRP continues IFAD focus on agriculture-led poverty reduction, targeting the poorest households
Reduction in the prevalence of child malnutrition (w/h; h/a; w/a), by gender (children below the age of five)	<ul style="list-style-type: none"> • Girl weight for age: 47% to 25% • Boy weight for age: 49% to 24% • Girl height for age: 75% to 66% • Boy height for age: 78% to 61% • Girl weight for height: 4% to 5% • Boy weight for height: 5% to 7% 	Child nutrition remains a serious development issue in Ha Giang, and upland Viet Nam in general. The Programme will incorporate nutrition information in its value chain development actions
Roads constructed	270KM, benefiting 16,300 HH, of whom 6,100 were poor. Although not directly attributable, the road access contributed to a 220% improvement in goods transported, 90% increase in beneficiary market participation and a 75% increase in trader visits to villages for product purpose.	Road development is a high priority for villagers and is a contributing factor to improved market participation. Climate adapted road development/upgrading will be an option for community infrastructure investment under the CPRP

Annex 1

Summary of impacts of HPM and DPPR projects

INTRODUCTION

1. This working paper documents a summary of impacts of the former two IFAD funded projects in Ha Giang namely "The Ha Giang Development Project for Ethnic Minorities" (hereafter call HPM) and "The Decentralized Programme for Rural Poverty Reduction in Ha Giang" (hereafter call DPPR). All of impact findings are consolidated from available reports provided by the Ha Giang PMU including self-evaluation reports and project completion reports. This summary is prepared as a response to the request of the Review Panel in the Quality Assurance Review of the new proposed Commodity-oriented Poverty Reduction Programme in Ha Giang.

1. The Ha Giang Development Project for Ethnic Minorities (HPM)

1.1. Project introduction.

2. HPM is a multi-sectoral and donor poverty alleviation project. The project became effective on April 27, 1998, and officially operated since July 1998. Total financial outlay of project is USD 18.4 million. Which is jointly financed by the International Fund for Agricultural Development (IFAD) with USD 12.52 million, equal to 68%; United Nations Development Program (UNDP) with USD 2.33 million, equal to 12.7%; Swedish International Development Agency (SIDA) with USD 0.79 million, equal to 4.3%; GoVN counterpart fund with USD 2.15 million equal to 11.7%; and the beneficiaries contribution of USD 0.61 million, equal to 3.3%. The United Nations Office for Project Service (UNOPS) is the cooperating institution for the project.
3. HPM has initially comprised 5 main delivery components, including (i) rural infrastructure; (ii) agriculture, livestock and forestry development; (iii) income diversification; (iv) social development; (v) and project management and co-ordination. It also comprised 10 sub-components, namely: rural roads, domestic water supply, irrigation, farmer extension, animal health, forestry, education, health, income diversification and project management. In order to create a more flexible funding mechanism as well as for a better responsiveness of the project that could address the priority needs of participating communes during the project implementation, another component under the name of "Community Development Fund" was added in 2000.
4. Overall objective: to raise living standards of participants, mainly ethnic minority groups living in mountainous and remote areas. Specific objectives are: (i) improving the living standards of target groups (ethnic minorities living in marginal upland area) and enhance food security for poorest households through appropriate interventions for sustainable use of natural resources; (ii) supporting the development of appropriate rural and social infrastructure; and (iii) testing innovative approaches for poverty reduction and sustainable development which can be replicated by Government and other donors.
5. Project coverage: In principle, the project covers the entire province area including 9 districts, 1 township and 191 communes. However, different components have different coverage area with only Agricultural Extension and Animal Health covering all 191 communes of the province. Other components have varying coverage area with Domestic Water Supply covering the least (only 24 communes of Zone 1). Bulk of project activities is however concentrated on the 4 districts of Zone 1 and, to lesser extent, to the 2 districts of Zone 2, which are the upland and most disadvantaged districts of the province.

1.2. Project performance per outputs

6. **Rural Roads**: Until its end in 2003, the component had completed the construction of 9 target rural roads, with total length of 106 Km and 2.5 meter in width; and 7 suspension bridges with total length of 626 m. These schemes have facilitated local people in 19 communes/7 districts in travelling by motorcycle and horses. Progress reached 100% or 2 years ahead comparing to the schedule set in the Project Document.
7. **Domestic Water Supply**: A comprehensive survey and PRA for the 24 most difficult communes of Zone 1 where faced severe water shortage during the dry winter months, were

- implemented by the component. Trial models for various water storage containers were test and the most appropriate ones for each commune were selected for construction. The component had completed the construction of 12 gravity water flow systems, 5,171 domestic water tanks, 728 UNICEF-style water jars, 20 water wells, and repaired the 56 existing communal water tanks. Water User Groups were established and trained in operating, maintaining for water supply schemes. By the end of year 2002, the component had substantially completed all its set activities.
8. **Irrigation**: Project carried out pre-feasibility for 70 major provincial schemes, out of which 39 schemes were selected for construction, on the basis of technical and financial feasibility. Project established and trained water user groups for each of its schemes and assisted the provincial government in promulgation of a Provincial Regulation for the operation of these groups. Project had completed the construction of 39 provincial-level schemes (26 new construction and 13 rehabilitation/ improvement schemes). It also supported construction of 134 micro-irrigation schemes (20 new construction and 114 rehabilitation/improvement schemes), organized training courses and study tours for staffs and beneficiaries.
 9. **Agricultural Extension**: With purpose to improve the farm productivity, main activities undertaken under component were the establishment of Farmer Field Schools (FFS), dissemination of information through printed, audio and Video mediums, establishment of demonstration plots of improved varieties and training of key farmers. 342 FFS have been established involving 3,216 households; established 266 demonstration models of improved breeds of maize, rice, beans and other crops (with a total of 283.5 ha of crops and 141 animals) involving 3,348 households. The component has provided seedlings for farmers to help expanding appropriate models; assisted the provincial government in strengthening its farmer extension system by establishment of commune and village based extension system and training for commune extensionists and provision of training to extensionists at all levels. 22 applied research studies were carried out to address the concerns and issues identified in the course of PRA and FFS.
 10. **Animal Health**: Project established 191 Vet Teams in 191 communes consisting of 474 Commune Vet Workers selected by the beneficiaries against a project specified criteria. Basic furniture, equipment and medicines were provided to each Commune Vet Station, with the drugs are being revolved through sale and service fee. Project also financed construction of 2 Border Vet Stations, one provincial lab and 3 district labs; provided 1,056,400 dosages of vaccinations; trained for a quite number of vet workers at all level.
 11. **Forestry Protection**: Main activities under this component were designing, investigation and signing the protection contracts for 20,000 ha of critical watershed forest with involvement of 4,112 households, which on basic of community based management participatory approach in 109 villages/21 communes. Other activity included provision of seedlings for enrichment planting in the protected forest. Such planting was done on 272.2 ha of protected forest and additional 700 ha of Mac Rac tree was planted as new plantation in the participating communes. Construction of 2-forest protection stations (90m2/each).
 12. **Education**: The component has completed the construction of 7 District Continuing Education Centers (DCEC); 146 classrooms of primary schools in 70 communes; establishment of 70 libraries in the communes. Training of 1120 Female Literacy volunteers to teach illiterate ethnic minority women, and development of bilingual education materials in H'mong language for teachers and pupils. Refresher training was also conducted for 4100 teachers to improve the quality of primary education and improve teaching skills of teachers working in ethnic minority areas. HPM also provided books, furniture and equipment for DCECs and 146 classrooms.
 13. **Health**: Main activities under this component included selection and training of 826 Village Health Workers (VHW), and provision of essential drugs to trained workers in 67 communes of 4 districts in Zone 1. Revolving Medicine Funds has been successfully operated in 16 communes to introduce a sustainable source of essential drugs in poor; financed construction of a Polyclinic in Yen Minh district hospital and construction of 5 commune health centers. Water supply systems were built for 2 district hospitals and equipment was procured for 4 district hospitals and 5 commune health centers. The Project also procured 4 ambulances for

4 district hospitals. Intensive training was sponsored for district and commune staff in preventive health care, diagnosis and treatment.

14. ***Income Diversification***: This component carried out PRA and implemented credit program in 60 communes, established 318 women savings & credit groups (SCG) involving 5,618 women. Training was carried out for commune/district/provincial staff on managing, using capital loan, monitoring, operating small business, and income diversification activities. A Rural Market Survey was carried out to identify constraints and opportunities for small-scale businesses and enterprises with a view to develop suitable income diversification packages for target beneficiaries. Provision of labor saving machines for women. 1,538 women/118 SCGs have borrowed some VND 4,606 million.
15. ***Community Development Funds***: The component has been implemented in 78 communes in various fields namely: rural roads, irrigation, domestic water supply, education, livelihood support, etc those were identified and chosen for investment by local people. The component had completed construction and improvement of 49 bridges, culverts/causeways, 128 inter-village roads (420 km in length and 2- 24 m in width), 24 water wells, 289 domestic water tanks, 3 public water tanks, 29 gravity water flow systems. New construction and improvement of 184 micro-irrigation schemes, 17 km long of ditch, 1 hydro-electric dam and installing 1 km of electric cable (0.4 KV). New construction and improvement of 142 branch-schools, 2 boarding houses for semi-boarding pupils. Provision of thousand sets of pupil chairs and desks, roofing membranes and gutters (to collect rainwater). Provision of seedlings, seeds for farmers to promote production. Establishment of 24 farmer extension models and growing and protection of 20 ha of medicinal herbs. Reclaiming 24 ha of cultivation land. Training on operating, managing and maintaining completed schemes.

1.3. Project Impacts

Economic impacts

16. Poverty rate of the province has been reduced annually. Specifically in 1997, percentage of poor households was 34%; in 1998 reduced to 28.03%; in 1999 reduced to 22.02%; in 2001 reduced to 25.07% (following new poverty classification criteria set by MoLISA); and in 2002, the poverty rate was 17.93%.
17. The economic growth rate of poor households has increased and varied at medium and high speed thanks to the uniformly supporting/improved services provided such as agricultural extension, animal health and rural infrastructure. Food deficit months of poor households have decreased notably (5 months on average in 1988 to 1.8 months in 2002). Malnutrition rate of children has been reducing, however, the movement is low.
18. Household average income has increased at medium rate. For households whose income mainly depends on maize/rice, their income increased at medium rate. Particularly, for a number of households who run small business and raised large fleet of animals, their income has increased dramatically. Lots of households has extent and expanded their production, therefore their household income is progressively increasing. Their production and income is no longer depended on mono-crop of rice/maize as in previous time, since they adapt lots of new varieties/crops such as fodder forage, fruit tree, etc, along with livestock development, and other businesses.

Figure 1: ***The annual economic indications of Ha Giang province***

Plan	Unit	Year 1997	Year 2002	Increase	% equivalent
Wet rice areas	Ha	27,277	31,758	4,481 ha	16.43
Maize areas	Ha	32,248	43,805,3	11,557 ha	35.80
Rice yield	Ton/ha	34	42,6	0.86 ton	25.29
Maize yield	Ton/ha	14.12	19.53	0.54 ton	38.3
Bufferlow	head	116,998	129,851	12,853	11

Cow	head	45,779	62,550	16,771	36.63
Pig	head	211,144	277,604	66,460	34.48
Per capital income	VND.Mill	1.07	2.14	1.07	100

19. With the project investment in construction of irrigation schemes, lots of cultivation areas have been shifted from 1 crop to 2 crops/year (see figure above). Furthermore, the local people could be able to undertake intensive farming approaches and increase their cultivation land areas.
20. Thanks to the construction of rural road routes, travel time wasted among villagers has been reduced substantially by 50% - 70% comparing to previous time. Villagers, instead of going mainly on foot, the tendency of using bicycles and motorbikes to a lesser extent, can be the evident. Quantity of goods-transaction has been increased thanks to improved roads and means of transportation such as motorbike and trucks. Some 50% of commodities and 80% of production/construction materials, respectively, are haulage by trucks.
21. CDF brings in significant improvement to the economy of localities. Activities under CDF are prioritized by local communities. In this sense, it reflects the real needs of local communities. The difference can be shown between CDF and non-CDF communes, upland and lowland districts. For example, a market place for cattle purchasing in Meo Vac district had been constructed under project CDF showing an increasing number of cows and cattle brought in by the local people for sale.

Social impacts:

22. The water flow gravity systems and domestic water tanks supported by the project, provide portable water enough to meet minimum demand of local people (10-20l/person); water shortage months reduced to only one month in most of the critical areas.
23. Community health care has been very effective thanks to health care systems at district/commune level had been improved in the field of infrastructure development, provision of equipment and tools, trained health staffs. Sanitation and hygienic activities were carried out intensively down to village level. Local people believed in health workers and come to clinic center for medical examination and treatment when they feel ill. Local people living in the most difficult areas were provided with drugs for free.
24. District hospitals, especially the 4 remote upland district hospitals has been provided with many advanced equipment so that it has substantially met the requirement for in-place medical examination and treatment; and the number of cases transferred to the provincial hospital has reduced dramatically, comparing to the previous time. Hence, it can reduce the costs and ensure the timely treatment.
25. Primary education popularization works has been improved in both term quantity and quality. Infrastructure facilities for education such as classrooms, pupil chairs and desks, educational equipment and furniture have been improved and supported with good quality meeting the MoET's standards.
26. Along with the improved educational infrastructure, the improved rural road routes have also facilitated local people in general, and children in particular, in accessing to the education and health service. Consequently, Ha Giang Province has been considered as successfully in achieving the national standard on illiteracy eradication and primary education popularization, in 1999.
27. Workload burdened by women and children has been released. Thanks to the improved infrastructure which facilitates travelling and hauling, the shifting in production mechanism (likes the improved fodder forage growing for cattle, the intensive farming, handicraft development), has contributed effectively in saving their time and reducing labor force wasted. However, as a matter of fact, manual labors are still popular dues to inadequate number of machines, equipment and tools were provided for them.
28. Goods/commodities trade/transaction has been quite increased; households have more opportunities to access to markets through various aspects such as the improved access roads to market places, the more purchasing activities undertaken by businesses in the locality, the

improved marketing skill and information gained through mass media by the local people, etc. Types of commodities were more diversified and available. The villagers can buy lots of essential goods serving for their daily life in the local markets or right in their villages thanks to several households developed business-trading services.

29. Mass organizations/institutions at grassroots level has been strengthened and operated more effectively. Each had overall and detailed working plan for hunger eradication and economic development set for its members.
30. The rate of women participated in project activities was also quite high (approximately 50% in training courses, 100% in SCGs and Literacy courses, 70% in farmer extension activities, ...). Women were not only participated in planning and implementation of project activities, but also in community based decision-making process. There has been a positive movement on gender stereotype among the rural male.
31. Local people have been more empowered in identification and selection of prioritized activities/schemes to be invested, through conducting PRA, bottom-up planning. The local people were not only participated in such activities likes farmer extension, material haulage, excavation and filling foundation of civil construction works, but they were also devolved the responsibilities of supervision, monitoring the works during construction/implementation process of simple schemes,
32. Financial management had been gradually decentralized down to commune level (CDF-communes). These communes have been fully decentralized and the CDBs act as investors to implement all invested activities of the communes. Since the initiation of this approach, community participation in project activities has become even more effective. In comparison with earlier pre-determined interventions in target communes, these communes/villages were for the first time given an opportunity to determine what their community priority needs were and how best they should be addressed, backed up by a guaranteed availability of required funds.

Figure 2: The statistic data on health and education of Ha Giang province

Plan	Unit	Year 1997	Year 2002	Increase	% equivalent
Primary school	School	166	191	25	15.00
Primary teacher	Person	5,529	6,285	756	13.67
Primary pupil	Pupil	98,766	103,303	4,537	4.60
Female		40,524	46,017	5,493	13.55
Number of commune achieved the literacy/ primary education popularization program	Commune	80	191		Completed in 1999
Commune clinic center	Station	166	171	5	3.00
Health worker in the entire province	Person	1,403	1,772	369	26.30
Patient bed in the entire province	Bed	1,296	1,324	28	2.20
Number of people to be treated in the entire province	Person	473,667	688,378	214,711	45.33

Figure 3: The malnutrition rate among children in Ha Giang Province (stage 1997-2003)

Year	Total Rate of the province (%)	In which			
		Meo Vac Dist	Dong Van Dist	Yen Minh Dist	Quan Ba Dist
1997	52.37				
1998	51.00				
1999	41.41	43.21	41.47	47.26	48.60
2000	37.09	38.98	38.30	41.00	42.63
2001	35.04	36.35	35.48	39.10	38.04
2002	33.80	35.01	34.14	37.27	37.76
2003	31.80	32.79	36.05	35.17	37.75

Environmental impacts

33. The environmental practices in Ha Giang in past recent years have been gradually remained and improved. The awareness of the local people on the environment protection has been considerably increased. The evident can be shown through the local people daily living practices are in better and improved hygienic conditions, cattle stables were resettled in an environmentally safety distance to the houses. Livestock husbandry has been carried out in a more hygienic manner with less negative impact to the environmental as the previous time.
34. With more than 20,000 ha of critical watershed forest contracted to the local farmers for protection which on the basic of participatory approach, has reserved the water resource in the locality and increased the forest coverage areas; the bio-ecological environment and landscape in a quite large areas has been remained and improved. The concentrated/ dispersed forest plantation program carried out under the Forest Protection and Development component in the mountains where applicable, has actively contributed to cover the barren soils and bared hills with forests; improving the fallow soils; controlling soil erosion and washing; creating more sylvicultural and agricultural products for the local people to use; and reducing pressures which related to deforestation practices such as cutting down trees for firewood, firing forests for cultivation land.
35. One of the activities to be highlighted in term of awareness raising and effectiveness, was the fodder forage which is grown in the hillsides and in the fallow, unfertilized patches of soil to which the food crops used to be cultivated with low productivity, thus contributed in developing the cattle raising and reducing the over-exploitation of soils. (For example, Project had initially supported Pa Vi commune/Meo Vac district in developing 5 ha of the "Guatemala" fodder grass, latter on the commune increased the areas up to 80 ha. Consequently, the commune's cattle fleet increases by nearly two times (in 1998, the commune had 1,388 cattle, the number now is 2,274).
36. The cultivation of hybrid varieties of maize and rice often required a higher input of chemical fertilizer, has caused the negative impact to soil quality. The warning was brought to the local people attention that the more areas is cultivated with various hybrid varieties and for a long time, the more impact on bio-ecological environment such as land degradation would occur. To cope with this practical situation, since 2000, the project has encouraged and created favorable conditions for the local people to focus on the indigenous high-yield varieties, or shift to other appropriate crops while cultivating.

Institutional impact

37. The rural financial institutions (VBARD, BBSP) have been strengthened focusing on operational mechanism where better accessing and provision of services were created to support the target groups of project.
38. Community-based organizations have been enhanced, in a certain extent to facilitate the local people in accessing to services likes farmer extension, animal health, rural credit, etc, however,

the facilitation was very limited due to limited capacity and operational conditions. In order to help those mass organizations to become more self-reliant and actively to access to external services, more input should be given frequently to them regarding the capacity building, professional and management skills.

39. Under the HPM project, the service systems such as farmer extension, animal health, health have been established down to village level. The project provided training for representative villagers from almost participating villages so that they could help the local people in these villages to access in those services. However, the implementation results made by these trained staffs were still limited and in passive manner due to their limited professional capacity/skills and the limited responsiveness of the local people. In addition, the rural financial organizations and banks have sent their officers to the communes with purpose to support the local people in the savings and credit activities.

2. The Decentralized Programme for Rural Poverty Reduction in Ha Giang (DPPR)

40. At the design process, various successes of the HPM in terms of impact have been recognized by the design team including:
- The extensive network of extensionists and vet workers to village level.
 - Some production models including cattle fattening with fodder plantation, tea plantation.
 - Micro-credit supports.
 - Public and production infrastructure support.
 - CDF mechanism.
41. The design team found that these all successes were even recognized there was no mechanism for maintaining or replication. The main constraints to maintenance and replication is that the province is still very poor with 8/10 districts are the poorest districts in Vietnam. The design team decided to help replication and up scaling some of successes of the HPM with the focus on agricultural production supports only (not for other social sector like HPM).

2.1. Project introduction

42. The Programme Financing Agreement for Decentralized Programme for Poverty Reduction in Ha Giang and Quang Binh provinces was signed between Socialist Republic of Vietnam and IFAD on 15 February 2005 and the loan took effect on 17 August 2005. The total investment capital of DPPR for both Ha Giang and Quang Binh provinces is USD 38.784 million. Under the Agreement, the project would complete all field activities on September 30th, 2011 and the Agreement shall expire on March 31st, 2012.
43. DPPR Ha Giang received USD 20.485 million in which USD 13.077 million is loan from IFAD (accounting for 63.8%); USD 0.233 million is financial aid from IFAD (1%); USD 2.537 million is debt conversion fund from Norwegian Government (12.4%); counterpart fund from the Government of Vietnam is USD 3.254 million (15.9%) and contribution from the beneficiaries is equivalent to USD 1.384 million (6.5%).
44. The overall goal of DPPR Ha Giang is to improve the socio-economic situation of households in special difficulties with an emphasis on utilization of community-driven and comprehensive development measures.
45. DPPR Ha Giang is composed of 4 components as follows: (i) Capacity Building for decentralized development; (ii) Production support; (iii) Communal infrastructure development; and (iv) Project Management. According to the implementation schedule, in 2005 (the first year of the project) the project was carried out in 10 communes, 20 more communes in 2006 and 15 remaining communes in 2007. The project is implemented in each commune in a period of 4 to 6 years.
46. The project was launched in April 2005 and field activities have been carried out from August 2005 after annual plans were assigned to CPMUs. Due to the short implementation duration in the first 10 target communes in 2005 (around 3 months), year 2006 is taken as the first year of field implementation for the whole project.

2.2. Project performance per outputs

47. Component 1: All main activities in this component achieved 100% its targets. For the purpose of capacity building for decentralized development, this project helped to train more than 2,000 officials at all levels (Provincial, District and Commune), 80% of which were commune officials and 40% of which were females. With participatory planning, 5,370 awareness raising meetings were organized at village level, 1,450 plans were built up with the participation of almost all beneficiaries.

Table 1. Main outputs of Component 1

Output indicators	Target	Actual implemented (31/12/2011)	% completed
1. Establishment of CPMUs	45	45	100
2. Establishment of VMGs	352	352	100
3. Number of provincial and district level official trained	2,116	2,116	100
4. Number of awareness raising meetings at commune level	5,370	5,370	100
5. Number of village development plans developed	1,450	1,450	100
6. Number of commune development plans developed	220	220	100

48. Component 2: 117 upland farming models, 91 livestock and poultry raising models, 135 aquacultural models were introduced via model demonstrations. To ensure the application of those models, 8,977 people accessed extension services; 2,234 people accessed veterinary services. Especially, 10,092 people got access to micro-finance services from SCGs and PSFs. These impressive outputs were achieved thanks to the innovative adoption of SCGs (275 SCGs with outstanding balance at around VND 9 billion) and PSFs (VND 18.9 billion).

Table 2. Key output Indicators of Component 2

Output indicators	Unit	Target	Actual implemented (31/12/2011)	% completed
Sub-component 2a				
1. Number of models to be implemented	Model	125	117	93.6
2. Number of farmers who get access to credit services for farming development	Farmer	4.171	4.171	100
3. Number of farmers who get access to agricultural extension service	Farmer	8.977	8.977	100
Sub-component 2b				
1. Number of animal husbandry models to be implemented	Model	165	91	55.15
2. Number of farmers who get access to credit services for animal husbandry development	Farmer	5.921	5.921	100

Output indicators	Unit	Target	Actual implemented (31/12/2011)	% completed
3. Number of farmers who get access to animal husbandry and veterinary services	Farmer	2.234	2.234	100
Sub-component 2c				
4. Number of aquaculture models to be implemented	Model	256	135	95.74
Sub-component 2d				
1. Number of production groups to be established	Group	32	32	100
2. Number of pilot businesses to be established and supported	Business	5	-	0
3. Number of people who receive vocational training	People	1.342	1.250	93.14
4. Number of market research studies to be conducted	Study	1	1	100
5. Number of market site to be constructed/refurbished	Site	3	3	100
Sub-component 2e				
1. Number of Savings and Credit Groups to be established	Group	280	275	98
2. Savings balance outstanding	Billion VND	1.7	1.7	100
3. Credit balance outstanding	Billion VND	9.0	9.0	100

49. Component 3: with respect to all types of infrastructure supported, the project contributed to 2,074 infrastructure works, catering to around 28,818 turns of households²⁴, 57% of which were poor households. Approximately 95% of funded infrastructure works were owned by the commune level and more than 74% of which were constructed by the beneficiaries themselves. In addition, this project also organized 288 classes for 8,316 people on project management and O&M; 275 O&M groups were established

Table 3. Key output indicators on improvement of village infrastructure

Output indicators	Planned	Actual implemented (31/12/2011)	% Completed
1. Number of schools to be constructed/upgraded	45	45	100
2. Number of fresh water facilities to be constructed/upgraded	26	26	100
3. The length (km) of roads to be constructed/upgraded	260.7	260.7	100

²⁴ Turns of households mean the sum of totals of households benefited from each project's infrastructure work. It is higher than the total of benefited households because a household can be benefited from more than one infrastructure work, making it being counted more than one turn.

Output indicators	Planned	Actual implemented (31/12/2011)	% Completed
4. Number of village head offices to be constructed/upgraded	69	69	100
5. Number of electricity gridlines, low-voltage stations to be constructed/upgraded	24	24	100
6. Number of drainage facilities to be constructed/upgraded	204	204	100
7. Number of irrigation facilities to be constructed/upgraded	67	64	95.5
8. Number of O&M groups	275	275	100
9. Number of people to receive trainings of O&M of infrastructural facilities	1,932	1,932	100

50. Component 4: the project developed a systematic management mechanism from provincial to commune and village level based on thorough decentralization of resources and implementation. Investment ownership was passed down to commune level. To ensure commune capacity in decentralization, 34 capacity building classes on project management, M&E system were organized for 797 turns of commune officials. This helped to equip them with updated information for management purpose.

2.3. Project Impacts

V. Physical assets

51. Up to late December 2011, 23,869 households were estimated to benefit from the project-funded infrastructure works. Road system and hydraulic irrigation system have been improved and upgraded, facilitating production growth. The beneficiaries' access to water supply increased from 30% at the starting phase of the project to around 50%. Regarding access to hygienic latrines, despite extremely low rate of households with latrines in the project area, this proportion increased sharply from 1% in 2006 to 8% in 2011. Ownership rate over other assets including the number of TV, motor-bikes also witnessed a sharp increase during the project period. Only in 2009 and 2010, there were 822 new motor-bikes and 602 new TVs in the target area.
52. With positive improvements in material assets, asset ownership index of beneficiary households has been improved sharply. Results from the RIMS baseline and end-line surveys suggested that the proportion of the poorest households went down from 35% to 5%, poverty rate also declined from 21% to 19%, this once again helps to confirm strong and explicit impacts of the project in the cause of hunger eradication and poverty reduction in the project area.

Food Security

53. According to, annual surveys between 2006 and 2011, yield of paddy rice increased 2.2 times, corn yield increased 1.7 times and that for soybean increased around 2.2 times. Thanks to those increases in yield of some food crops, the hunger situation in the project area has been eradicated radically. According to RIMS surveys conducted in the project area, the proportion of hunger households suffered the first hunger season went down sharply from 49% to 18% during 2006-2011; while the figure in the second hunger season was nearly zero.
54. According to RIMS surveys, the number of households with from 4 to 6 hunger months per year dropped dramatically from 30% to 4%; in 2011 no household with more than 7 hunger months was confirmed in 2011. Among 18% of households suffering from the first hunger season, their average hunger time was around between 1 and 3 months per year. As compiled from annual

surveys, the average number of hunger months decreased around 1.21 months across the whole project area during 2008 and 2011.

VI. Environment and other natural resources

55. **Regarding the projects contribution to sustainable management and exploitation of natural resources**, production models introduced in Component 2 have contributed to this aspect. Upland farming models, livestock and poultry raising models, aquaculture models have introduced suitable seeds, farming models for natural weather and terrain in Ha Giang, especially they were considered environmentally friendly, using no chemical toxins. The adoption of these models introduced has created positive impacts on environment via model of growing grasses for livestock raising, greening bare mountains with newly planted trees, biogas decomposition. Many models of the project help to reduce the use of agro-chemicals and water.
56. **Regarding improving living conditions of the beneficiary households**, the project had a wide range of activities directly affecting their living conditions, and in turn indirectly consolidated environmental settings. Under Component 3, many infrastructure works were constructed such as building up of toilets, reclaiming animals' barns, building up household water supply and water tanks, reclaiming floors, etc. Such activities had created direct improvements in the beneficiaries' living conditions. According to RIMS survey, the proportion of households with access to drinking water climbed drastically from 30% in 2006 to 50% in 2011. Although the rate of households with proper latrines was relative low, it also experienced an increase from nearly zero (around 1% of surveyed households had latrines in 2006) to 8%. Such support from the project really created certain impacts on improving the hygienic situation for the beneficiary households, especially in the area of water and air protection at densely populated areas.

VII. Human resources

57. By the end of the project, 74.3% of households in target communes and villages have been estimated to directly benefit from the project activities.
58. **Regarding improvements in health and children nutrition**, according to RIMS, the rate of chronic mal-nutrition (height for age) in children aged under 5 dropped 13 percentage points (from 77% to 64%); while the rate of under-weighted children (weight for age) decreased sharply by 23 percentage points (from 48% to nearly 25%). Notably, improvement rate of nutrition index for children under 5 in the project area was higher than province average.
59. **Regarding improving the beneficiaries' capacity**, thanks to modern and updated technical knowledge (along with other supports for seedlings, credit), many beneficiary households had adopted production models introduced. Up to the project completion phase, among upland farming models, there were 227 models to be duplicated and applied by 6,578 households (equivalent to approximately 23% of total beneficiary households in the target area). Regarding livestock and poultry raising models, the project helped to duplicate 131 models which were adopted by 6,861 households (24% of total beneficiary households in the target area). Advances in production capacity helped increase the beneficiary households' income. As reported in annual surveys, in the third phase from 2009 to 2011, average income per household in the project area increased 70% (equivalent to an increasing rate of 23% annually).

VIII. Social capital and empowerment

60. **Regarding voices and social status** in the implementation of decentralized strategy and empowerment, the project supported participatory planning from village level. The participation of the beneficiaries during the planning process had brought about radical changes in their social status. Rather than passively receiving supports on a top-down basis, the beneficiaries had directly engaged in identification of investment priorities for the project's annual plans. In addition, with the thorough decentralization and empowerment, the project encouraged them to participate in the project implementation process.
61. Female is a special target group of the project. In addition to general improvements in voices and social status, the project also contributed to improve female's position and role. As suggested in RIMS surveys, the rate of literate females in beneficiary households went up from 26% to 36% between 2006 and 2011. The increase was really impressive for females aged

from 15 to 24 (literacy rate increased from 50% to 66%). Females were also targeted in many activities, especially SCGs (with nearly 100% of female members). With small scale credits for not-money-consuming livelihood activities, loans offered by SCGs were very suitable for females so nearly 73% of loans were used for poultry raising which are mainly for females. By encouraging females to participate in SCGs, the project's activities have surely contributed to improving female's position and making them more self-confident in their livelihood and community development activities.

62. Regarding development of community-based institutions, the project had developed a number of community-based institutions including VMGs, SCGs, O&M groups. These institutions have contributed positively to planning and implementation process of project activities at local levels. In addition, this also contributed to gradually promote the development of civil society organizations in the extremely difficult communes in the target area.
63. The development of community-based models had created impacts on improving females' voice and social status. With the participation of female representatives in VMGs, their voice had been listened to. Females as SCG members had rights over loans and how to use credits for their family's livelihood activities. Within the specialized cultural features of H'Mong, Dao, who are the major ethnic groups in the project area, there is evidence of prejudices and unawareness against women like immature marriages, marriages arranged and set by parents or the wrong assumption that H'Mong and Dao women have to take care of everything from farming jobs to housework.

IX. Agricultural yield and output

64. The project had contributed to substantially increase arable area and yield of many crops via the introduction of production models and updated farming techniques; support for variety improvement; increased access to extension and veterinary services and micro credit. Therefore, agricultural production in the project area experienced lots of positive movements.

Table 4. Improved crop varieties, arable area and yield

	Unit	2008	2009	2010	2011
Total expanded area thanks to application of innovative models supported	ha	86.4	41.1	190.4	243.9
The no.of households using innovative crop varieties	Household	7,669	10,927	7,105	8,930
Poor households	%	26.9%	22.9%	23.8%	21.6%
Extremely poor households	%	9.9%	7.9%	8.1%	6.3%
The no. of households with expanded arable area	Household	1,016	1,526	3,096	3,428
Poor households	%	19.6%	15.8%	24.5%	28.1%
Extremely poor households	%	9.9%	4.3%	10.8%	10.1%
The no. of households with increased yield	Household	2,314	3,387	3,165	3,516
Poor households	%	18.8%	25.1%	26.7%	20.9%
Extremely poor households	%	6.5%	9.2%	7.1%	6.8%

X. Institution and supporting services

65. **Regarding decentralization and empowerment**, the project implemented annual participatory planning process in all target communes with detailed guidelines sent to communes and villages. The outcome of this participatory approach was that the project activities were developed based on the beneficiaries' demand so their ownership over the project was very high. At the completion phase, PPC encouraged other programmes/projects (Programme 30A, New Rural and Agricultural Development Programme) in the same target area to follow this participatory planning process. In addition to participatory planning process and empowerment for the beneficiaries, the project was very successful in decentralization and empowerment to commune level, at the same time encouraging the participation of the beneficiaries in the target area. To support the decentralized strategy, regulations and guidelines on decentralization within the project were developed, setting standard for CPMUs, VMGs to implement the project activities. During the decentralization process, increased responsibility of CPMUs and VMGs played active role in promoting democracy at the grassroots level, public administrative reforms.
66. **Regarding institutions developed by the project**, VMG, SCG, PSF and O&M groups are community-based institutions which encourage the ownership of the beneficiaries. With 352 VMGs, 275 SCGs and 45 PSFs at the target communes and 275 O&M groups, these institutions have contributed greatly to the success of the project activities. With respect to policies developed by the project, the most distinctive and encouraging outcome was capacity building for village extension workers (VEWs). This is among top priorities under Component 2 to help increase quality of and the access to extension services for the beneficiaries. There were 909 out of 1,008 VEWs in 5 target districts to be trained in the project-funded classes. Improved capacity in the VEWs has brought about positive impacts on the beneficiaries.
67. **Regarding capacity building for local officials**, with emphasis on capacity building for the purpose of decentralization, trainings for officials at project management units at all the level is a focus of Component 1 (with 2116 officials trained) and Component 4 (with 797 trained officials at PMUs at all the levels). Those capacity building activities have created positive impacts to build up project management capacity, especially the investment ownership capacity for officials at CPMUs. As results from annual supervision missions, capacity of officials at PMUs at all the level has been improved enormously in comparison to that in the very first phases.
68. **Regarding improved access to public services**, the project has created impressive impacts on raising the quality of extension service. With regard to extension service, with enormous efforts in capacity building for VEWs, there were 8,977 people accessing extension service for their farming expansion, and 2,234 people accessing veterinary service for livestock and poultry raising. Regarding micro-finance services, SCGs formed have given loans to 4,879 members with loan outstanding of 9 bil. VND and no non-performing loans. Total savings amount reach 1.7 billion of VND. PSFs also helped to provide loans to more than 5,000 households for production development. Improved access to micro-finance services with simple and convenient procedures has contributed greatly to production development and application of advanced techniques introduced.

XI. Financial assets

69. **With respect to increased income**, with the project's supports in livelihood diversification, the beneficiary households have firmly increased their income. According to annual household surveys, per capita income in the project area was VND 117,830 / person in 2009. In 2011, this number increased to VND 385,100, equivalent to an increasing rate of 70% from 2009 to 2011 (or 23% per year on average). Increased income was the main factor leading to decrease poverty rate in the project area.
70. **With respect to access to credit**, SCG and PSF are outstanding success stories achieved by DPPR Ha Giang. SCGs have provided 11,869 turns of people with credit (around 42% of the total household number in the project area), and the total returned amount is VND 6,882 billion, and the account outstanding is at VND 9.02 billion. According to statistics from PMUs at all the levels, 80% of the surveyed households said that loans provided really helped them with improving their livelihood and increasing their income. With PSFs, there were 6,878 turns of

borrowing (24.6% of the total household number in the target area) who borrowed 18.9 billion of VND. The statistics given by the PPMU suggested a rate of 80% of the borrowing households believed that loans had placed positive impacts on increasing income from farming activities. These are important outcomes achieved by the project's efforts in connecting linkages between the beneficiaries and micro-finance channels.

XII. Markets

71. Market access was viewed as one of the important ways to increase agricultural output, contributing to increasing the beneficiaries' income. The project implemented some activities aimed at promoting market linkages like some market researches in agriculture; introduction of H'mong oxen in Ha Giang; building up 03 rural markets. In addition, improvements in village level infrastructure contributed to improve the beneficiaries' access to markets and reduce transport costs and time consumed. Notably, better infrastructure helped to reduce transport costs by 10%.

Sustainability.

72. The DPPR achieved high political sustainability. Targets and challenges identified in the project were coincident with targets set in many national socio-economic policies and programmes. When it ends, Ha Giang PPC has shown its commitments to continuously pursuing the goal of improving socio-economic life for the poor and ethnic minorities. Resolution by Provincial People's Council and socio-economic development targets during 2011-2012 confirmed further intensification of DPPR's approaches, namely agriculture model development with strong emphasis on market-orientation and market linkages.
73. High social sustainability was reflected in the approval and support from the beneficiaries as well as community's commitments. The main reason was that it encouraged the participation of the beneficiaries in identification of investment priorities and annual planning process. This played as an important pillar of the decentralized strategy. Encouraging participation of the beneficiaries really increased the beneficiaries' 'ownership' over the project's activities.
74. Regarding ownership sustainability, the adoption of production models supported in the future may face some difficulties due to pandemics and extremely harsh weather conditions. In addition, household livelihood activities should be developed towards goods production. This really presents a big challenge for Ha Giang in the context of small scale production and fragmented and inaccessible terrain. Another difficulty is O&M for material assets supported. Besides the problem of fund raising for O&M, unfavorable natural conditions and small scale of some infrastructure works may threaten the sustainability some infrastructure works.
75. Regarding institutional sustainability, participatory planning can be kept because it has been institutionalized. The promotion of decentralization also goes in line with today' public administrative reforms in Vietnam. However, whether the decentralized approach is sustained do not necessarily rely on whether it is institutionalized or not. In addition, institutional sustainability relies on provincial policies in the use of officials trained in the project capacity building activities.
76. Most importantly, despite impressive improvements in income, assets and food security, Ha Giang remains one of the poorest provinces in Vietnam. According to new poverty line in 2010 by MOLISA, its poverty rate was at 41.8% (the fourth highest) and it was only a few percentage points lower than that of Lao Cai, Lai Chau and Dien Bien. The rate of near-poor households in Vietnam was nearly 14%. With those near-poor households, an external shock of disaster, pandemics in livestock and poultry... can pull them back to poverty. This implies a big challenge for the sustainability of poverty reduction outcomes achieved.

XIII.3. Proposal for future replication

77. Based on the outcomes obtained by DPPR Ha Giang, the sharing experiences and replication of the model which are considered to be successful for other similar programs/projects are deemed relevant. The key contents include: (i) the modality for implementation of decentralization strategy; (ii) the mechanism for management and implementation of the project at commune, village levels; (iii) institutionalization of regulations and support norms of the

- project into the overall policy governed by the province for helping local farmers to develop production; and (iv) development and operation of M&E system to cater for outcome-based management.
78. ***In respect of the modality for implementation of decentralization strategy:*** the project has implemented the decentralization strategy in a comprehensive and radical manner through (i) focusing on improving capacity for both implementers and beneficiaries; (ii) devolving powers for different levels in the administration system of the project, with a strong emphasis on empowering self-autonomy, self-accountability for the grassroots level (i.e. commune and village); (iii) ensuring the strong participation of beneficiaries, local community into development of SEDP and then implementation of the plan. The implementation of decentralization strategy of the project could be replicated across the province in the following manner.
79. *First*, for the administrative system, the mechanism for delegating powers to commune and village levels is an important direction during the process of administrative reform and also lies in the long-term roadmap for the conduct of administrative reform. The implementation of decentralization has increased the sense of ownership, encouraged pro-active and active roles played by local levels in carrying out activities for the sake of local socio-economic development. This provides practical and convincing evidence for the possibility of accelerating the administrative reform process in Ha Giang.
80. Second, the participatory planning process has been implemented widely across all 45 communes of the project and become a crucial instrument to mobilize community participation into prioritization, planning, delivery of various activities of the SEDP. PPC should consider institutionalizing the participatory planning process to continue its application in the beneficiary communes following the completion of the project and extend its scope to include other non-project communes and those within other poverty reduction programs/projects.
81. ***In respect of the mechanism for management and implementation of the project at commune, village level,*** the CPMU model with support from VMBs has proved to be a light implementation mechanism, which also ensures the 'coverage' of villages distant from the commune center, to which it is difficult to get access given difficult terrain and distance. The project has used VMBs for implementation of its activities at the village level. In practice, the model VMB of the project has operated effectively and ensured accountability of management and implementation of the project activities. The activities of VMB are basically also those of the village itself, hence effectively ensuring a good collaboration between the local government and ordinary people.
82. The approach for implementation of the project at commune level is a lesson which should be scaled up to other poverty reduction programs/projects in Ha Giang and many other difficult provinces across Vietnam. In practice, with high poverty rates, Ha Giang and many other provinces in the northern mountains benefit from many poverty reduction programs/projects at different scale and scope. Despite different scale and scope, fundamentally, such programs/projects (Program 135-II, Program 30A, and some other small-scale projects) have all applied the principle of decentralization to the local authorities, and encouraged the participation of community members. This reality has led to a mammoth amount of work for commune level. In addition, each program/project has its own requirements in management so that the nature of human resources management and implementation arrangements of such programs/projects at grassroots level becomes overly complex. Moreover, competences and prior experiences of commune level staff in Ha Giang in particular and many other provinces in general are in general low. Within this context, the implementation model for the project at commune and village levels; and the priorities in strengthening of capacity for local staff and community members of the project are a suitable direction, which provides a managerial solution for particularly difficult communes in their implementation of next poverty reduction programs/projects.
83. ***In respect of institutionalization of institutional models of the project into the overall policy governed by the province,*** the project has introduced and supported many community-based activities. Other than the VMB model (as above), many activities have been developed, notable of which is the model of Savings and Credit Group Clusters and Production Support Funds.

84. *SCG model is one of the most successful activities of the project.* With small loans and simple procedures, these SCGs have played a role as a source of community credit appropriate with many poor households for them to develop their cultivation and breeding exercises. Given simple credit procedures, and that the procedures for a line of credit or a grant are carried out in the village, members of the clusters are both borrowers and principal beneficiaries of the loan provided. In particular, the size of these loans is considered very relevant for women to develop small-scale production activities (e.g. raising pigs, chickens, goats, small merchandising...). With strong development and growth of SCGs, the project has promoted the set-up of Savings and SCG Clusters to strengthen the inter-group interactions, making the credit management more effective. SCG Clusters maintain monthly briefings to assess the status of capital management and utilization. At the request of Provincial PMU, PCU issued the decision 2869/QĐ-UBND dated 20/9/2010 promulgating the guidelines for operations of SCG Clusters and PSFs. With productive results from the implementation of the SCG model, the project has conducted consultations and shared experiences with regard to development of the savings and credit. The SCG as executed by the project can be applied in the long run across the province and other provinces (especially in those provinces with support from IFAD) and to nation-wide poverty reduction programs/projects.
85. *Production Support Fund (PSF) is a creative model of DPPR Ha Giang.* This rotational fund is provided with a one-off grant by the project in order to allow local people to borrow under term loan conditions for the purpose of investment into production. To manage the fund following the completion of the project, at the request of PPMU, PCU has set up the Management Unit for PSFs under direct management of CPC, which is responsible for providing and recovering loans in accordance with decision 2869 mentioned above. Similar to SCG Cluster model, PSFs have provided a suitable credit channel, at a small scale and with simple procedures such that poor households and women can access the same for production cost. According to M&E results of the project, beneficiary households have basically used loans for right purposes, and which have also contributed (together with proceeds from SCG Cluster) to the household-level production. With the above-mentioned decision, PPC has institutionalized the mechanism for maintaining the PSFs following the completion of the project. The lesson of developing and administering the PSFs laid out by the project should be shared more widely to other poverty reduction programs/projects within the province itself and other neighboring provinces.
86. ***In respect of development and operation of M&E system to cater for outcome-based management***, experiencing the initial stage with some technical obstacles, M&E system has been simplified and undergone radical changes following MTR 2008. *With regard to data collection aspect*, the set of formats for collecting information on inputs/outputs has been simplified. Methods and approaches for collecting information on outcomes and impacts have been refined through application of annual survey and participatory M&E. Thanks to technical support on M&E from IFAD in recent past, technical capacity of M&E staff at both provincial and district levels has been strengthened to the extent that they are now able to meet the work requirements. *In terms of use of information*, the M&E information flows (at all three levels of RIMS) are stored systematically by PPMU and therefore the timely and sufficient information is provided to the leadership at different levels for accurate and timely decision-making. The M&E system of the project is capable of collecting and providing information to almost all indicators within RIMS at level 2 and level 3, regarding outcomes and impacts of the project. This is a noteworthy effort which can be replicated to other projects/programs as the development and operation of an M&E system which can provide timely information on project activities has always been difficult for IFAD, other donors and relevant Vietnamese agencies.

HA GIANG DPPR

SUMMARY IMPACTS AND OUTCOMES OF DPPR PROJECT – HA GIANG (2005-2011)

(to add more information for report as per IFAD - QA request)

Categories	Unit	2007	2008	2009	2010	2011	Total	Notes
1	2	3	4	5	6	7	8	9
No. of project villages			352	352	243	243	352	
No. of project communes			45	45	30	30	45	
I. Ha Giang poverty rate	%	35.49	27.64	21.52	15.12	13.2		
II. Reduction in the prevalence of child malnutrition (w/h; h/a; w/a), by gender (children below the age of five)								
<i>Weight for age(girl)</i>	%	47				25		
<i>Weight for age(boy)</i>	%	49				24		
<i>Height for age (girl)</i>	%	75				66		
<i>Height for age (boy)</i>	%	78				61		
<i>Weight for height (girl)</i>	%	4				5		
<i>Weight for height (boy)</i>	%	5				7		
III. Households having additional assets								
1. No. of households								
- Rich, above average households	hh			954.00	578.00	789.00	2,321.00	From 2005-2008, PM&E is not conducted, thus there is no statistic of hhs having additional assets
- Average households	hh			1,305.00	888.00	973.00	3,166.00	
- Poor, very poor households	hh			376	638	697	1,711.00	
Total	hh			2,635.00	2,104.00	2,459.00	7,198.00	
2. Quantity and additional assets' names								
- Rich, above average households								
<i>Motorbike</i>	unit			187.00	141.00	389.00	717.00	

Wooden house	unit			0.00	14.00	14.00	28.00	
Tivi	unit			118.00	94.00	156.00	368.00	
Grinding machine (rice, maize)	unit			10.00	7.00	38.00	55.00	
Fridge	unit				3.00	3.00	6.00	
Built house	unit				0.00	0.00	0.00	
Electric fan	unit				8.00	6.00	14.00	
Winnover	unit					31.00	31.00	
- Average households								
Motorbike	unit			263.00	144.00	423.00	830.00	
Ti vi	unit			215.00	99.00	129.00	443.00	
Grinding machine (rice, maize)	unit			26.00	3.00	24.00	53.00	
Electric fan	unit				20.00	23.00	43.00	
- Poor, very poor households								
Ti vi	unit			55.00	26.00	93.00	174.00	
Motorbike	unit			50.00	32.00	251.00	333.00	
Grinding machine (rice, maize)	unit			1.00	0.00	5.00	6.00	
Winnover	unit					20.00	20.00	
IV. Impacts of rural roads to agriculture production and market access								
1. Number of roads built (upgraded, newly constructed, concrete roads) in the year	scheme	52.00	18.00	8.00	1.00	10.00	89.00	
2. Number of km built	km	146.10	56.03	19.95	8.50	39.62	270.20	
3. Number of households directly got benefits from roads	hh	8,898.00	4,575.00	1,404.00	200.00	1,227.00	16,304.00	Including hhs in surrounding villages, communes using schemes, and only calculated for the scheme completed in current year.
In which, number of poor and very poor hhs	hh	3,559.00	1,764.00	465.00	59.00	283.00	6,130.00	
4. Rural road related impacts (increase of areas and yields of crops)								

4.1. Households having additional cultivated areas	hh		1,016.00	1,526.00	3,096.00	3,428.00	9,066.00	Results of PM&E in villages
<i>In which, number of poor and very poor hhs</i>			300.00	306.00	1,090.00	1,308.00	3,004.00	
4.2. Additional cultivated areas	ha			117.53	465.69	350.22	933.44	
<i>In which, additional cultivated areas of poor and very poor hhs</i>	ha			22.79	161.48	106.11	290.37	
4.3. Households having additional yields of crops	hh		2,314.00	3,387.00	3,165.00	3,516.00	12,382.00	
<i>In which, number of poor and very poor hhs</i>	hh		587.00	1,160.00	1,068.00	979.00	3,794.00	
4.4. Total additional yields	kg			339,819.00	402,232.30	385,891.00	1,127,942.30	<i>In 2008, it can not calculate additional yields</i>
<i>In which, additional yields of poor and very poor hhs</i>				91,552.00	90,092.00	84,392.00	266,036.00	
4.5. Reduced travelling time (averaged: minute/1 time/person/1 road of 3 km)	minute	45.00	45.00	45.00	45.00	45.00		<i>Compared between going on foot and going by motorbike before and after roads built, survey results of some schemes and villager's opinions</i>
4.5. Quantities of goods transported are increased (raw materials, fertilizer, agro-products etc)	ton	4,500.00	6,570.00	7,458.00	9,560.00	10,075.00	38,163.00	<i>Based on total of schemes built; surveyed in some villages; consulted villagers' opinions</i>
4.6. Reduced costs of transport	%	15.00	15.00	15.00	15.00	15.00		<i>Surveyed in some villages; consulted villagers' opinions</i>
4.7. Increased number of people going to commune ceter markets (cumulative)	pers.time	5,405.00	7,478.00	8,217.00	8,531.00	9,997.00		<i>Based on total of schemes built; surveyed in some villages; consulted villagers' opinions</i>
4.8. Increased number of traders coming villagers to collect/purchase agro-products (cumulative)	person	205.00	277.00	308.00	315.00	355.00		<i>Based on total of schemes built; surveyed in some villages; consulted villagers' opinions</i>
4.9. Other impacts: reduced isolation in rainy season, increased access to health care, education services...								<i>Do not quantify; due to limited capacity of staff; lack of knowledge and skills for impact assessment in construction field.</i>

Appendix 4: Detailed Programme description

Introduction

1. The CPRP Programme is to be aligned with and support the implementation of national policies and strategies. Specifically, the Programme will support:
 - MARD's Tam Nông strategy on Agriculture, Farmers and Rural Areas and its Agriculture-Sector Development Plan at commune-level to complement investments and integrate climate change response;
 - Decision 158/2008/QĐTTg on the NTP-RCC and MARD's Action Plan Framework for Adaptation to CC in the Agriculture and Rural Development Sector through the training and development of human resources to respond to CC challenges and create development opportunities, awareness raising and the development of specific programs/projects in response to projected impacts through the CBA programme
 - The National Program on Community-based Disaster Risk Management to 2020 (1002/QĐ-TTg), through capacity building for local government staff at all levels on managing and implementing; developing participatory community-level hazard and vulnerability maps, integrating CC concerns and; small-scale works for disaster prevention, response and management in the community.
 - Strengthening the national SEDP process to make it more participatory, climate adapted and market oriented

Programme area and target group

2. The Programme would support development in 30 communes in Bắc Quang, Hoàng Su Phì, Quang Bình, Vị Xuyên and Xin Mần districts. These districts have been selected because of their production/processing potential, access to rural infrastructure and markets and because they form the hubs of nascent rural industries in Ha Giang (tea, timber, medicinal herbs and spices, livestock, etc.) whose commodity chains reach into more remote upland communities. Ethnic minorities form the majority of the population in all Programme districts. The final selection of communes would be based on, *inter alia*, (i) poverty rate; (ii) vulnerability to natural disaster; (iii) commitment of leadership; (iv) potential for development of pro-poor value chains; and (v) level of on-going support projects. Communes selection will ensure a balance between better market-linked and more remote communes that can be linked through value chain development.
3. Programme **Target Group**. The Programme target groups are:
 - rural poor households with land and labour, including household enterprises;
 - unskilled employed rural people;
 - rural people lacking production land but having business acumen and desire; and,
 - key farmers who have the skills to promote commercial agricultural production.
4. It is noted that in some areas, ethnic minorities have an observable dependency syndrome, due to prolonged reliance on government subsidies. Such groups will require additional training and specially designed interventions to enable their participation in the Programme.
5. Other participants who will benefit from the Programme include (i) government officials empowered to support market-led growth; and, (ii) private market and value chain agri-businesses that find common interest in promoting viable pro-poor products and services.
6. Gender: Poor women and women-headed household face significantly greater obstacles in escaping poverty. These include specific obstacles to their participation in commercial activities, including a general lack of business planning, farm management and technical skills, less access to factors of production and time constraints imposed by cultural and domestic factors. While agriculture and forest land use rights have been widely allocated, until recently, they were issued in the name of

the male household head, limiting women's use of the title right for credit application. The Programme will propose specific measures to ensure women's participation in relevant activities, including the issuance of co-named land and forest use titles and mandated minimum women's representation in Programme activities and committees.

Development objective and impact indicators

7. **The Goal** of the Programme is: *sustainably improved income and reduced vulnerability of rural poor households in targeted Ha Giang communes*. The **Development Objective** is: *Targeted private agricultural enterprises, cooperative groups and farm households collaborating profitable and sustainably in a climate adapted, market oriented new provincial rural economy*.

8. The main *impact* indicators at the goal level will be:

- Out of the 10,000 HH considered poor and near poor in Programme communes, 5000 HH will be lifted out of poverty (officially considered at VND 400,000/person/month) by the end of the Programme;
- In Programme counties, the prevalence of stunting of children under 5 years of age falls from 35% to 24% over the Programme life;
- Equal livelihood improvements for female- and male-headed households.

9. The main *impact* indicators at the development objective level will be:

- 10,000 poor and near poor households in targeted communes have at least 30% increase in income (inflation adjusted and disaggregated by gender and ethnicity).
- Programme commune value of agricultural production raised 20% by Programme-end
- At least USD 15 million invested in profitable commodity-targeted, climate change resilient infrastructure, farming systems and enterprises in Programme communes, showing that show an IRR > 12%.

Components

10. *The Programme will have two main components; (i) capacity building for market-led development established; and (ii) building pro-poor commodity investments implemented. There is also a Programme Coordination component.*

11. *Components one and two will follow sequenced, parallel implementation pathways. As capacity is built at community and commune and district public sector levels to incorporate, through participatory processes, a climate adapted value chain approach into socio-economic planning, the Programme will work with private farmers, agri-businesses and technical departments to identify commodity investment opportunities²⁵ and build value chain action programmes. Capacity development of farmers and rural labour will be tightly linked to commodity/value chain opportunities. These lines of activity will begin to mesh in the second Programme year as empowered communities and public institutions begin planning public sector investments in support of commodity market opportunities, and common interest groups and trained workers join up with agri-business investors to lift agricultural productivity and value addition. Capacity building for climate adapted MoSEDPs will commence in the 30 programme communes, but spread across Ha Giang over the Programme life. The vocational skills programme, which will be driven by the commodity analysis and value chain action plans, will reach into all communities that are linked into profitable value chains.*

²⁵ It is expected that the major commodity development opportunities will be identified during the project design process.

Component 1: Capacity building for market-led development.

12. The Component 1 outcome will be: Provincial *socio-economic development planning and service provision is holistic, participatory, climate adapted and market oriented*. The indicators for successful outcome implementation will be:

- 70% of Ha Giang communes implementing participatory multi-year, market oriented planning for rural development public investment
- 70% competency achieved by trainees at all levels in results-based economic and investment planning and management.
- At least 10 PPC-approved commodity-based value chain Strategic Investment Plans (SIP) valued \geq USD200,000 profitably implemented (IRR \geq 12%);
- Locally tailored strategies for CAA and CBDRM developed & under implementation at all Programme Districts/ Communes.

13. This Outcome, which is inextricably linked to the Component 2 outcome, will, building off a strengthened SEDP process, provide the capacity building, analysis and services *required* to underpin private sector development of commodity and value chains investments that engage poor upland households. Component 1 has two sequenced Sub-Components, designed to (i) make public good plans and services climate adapted and market orientation; and (ii) raise technical capacity for targeted commodity production and value addition in Ha Giang.

14. Sub-component 1.1. Commodity-based investment planning institutionalized. In the first six months of the Programme, the Programme Coordination Office (PCO) Commodity & Value Chain Development team, supported by international technical assistance, will, through a mix of theoretical and case-based training and resource allocation, capacitate DARD to conduct financial and economic analysis of commodity and associated VCs in Ha Giang and to provide sustainable technical support to Ha Giang agro-industry. An immediate output will be at least six PPC approved commodity-based VC Strategic Investment Plans (SIP), for integration into commune and district MoSEDPs. An empowered DARD with PCO support, will, subsequently: (i) support the integration of VC development in the MoSEDP programme; (ii) provide technical support to value chain development across the Programme area; (iii) provide mentoring to VC actors and co-ordinate their capacity development; (iv) coordinate with specialists in specific value chains and in “climate proofing” agriculture production; (v) mentor contract negotiations between farmers and other VC entities; and, (vi) facilitate conflict resolution and mediation when required.

15. Based on the commodity chain analysis completed during Programme preparation, the PCO will select sectors/sub-sectors having investment potential and in compliance with the Ha Giang Provincial Master Plan. The selected sectors/sub-sectors will be chosen based on having: (i) strong potential for export and/or import substitution; (ii) strong potential for involving Rural Households to undertake investments and thereby expanding their production/income, and for creating incremental jobs; and (iii) at least 30% of the total number of rural households benefiting from P-PC supported investments should be represented by poor households and/or near poor households.

16. For each selected sector/sub-sector a value chain Strategic Investment Plan (SIP) will be prepared (Template in Appendix 4, Annex 1). The SIP will list the potential types of investments eligible for P-PC support and each type of investment will be accompanied with a realistic business model/financial analysis. Investments/upgrading not directly supported by P-PC will also be listed together with known co-financiers like CPRP and other potential co-financier and each type of investment will be accompanied with a business/model financial analysis.

17. The SIP will be used as the framework for calling entrepreneurs to express their interest for investing in Ha Giang. The SIG process is detailed in Appendix 4, Annex 1.

18. Sub-Component 1.2. Planning is climate adapted, market oriented and results based. This DPI-led sub-component, implemented with DARD support, consists of three parts: (a) Public sector market economy skills strengthened (b) Pilot community based climate change adaptation (CBA) and disaster risk management (CBDRM) planning and (c) Market-informed socio-economic development planning. In the last five years IFAD-supported projects have been successful in developing, piloting and institutionalizing MoSEDP processes in several Provinces of Viet Nam. The CPRP will, through capacitated public sector institutions, build on this experience and adapt the MoSEDP process to Ha Giang's needs, including piloting the incorporation of climate adaptation. The PCO MoSEDP planning officer, supported by a national training institution, will empower the DPI to lead a programme in capacity building for market-led development at commune and district levels, which will precede the introduction of MoSEDP process. These activities will commence in the Programme-targeted communes/districts and be subsequently rolled out to all communes/districts in Ha Giang. The MoSEDP process will incorporate the results of the commodity-based SIP analysis described under sub-component 1.1. The sub-component activities include:

- (a) Activity 1.2.1. Public sector market economy skills strengthened. This activity would assist Ha Giang government officials to effectively support the provincial government's market oriented development strategy. The capacity building programme would demystify market mechanisms and provide staff with the skills and tools to implement results-based planning, management, monitoring reporting and learning within the framework of a market-based economy. The primary target would be village leaders, elected officials of People's Committees and People's Councils, Supervision Boards and technical cadres and members of the mass organisations at commune and district levels. A total of 195 communes/wards and 10 districts would be included in the training programme over the first 4 Programme years, commencing with the 5 districts and 30 communes directly supported by the Programme

Training programs, delivered by competitively selected public or private institutions, would focus on, *inter alia*, understanding the market economy and associated roles of government and the private sector; production, costs and efficiency; the economics of supply and demand and impact of market competitiveness, the role of the firm in market development; the nature of public and private goods; market failure; privatization; the roles of capital, labour and international trade; and the transition from a planned to a market economy. Gender equality, gender and development, and environment management would be cross-cutting training targets. Staff would also be trained in results based management including effective monitoring and evaluation (M&E) of outputs, outcomes and impacts and reporting and feedback to management decision making.

This training programme would be contracted to an academic institution in Viet Nam with appropriate competencies in market-led economic development. With international technical assistance (TA) support, the competitively selected training provider would develop the curriculum and apply the training through a mix of in-province training courses and self-earning programmes including internet-based information. The appropriate training institution would be identified by the Programme Preparation Board (PPB) before Programme start-up and contracted at start-up to initiate training within 6 months. Training would focus initially on government staff within the Programme communes and, thereafter, be rolled out to all Ha Giang government staff at commune and district level. It is expected that the training would extend over a six month period involving three 3-day workshops supported by internet-based learning programmes. Training would be provided at district level, with up to 40 trainees per course. Outcomes would be assessed through measurement of trainee capacities during and post training and post-training behavioural change. Terms of reference for the training programme are detailed in Appendix 4, Annex 2.

- (b) Activity 1.2.2. Market oriented socio-economic development planning implemented provincially. This DPI-led activity, will build on the participatory socio-economic development plan (SEDP) process already institutionalized in Ha Giang. At commune and district level, initially in

Programme districts and then across the province, the Programme will facilitate the integration of commodity and associated VC development planning into the SEDP process. The MoSEDP process will engage relevant entities at the village, commune and district level, including the effective participation of Village Development Boards (VDBs) and private enterprise, and be inclusive planning of all funding sources, including National Target Programmes (NTPs) (New Rural Development; Response to Climate Change; Sustainable Poverty Alleviation). Women's representation in MoSEDP planning will be mandated. Through the MoSEDP process, CPRP will assist DPI to operationalise the Decree on Medium-term Public Investment Planning, which is expected to be promulgated in late 2014 and lead to multi-year planning frameworks.

The commune-level MoSEDP is a participatory process for establishing pro-poor, market oriented commune plans that are informed by (i) villagers' priorities; (ii) market information, (iii) climate adaptation and disaster risk management plans and (iv) orientation from higher government levels. The resulting pro-poor, market oriented commune socio-economic development plan comprises (i) a narrative including a long term development vision; (ii) specific business plans for production and processing; and (iii) specific CBA and CBDRM actions/investments; and (iv) corresponding planning tables. The MoSEDP planning process begins at the village level under the coordination of the NTP-NRD-established VDB. VDBs in Programme communes will have at least: 30% female membership and 30% membership from DoLISA registered poor households. The overall responsibility for the commune MoSEDP rests with the Commune People's Committee (CPC). CPRP assistance will be provided through district based Value Chain and Market Development Officers (VCMDOs) and by the Programme Coordination Office (PCO) MoSEDP officer. The MoSEDP will be approved by the Commune Development Board under the oversight of the Commune People's Council (CPC). The plan will be vetted by district technical sections and approved by the District Management Board. The planning process is detailed in Appendix 4, Annex 3.

The framework for integrating market orientation into the SEDP from the commune to the provincial level would have the following elements:

- (i) capacity building in, *inter alia*, the market economy (see Sub-component 1.1), with particular attention on village leadership and commune level public servants;
- (ii) Work through existing NTP-NRD VDBs, ensuring equitable representation of women (30%) and poor households (30%) on VDBs;
- (iii) the incorporation of commodity chain planning and mentoring of the MoSEDP process concerning market and value chain development opportunities
- (iv) empower VDB members to identify and analyse market and development opportunities and to articulate their opinions effectively in the MoSEDP process;
- (v) directly involve agri-business entrepreneurs in the MoSEDP process;
- (vi) integrate all National Target Program (NTP) agriculture sector funding (New Rural Development; Response to Climate Change; Sustainable Poverty Alleviation) at commune level into the MoSEDP process;

In the medium to long-term, the major opportunity for achieving effective and durable pro-poor responses to CC lie in synergistically combining concerns for disaster risk management and adaptation to CC through local planning instruments and processes, i.e., the annual MoSEDP. As such, the CPRP, building on regional and national approaches, would, in Programme communes, pilot the development, testing, validation and replication of guidelines and tools to ensure that local land use, infrastructure and economic planning processes for the SEDP are climate-sensitive.

The framework for integrating climate risk and vulnerability concerns from the commune to the provincial level will have the following elements:

- (i) Communes participatory community vulnerability mapping and scenario development (natural disaster, salinization, CC impacts); application of mapping in production and investment (SEDP) planning, NTP-NRD planning; linkage of village level planning and BMPs with commune-level vulnerability mapping-based zoning and SEDP planning and prioritization;
- (ii) piloting and updating of the commune-level, CBDRM-based methodology, supported by MARD's Disaster Management Center to ensure incorporation of national-level learning into Programme actions and vice-versa;
- (iii) development of a district-level zoning methodology;
- (iv) District aggregation of commune-level vulnerability zoning into a district-level zoning tool for SEDP (including for the NTP-NRD and NTP-RCC) planning & prioritization.

Community based adaptation and disaster risk management planning piloted. This activity, which is new to Ha Giang, will, under DARD leadership with DoNRE and NGO support, be initially piloted in one commune in each of the five Programme districts before being rolled out across the 30 Programme communes. This activity will build community and institutional capacity to undertake gender-sensitive, community-based adaptation (CBA) and disaster risk mitigation (CBDRM) planning. DARD, with NGO support, will coordinate the CBA/CBDRM activities. The CBA programme would be built on a strong local evidence base established through Participatory Action Research (PAR) by a Technical Advisory Group (TAG) led by key DARD and DoNRE staff. In the pilot Programme communes CC Participatory Scenario Development (PSD), vulnerability assessments and land-use planning using geospatial data systems would be undertaken for developing the commune and district level plans, as well as, for raising awareness of anticipated CC impacts among local communities. The approach would focus on strengthening adaptive capacity at the household and individual level by building resilience of livelihoods and reducing disaster risks, particularly for the most vulnerable groups. The CBA process would, through a village-based program of climate vulnerability and capacity, gender and power analysis and PSD, develop an understanding of: long term aspirations; vulnerable groups; vulnerability to CC; economic opportunities; local institutions; power dynamics; and gender tensions, relations and norms. Villages will then formulate village level, community-based adaptation plans that will feed into SEDP and investment planning processes. The knowledge, capacity and networks generated by the CBA will help the CPRP to identify the most efficient and effective ways to enable adaptation by the most vulnerable people. The CPRP will use these practical experiences to inform investment at the household and enterprise level and policy recommendations on adaptation funding mechanisms at provincial and national levels. Drawing extensively on the experience of government and NGO-led programs in surrounding provinces, the Programme would support the development of tools, guidelines and frameworks for integrating CC adaptation/mitigation elements into the SEDP planning process across the Programme communes.

The pilot CBDRM programme, which will be underpinned by the national, MARD-led CBDRM programme, will provide for the participatory development of a local vision (mapping) of the potential for development and use of natural resources, including associated constraints i.e. vulnerability and risks. Following the Hyogo Framework for Action, the CPRP would, using gender and diversity sensitive approaches, integrate disaster risk reduction into SEDP planning at commune, district and provincial levels, develop and strengthen institutions, mechanisms and capacities to build resilience to hazards and systematically incorporate risk reduction approaches into the implementation of emergency preparedness, response and recovery programmes. Community-based infrastructure investments would contribute to strengthening disaster preparedness and reducing the underlying risk factors.

The CPRP will: (i) establish CBDRM working groups in participating communities; (ii) develop participatory community-level hazard and vulnerability maps; (iii) prepare annual community-

level plans on disaster prevention, response and management, including CC concerns; (iv) support the annual update of hazard and vulnerability maps; (v) enable community monitoring of DRM activity implementation; and (vi) through the CIF, co-finance small-scale works for disaster prevention, response and management in the community. The Programme will also provide capacity building for local government staff at all levels on managing and implementing CBDRM activities, comprising among others, training courses on CBDRM policy, mechanisms and implementation guidance for trainers, agencies, and local staff; training of CBDRM trainers and; capacity building programs on CBDRM for local authorities. The integration of CBA and CBDRM into commune, district and provincial planning processes is described below.

19. Sub-Component 1.3. Climate adapted technology tested and developed. An inter-departmental Technical Advisory Group (TAG) will be established at the provincial level to guide the CBA/CBDRM process. Comprised of senior and knowledgeable technical staff from among key stakeholder groups, the TAG is a flexible, temporary mechanism for organizing effective discussion; providing technical accompaniment and oversight to technical studies, evaluations, participatory research and analysis; strengthening technical coordination and; providing useful and timely recommendations to provincial policy-makers. The TAGs would play a key role in the identification and prioritization of activities to be financed through the CPRP. This group will coordinate the implementation of an adaptive research programme that will (i) establish an end user reference/stakeholder group to identify adaptive needs and evaluate adaptive technologies; (ii) analyse agricultural, livestock and forestry systems and develop financial models; (ii) plan a climate-smart adaptive research programme, including the testing and promotion of new forage technologies in Ha Giang farming systems; and (iv) review and publicize results. The TAG will also oversee a participatory research programme to fine tune climate adaptation technologies across agro-ecological zones in Ha Giang. Terms of Reference for the TAG are detailed in Appendix 4, Annex 4

20. The Programme will support DARD/DoNRE/DoST to develop Participatory Action Research (PAR) processes that will monitor, evaluate and promote appropriate endogenous adaptation responses being practiced by farmers and test and promote, at the community level, resilience building measures identified by communities. Given the increasing role of livestock production as a CC adaptation measure, this will be supplemented with adaptive research into the inclusion of forage production into farming systems and land stabilization activities undertaken through the CIF and by CIGs. DARD will engage the provincial agriculture centres in the development of the PAR and adaptive research programmes.

21. PAR methodologies will be used to further develop and test improved existing farming systems and to develop new farming systems that incorporate new and innovative climate smart technologies.²⁶ Training in PAR methodologies and practices, including establishment and on-going PAR models will be provided for DARD and DoNRE and DoST provincial staff. Delivery of this training will be via a contestable contract for local specialists. From PY3 it is expected that trained staff will prioritise innovative technologies and initiate a range of PAR projects.

22. Priorities for PAR will be determined using participatory methodologies and projects will be contracted out on a contestable basis to research groups with expertise in specific technical areas and skilled in PAR methodologies. As a component of PAR, it is expected that the impact on labour and other inputs for men and women will be assessed to ensure that the burden on women is equitable. PAR contracts will include an outreach output. This will vary depending on the nature of the research. It is expected that demonstration field days will be conducted to create awareness to a

²⁶ The priority areas for these innovative technologies could include, (i) agro-forestry systems such as fast growing species for early cash income and the introduction of fruit varieties and forage trees and crops on production forest land; (ii) improved feeding of livestock including the introduction of forage species; (iii) crops or forage production during winter and to improve utilisation of unused land at that time in double cropped rice rotations or rice-maize rotations; (iv) intercropping and under-sowing of maize and cassava crops; (v) conservation and improvement of nutritive value of crop residues; and, (vii) diversified tree species such as Cardamom, Cinnamon, etc.

wider audience of farmers and PAR results and experiences will be used to provide more specialist training and information to service providers (associations, mass organisations and farmer to farmer).

23. Forage development. The CPRP will develop forage based technologies for sustainable sloping land agriculture and soil conservation. Using PAR methodologies outlined above, the Programme would integrate profitable, robust grass, legume and forage tree species²⁷ into existing and improved farming systems. Short-term national and international forage specialists would conduct an initial assessment of forage production opportunities in Ha Giang, order initial seed requirements, provide technical awareness training for DARD, DoNRE and DOST staff including a domestic study tour.

24. Free seed packages would be distributed. The Programme would buy back seed and vegetative planting material of successful species and varieties from participating farmers, with purchased seed redistributed in small quantities to new participants in the scheme²⁸. Seed and seedling purchase would be at prices highly profitable to farmers, but well below international market prices. Distribution of seeds and seedlings would create awareness, but, as it would not meet farmer demand, would assist the development of a commercial market for the seed, cuttings or seedlings of successful forage species

25. Pro-poor farmer CIGs and associations would develop community and household nurseries for forage trees for sale to the program and their members. Primary schools would be integrated into this program through the development of curricula on conservation based farming and the provision of starter kits and gardening tools for the establishment of forage nurseries at schools. Teachers would be trained in forage based conservation farming and provided a government financed incentive payment for promoting the program.

26. Purchased seed would be distributed in small quantities to new interest group entrants to the program who would apply Programme CIF resources to purchase training from vocational schools and other service providers. Once proven varieties are established in farming systems, the Programme would contract PAR service providers to work with interested communities to identify new species and variety options on a smaller scale before their inclusion in the programme. In time, PAR would be used to evaluate new species and varieties on farmer fields.

27. DARD, in collaboration with the national consultant would adapt existing Vietnamese forage manuals to the Ha Giang programme and, in collaboration with mass organizations, raise awareness amongst farming communities and identify farm households and CIGs prepared to establish home and village forage tree and grass nurseries and participate in large scale, broad-based forage testing and demonstration trials. Based on field trial results, the Programme would develop a seed buy-back policy and regulations and train farmers in seed production, collection and storage. As forages become entrenched in hillside farming systems and forest reinforcement programs and seed and seedlings become generally available in the market, communes and districts would graduate from the programme. The availability of forage seed in the marketplace would be a key indicator of Programme success. The Programme would fund short-term national and international specialists to provide technical support, staff training and study tours, initial seed inputs and seed buy-back from farmers. Terms of Reference for an international Forage and Forage Seed Adviser are details in Appendix 4, Annex 5.

²⁷ Possible technologies include grass and legume based hillside contours, legume under sowing of crops, legume reinforcement of indigenous pasture and production forest land and the integration of forage tree species into protection and production forests, home gardens and crop boundaries. Irrigated fields would grow winter fodder species.

²⁸ This approach has been used successfully in Bac Kan province.

Component 2: Building pro-poor-commodity investment.

28. The outcome of this component will be: *Increased public and private investment in sustainable commodity production and value addition*. The indicators for successful outcome implementation are:

- At least 80% of participating communities & CIGs confirm the utility of Programme financed market oriented commune infrastructure investments (disaggregated by gender).
- At least 50% of IFAD Programme supported Common Interest Group (CIG) members linked to existing or new value chains (disaggregated by gender)²⁹;
- At least 70% rural household satisfaction with farmer-level training services (gender & age disaggregated).
- At least 70% of enterprise-level vocational trainee's secure decent employment³⁰ (gender & age disaggregated)⁵
- SCGs maintain a minimum annual saving rate growth of 10% over base-year savings;
- Equity base of registered Social Fund increases by 5% annually after registration
- Less than 5% non-performing loans in new SCG portfolio. finance conferences held.

29. Component 2 will have three Sub-components, namely: (i) Community development co-financed; (ii) Rural financial services enhanced; and (iii) Public-private collaboration implemented. Subsidies under these interventions will not exceed those provided by other donor projects in Viet Nam, in particular, those rural development/poverty reduction activities financed by the World Bank, as detailed in Table 14.

Financier/Project	Intervention Type	Beneficiary contribution
IFAD - CPRP	CIG	20% cash/30% in-kind
	CIF	10% in kind
	P-PC	At least 51% (competitive)
WB-NMPPR 2	District Economic Development (SEDP) linked grants	0% (possible 30% cash contribution planned in next phase)
	Commune Block Grants	0% (possible 30% cash contribution planned in next phase)
WB - CHPRP	Livelihood Enhancement Groups and Market Link Partnerships	0%
	Village Infrastructure Development	0%

30. Sub-Component 2.1.

Community development co-financed. This Sub-Component will include two community co-financed activities: (i) community infrastructure development; and (ii) common interest group establishment.

31. Sub-component 2.1. Community development co-financed. This output would include two community co-financed activities: (i) community infrastructure developed; and (ii) common interest group established.

32. *Activity 2.1.1: Community infrastructure developed*. Public Infrastructure Investment grants up to USD 300,000 per commune (including local contribution) would be available for infrastructure investments considered to provide public good benefits essential to commodity chain development and/or climate change adaptation or disaster risk management. These could include, *inter alia*, disaster-proof roads, secondary or tertiary irrigation structures, erosion protection and soil

²⁹ IFAD COSOP milestone

³⁰ A wage at or above the minimum wage

management, sanitation and waste management, renewable energy or fresh water supply. CIF public good infrastructure investment schemes would, with consultant support where required, be identified and prioritized by VDBs³¹ /communes, incorporated into the annual commune MoSEDP and verified by the district line agencies in collaboration with the PCO before approval.

33. Where possible, Programme funding would be blended with funding from NTPs. Community People's Committees (CPCs) would be the owners of community infrastructure projects, however, VDBs in benefitting community would be responsible for managing the implementation of the public investment. VDBs should have at least: 30% female membership and 30% membership from DoLISA registered poor households. The VDB would establish a community supervision board, with at least three representatives from the beneficiary groups and 30% women's participation, for the supervision of construction works for each scheme. Members of community supervision boards would be trained in construction supervision and provided sufficient information about investment works. Beneficiary communities would be required to demonstrate an ability to support associated long-term operation and maintenance costs. Wherever possible, local labour, particularly youth and minority people, will be used for works construction, supported by vocational training when required (see Appendix 4, para.**Error! Reference source not found.**).

34. The PCO will coordinate and monitor public infrastructure investment implementation, including construction supervision, and will annually review performance of the Programme communes and make revised allocations as necessary. Beneficiary contributions will finance at least 10% of total construction costs (less taxes) of public infrastructure works. The beneficiary contribution to the investment can be made in cash and/or in kind. In kind contributions could be in the forms of labour, local materials, land acquisition, machinery operation and crops/structures lost for scheme construction. The in-kind contribution must be supported by appropriated documentation stating its value based on market evaluation undertaken by an independent authorized entirety. Individual public infrastructure investments would not exceed USD 60,000 without prior agreement with IFAD.

35. The Competitive Small Grants Manual, developed by the IFAD Viet Nam Country Office, would form the basis of the PIM for this activity.

36. The community-based public infrastructure programme will be supported by youth-targeted vocational training in skills that could be quickly applied through the community infrastructure programme. The Programme will, where practicable, use force account processes for community infrastructure investments, designed to create jobs for the vocational trainees and promote community ownership in the operation and maintenance. Early vocational training could focus on such skills as concreting, carpentry, road levelling and surfacing, brick laying, semi-skilled machine operation, painting and public infrastructure maintenance. Women's participation in youth vocational training will be strongly promoted.

37. *Activity 2.1.2: Common interest groups (CIG) established.* The provincial policy in Ha Giang, which follows IFAD's policy in Viet Nam, is that investments in agricultural production should be financed by loans. At the same time, both the government and IFAD agree that using competitive co-financing as an interim instrument to support productive projects is acceptable where they play a catalytic role for innovative investment activities and serve as demonstration facilities for new farming technologies and crops, particularly when operating with disadvantaged minorities or when stimulating investment activity supporting climate change adaptation. When selectively utilised, these co-financed investments in new production systems also often provide public goods in the form of environmental protection, while, at the same time, increasing the incomes of participating households on a sustainable basis.

38. To support the development of new farming technologies, climate adaptation, DRM strategies or new market chain linkages, CPRP will, on a co-financing basis, support innovative investment in sustainable, climate-adapted, commodity-based production systems by eligible CIG farmer members or farmers' cooperatives (not SMEs or other companies). This activity would be integrated into the

³¹ Village Development Committees are established under the NTP-NRD.

NTP-NRD CIG programme. The CPRP competitive co-financing would focus on diversification into innovative production systems, climate adaptation, risk reduction or value addition investments linked to profitable commodity chains identified through the SIP process and incorporated into local MoSEDPs.

39. To be eligible for the CPRP competitive co-financing, the membership of a CIG must include (i) at least 50% of members from DoLISA-identified poor households and (ii) at least 30% female members. All supported CIG sub-projects, managed and owned either by the individual members or as a group activity, must demonstrate sustainability beyond the initial CPRP assistance. In particular, CIG co-financing must be closely linked to value chain development under Sub-component 2.3, especially to guarantee the market for the farmers' produce. A part of each CIG co-financing could be used by the group for procurement of technical support services, including farmer-to-farmer support coordinated by the Farmers' Union and farm management services by other service providers, to support the effective implementation of the -sub- projects. All such contracts would be performance based and include output targets. The Programme will also provide intensive farm/business management training to CIGs and Savings and Credit Group (SCG) members in the CPRP communes. Participation in these CPRP training services will be a condition of the Programme competitive co-financing support. In addition, the CPRP staff will include in each Programme district a Value Chain and Market Development Officer, who will support the CIGs and be responsible for the implementation of competitive co-financing in the district.

40. Programme co-financing of CIGs will not exceed USD 5,000 per group and will cover up to 50% of the total cost of each investment, with beneficiaries financing up to 30% of the investment costs in kind, with the balance to be provided by the members through cash or credit. VBARD and especially VBSP expressed their willingness to participate with loans in this joint financing scheme, especially as the Programme co-financing would significantly reduce the loan-funded amount. The 20% cash contribution by members/group is important to ensure the commitment to and the ownership of the investment by each beneficiary. The co-financing applications, and the subsequent co-financing contracts, must clearly define, what the share of each member is of the CPRP co-financing.

41. The investments of CPRP in Activity 2.1.2 include:

- The funding of full-time Value Chain and Market Development Officers (DVCMDO) in each of the CPRP districts for five years
- A two-week intensive training course for DVCMDOs at the start-up of the Programme
- Annual allocations for DVCMDOs to conduct competitive co-financing-related training for CIGs in the villages
- A budget for competitive co-financing of a total of 300 CIGs/cooperatives during the CPRP period in the province.

42. *Implementation Arrangements.* The overall responsibility of the CIG competitive co-financing operations under CPRP will be with the CPRP Programme Coordinator. At the provincial level, he/she would be supported in the planning and supervision of the activity by the two Commodity & Value Chain Development Officers and other senior staff of the PCO. At the district level and in the communes, the coordination and implementation responsibility is with the five district-based Value Chain and Market Development Officers of CPRP, who would work in close co-operation with the District Agricultural Section.

43. The processing and approval of the CPRP competitive co-financing to CIGs follows the already functional procedures of the NTP-NRD CIG programme. At CPRP start-up, Programme staff will, in a proactive manner, inform the districts and communes of the CIG competitive co-financing sub-component. After the focal commodity chains have been identified for CPRP operations, the DVCMDOs would have the main responsibility of informing the villages, CIGs and cooperatives about the investments opportunities in these commodity chains and the competitive co-financing support that CPRP would offer for the successful applicants. The DVCMDOs would also provide more detailed

information on the scheme objectives and rules to interested groups in the CPRP communes and assist groups in the drafting of business plans and co-financing applications. They would also inform the CIG members of different options of raising their own contributions from banks and available loan schemes.

44. The CIGs and cooperatives would submit their co-financing applications to the Village Development Board (VDB). After assessing them, the VDBs submit the recommended applications to the Commune Management Boards (CMBs). The CMBs then assess applications and submit the recommended applications to the Agricultural Section of the DPC. The Agricultural Section reviews the applications and submits them to the District NRD Steering Committee for final approval or rejection.

45. The above procedure will be applied during the first two semi-annual approval rounds of the CPRP competitive co-financing, after which CPRP/IFAD will evaluate the performance of the scheme. If the system functions smoothly at all level, the final approval of competitive co-financing will then be decentralised to the commune level for the remaining part of the CPRP period.

46. All competitive co-financing will be disbursed by the communes to the bank accounts of individual group members, following the division of funds included in each Co-financing Agreement. In the case of group-managed activity (or group training activity), the funds will be disbursed to a group account or the account held for the group activity in the name of two group leaders.

47. The benefiting group will submit a report of the Programme implementation performance when the co-financed investment has been completed. Continuous follow-up for the co-financed projects would be provided by the DVCMDOs and different types of CPRP missions. In cases in which a group or its members do not follow the Co-financing Contracts, the funding to the group stops immediately and the commune requests for a repayment of all co-financed funds issued to the group. In the event that a commune fails in their management and follow-up tasks in the competitive co-financing scheme, the CPRP management is expected to stop the operations with the co-financing of CIGs and cooperatives in that commune and re-allocate the funds to the other, better performing communes in the CPRP target area.

48. While the aforementioned principles were agreed to form the core of the CIG competitive co-financing investment procedure, the final Operations Manual, including eligibility criteria and detailed co-financing processes, would be developed during 2014, to be ready when the actual implementation is expected to commence in early 2015. IFAD has developed detailed implementation guidelines for small competitive co-financing, which can be used, as applicable, when drafting the Operations Manual for CPRP in Ha Giang.

49. *Sub-component 2.1 Benefits.*

- Activity 2.1.1. The Programme investment in CIGs is substantial. CIF investments will provide the opportunity for sustainable value addition and market access through climate adapted infrastructure development. They will also be used to support mitigation of disaster risk and provide for improved food security and health through household water supply and sanitation facilities. These benefits are expected to flow on well beyond the life of the Programme.
- Activity 2.1.2. The household income benefits from CIG co-financing are expected to be substantial. The number of directly benefiting households is expected, when calculated at an average co-financing of USD 3,000 equivalent and average group size of 10, to be around 5,000 households. Significant flow-on benefits will accrue from technology demonstration through innovative CIG co-investments. As many of the on-farm investments are expected to follow tested methods for climate change adaptation and disaster risk mitigation, the benefits for each household and community are expected to be long-lasting and sustainable.

50. *Sub-component 2.2 Exit Strategy and Scaling-up.*

- Activity 2.1.1. By integrating the CPRP CIF programme into the NTP-NRD the CPRP will improve the methodology for NTP-NRD investment planning in Ha Giang, including increased participation by women and poor households in priority setting, setting the framework for more efficient and effective NTP-NRD investments in the longer term. It is expected that the NTP-NRD will continue to fund community-based -infrastructure investment beyond the life of the CPRP.
- Activity 2.1.2. The competitive co-financing for CIGs does not have a revolving element and can be issued only as long as CPRP budgets for the purpose are available. At the same time, if successfully implemented, they could have a major demonstration effect in their implementation areas severely impacted by both poverty and climate change. This would encourage similar investments by other funding agencies, including the government. Importantly, the inclusion of the financial institutions in the scheme from the beginning aims at making them aware of investment opportunities of this type, to finance innovative agricultural projects also in the future, increasingly from their own funds.

51. *Sub-component 2.1 Risks and Issues.* Specific risks to the successful implementation of Sub-component 2.1. are listed below in Table 15, with comments of mitigating issues and mechanisms

Table 15: Sub-Component 2.2: Potential Risks and Mitigating Issues

Potential Risks	Likelihood	Severity	Mitigating Issues
Village “elite” capture CIF resources and use them for activities that are not pro-poor	M	M	The MoSEDP process, which allocates CIF resources is a participatory process with mandated inputs from women and poor households.
CIF investments are not directed to areas of highest financial and economic benefit	M	M	CIF investments will only be approved when accompanied by an investment plan including and estimated financial rate of return.
Financial institutions are not willing to finance their assumed share of on-farm projects to be supported by competitive co-financing.	M	M	The consulted banks indicated their willingness to joint financing, especially with CPRP’s financial and technical support elements.

52. *Sub-component 2.1. Follow-up Actions.* To ensure the smooth CPRP initiation of Sub-component 2.1 activities, the need for the following pre-project actions can be foreseen:

- Incorporate the IFAD Country Office development Competitive Small Grants Manual into the PIM;
- Prepare a practical manual for the operations of the Community Infrastructure Developed activity;
- Prepare a practical manual for the operations of the CIGs Co-financed activity.

53. *Sub-component 2.2: Rural Finance Services Enhanced.* This sub-component includes four inter-related activities: (i) 2.2.1: Development of WU’s Capacities, (ii) 2.2.2: Establishment of New Savings and Credit Groups, (iii) 2.2.3: Transformation of SCG Networks, and (iv) 2.2.4: Leveraging Capital for Agricultural Commodity Chains.

54. *Financial Sector and Rural Finance in Ha Giang.* The operations and plans of various types of financial service providers in Ha Giang are important to the design of the CPRP rural finance

interventions. These include commercial banks, PCFs and SCGs, as well as government-related credit schemes and subsidy operations.

- *The Vietnam Bank for Agriculture and Rural Development (VBARD)* is the largest commercial bank in Viet Nam and in Ha Giang province. In Ha Giang, its outstanding portfolio is around USD 96.5 million, with a reported low share of non-performing loans of 1.1% of the portfolio. It is well capitalised in the province, with its savings exceeding its portfolio by around 30%. It has branches in each district and seven transaction offices in communes.

While the bank lists nearly all its loans as “rural”, the share of agricultural loans of individual lending is reported to a low 8.7%, and in enterprise lending only 3.3%. Despite Decree 41 of 2010, which allows the banks to issue agro-loans up to around USD 2,500 without fixed collateral, and Provincial Resolution 47, which provides agro-borrowers a 50% reduction in interest rate, agro-lending volumes to both individuals and enterprises have remained low. In the view of VBARD, the key reasons for this have been the poor quality of applications and business plans and the weak implementation capacities of the applicants, followed by the lack of appropriate collateral for larger loans. If these issues are solved, the bank informed the mission of its capacity to significantly increase its agro-lending in Ha Giang.

- *The Vietnam Bank for Social Policies (VBSP)* offers loans under various schemes to the “poor” (as listed by the Peoples Committee), students, veteran and other groups of this type. In Ha Giang, it has a total portfolio of USD 77 million, with a reported share of non-performing loans at 0.3%. Relying on government funds, its savings base is very small, representing only 0.3% of the portfolio in Ha Giang. VBSP lends through groups identified by political mass organisations and approved by commune administrations, up to some USD 1,500 per member. Loans for productive purposes with the WU and FU as agents represent over 60% of its portfolio. Lending at relatively low interest rates of 0.6% to 0.9% per month, it is a main provider of microcredit in Ha Giang, currently with 117,000 small group-based borrowers. It is potentially important for the value chain operations of CPRP that VBSP has a small enterprise finance window, lending up to USD 22,000 for five years with flexible collateral arrangements.
- *The Bank for Investment and Development of Vietnam (BIDV)* is another important commercial bank in the province, with the portfolio and the total deposits both at around USD 68 million in Ha Giang. While it’s current lending is almost wholly outside the agro-sector, one of the key “future directions” of BIDV is lending to agro-companies. As the main constraints for its expansion to agro-industrial loans, the bank, in the same manner as VBARD, identifies the poor quality of investment proposals and weak managerial and technical capacities in the agro-companies.
- There are currently eight *People’s Credit Funds (PCFs)* operating in Ha Giang Province, with 7,100 members. Their total portfolio at the end of 2013 was reported to be around USD 12.3 million. None of these PCFs operate, or have a mandate to operate in the 30 communes selected for CPRP activities. The new Cooperative Bank of Vietnam does not yet operate in the province.
- At the grassroots level, in addition to groups that borrow from VBSP, other savings and credit groups exist in Ha Giang. Through the previous IFAD-supported DPPR project, commune authorities established 275 women’s SCGs with around 5,000 members. When the Project closed at the end of 2012, these groups had an outstanding lending balance of USD 450,000, with total savings of USD 80,000. The PPC estimates that around 90% of these groups are still active. In addition, the WU has from its own funds established 27 women’s SCGs, with around 734 members. The WU reports that the SCG method is popular in the province, with significant room for expansion among low-income women.
- There are also smallish credit schemes directly operated by governmental or political organisations. After the MTR of DPPR, the programme established Production Support Funds (PSFs) in the DPPR communes. These provided small (up to USD 500) production loans to

smallholders at around VBSP lending rates. By June 2012, the scheme had 6,878 borrowers with an outstanding balance of USD 900,000. Since then, the scheme has been expanded to 45 communes. Furthermore, the FU has, since 1995, operated the Farmers' Support Fund, which issues production loans of USD 1,350 to farmers, with a total portfolio of USD 680,000. Also the Cooperative Alliance is in a process of establishing a similar small direct lending scheme, with the aim of raising USD 450,000 from government for this purpose.

- Finally, the national and provincial governments offer various kind of subsidies and services for agricultural investments. In addition to interest rate subsidies and lowered collateral requirements on small loans (see above under VBARD), investments in agro-activities can benefit from various support packages including land provision, infrastructure, training support and direct financial subsidies to capital investments. These are discussed in detail in this Report under Component 1 and Sub-component 2.3 operations. The provincial loan guarantee scheme in Ha Giang is of special interest to rural finance activities. It is operated by the Investment Fund for Land Development and Loan Guarantees under the provincial DoF. Four staff of the Fund operate directly with the credit guarantees. The guarantees cover up to 85% of the principal of a bank loan and can cover loans for both working capital and capital investments. The maximum guarantee cover per company is around USD 200,000. Banks can direct their clients to this facility if the project is viable, but the collateral base inadequate. The Fund reports that it processes the guarantee applications within 3-4 working days. The company pays to the fund a fee of 0.8% per year for the guaranteed amount. The fund can guarantee loans up to a total amount of USD 6.8 million, of which only one third is currently used. In 2013, a total of 70 guarantees were issued, with VBARD, BIDV and Vietinbank as the most active institutions that utilise the guarantees. Wider future use of this appropriate guarantee facility is clearly one of the elements in CPRP's promotion work in agro-finance in Ha Giang.

55. *Rationale for Sub-component 2.2.* Reflecting the overall development trends in Viet Nam, the financial sector has gone through a period of major transformation during the past 20 years. The rapid expansion in banking activities and in the volumes of their financing operations is considered one of the key factors behind the fast economic growth in Viet Nam. While in the past few years the financial sector has been affected by the overall slowdown of the global and Vietnamese economies, it is expected that the sector will return to its earlier rapid growth path during the implementation period of the planned CPRP.

56. Despite the overall financial sector progress, however, the commercial banks still tend to prefer lending to large and known borrowers at the expense of low-income rural clients and small and medium enterprises (SMEs). The poorer communes, especially those with large ethnic minority populations, are particularly weakly served. In this situation, as private market-based rural microfinance institutions operate only on a very limited scale in Viet Nam, continuous attention and support are clearly required to improve financial services delivery in rural areas, to increase financial inclusion and to improve the livelihoods of the poor in the least served rural communes.

57. Since the beginning of IFAD's operations in Viet Nam, interventions in rural finance have been an integral part of the supported area-based multi-component projects. The key lessons for the CPRP design from the evaluations of these and other rural finance projects include:

- The promotion of community-based savings and credit groups (SCGs) remains a valid intervention for CPRP as they serve as a useful entry point for low-income people to financial services and act as an effective empowerment tool. In previous interventions in the province, they have consistently shown their capacity to increase the incomes of poor households.
- To move the SCGs and their members to the next development stage, the issue of developing SCGs and their networks into more sustainable microfinance schemes, requires attention and investment under CPRP.

- Agricultural value chain finance should be seen as a comprehensive, holistic approach that involves the systemic analysis of an entire value chain and the relationships among its actors, including all the financial institutions with potential interest in the focal value chains.

58. To effectively contribute to increased financial inclusion in the rural communes of the Programme target area, the design of the Rural Finance Services Enhanced sub-component of CPRP relies strongly on these lessons learnt, the expected trends and regulatory reforms in the financial markets, and the best practices developed for rural microfinance and value chain financing. The selected approach and interventions are clearly in line with the current policies of the GoV, which emphasise the need to modernise smallholder agriculture, to improve the quantity and quality of marketed produce and particularly to improve the resilience of poor households that face the adverse impacts of climate change. One of the key strategies to reach these targets is the increased inclusion of poor and near poor households into the financial market on a sustainable basis.

59. The sub-component design also reflects IFAD's current priorities in rural development in Viet Nam. According to the COSOP 2012-2017, rural finance activities should support the overall objective of building enabling environments for the engagement of the private sector in providing rural jobs and generating rural income and for the development and promotion of pro-poor value chains. They should aim to increase the agricultural productivity and competitiveness of smallholders, enhance opportunities for market entry and diversify livelihood opportunities for both male and female workers, including off-farm activities. These principles have been central to selecting the activities for rural finance support under CPRP. At the same time, the selected approaches and activities are a core part of CPRP's "no-regret" approach to climate change adaptation, with its focus on improving the income and asset base of smallholders, in that manner building adaptive capacity in rural households to deal with the existing and predicted effects of climate change.

60. *Sub-component 2.2: Strategies and Activities.* The following key strategies and approaches will be followed when implementing the Rural Finance Services Enhanced sub-component:

- Actively expand the community-based women's savings and credit networks into new, poorer communes, with special focus on women-headed households and minority communities;
- Develop across the SCG operations a stronger savings focus and internal sustainability, to reduce future dependence on externally injected capital;
- Develop the capacities of the Women's Union with the objective of eventually transforming the networks of savings and credit groups into registered, sustainable microfinance institutions (MFIs)
- Leverage in a pro-active manner funding from the whole finance sector for agricultural investments in general and CPRPs focal commodity chain operations in particular.

61. *Activity 2.2.1 Development of WU's Capacities.* Under the two previous phases of IFAD support, the projects in Ha Giang have supported the establishment of new women's SCGs. These have been popular activities, and the impact evaluations have confirmed their positive influence on households and their incomes. In addition, the SCGs have served as a forum for the members to discuss new on-farm or off-farm income generating options. Under both previous programmes, the implementation responsibility for SCG operations at all levels has been with the Project Management Boards. The WU has played a supportive role in these operations and participated in the Project Management Boards at commune level.

62. Under the proposed CPRP, the full responsibility of the women's SCG activities will be with the Women's Union. The WU will be in charge of the establishment of new SCG at commune level. It will follow up their performance after the establishment phase. The WU will also be responsible for the on-lending of CPRP funds to the new SCGs and manage the revolving funds that result from these financing operations. The longer term objective is to transform the women's SCG-based financing network into a registered microfinance institution that would offer financial services to low-income

women and their groups in the whole province on a sustainable basis (see Sub-component 2.2.3 below).

63. To be able to effectively carry out its new, more demanding tasks in SCG promotion, the WU at all levels (province, district, commune) will require a substantial capacity building programme. The CPRP, therefore, will finance at the start of the programme period a comprehensive support package to the WU to enable the WU to: (i) professionally manage the establishment of the new SCGs and (ii) gradually convert its operations first into a Social Fund and later into a registered MFI. The key investments of CPRP in this capacity building process include (see Costs Tables for detailed budgets for each activity):

- Substantial national technical assistance for the WU during the first three years of CPRP (see TOR in Attachment 1 of this Annex);
- Annual support missions by international TA on SCG promotion and organisational development (budgeted under 2.2.4, see TOR in Attachment 2 of this Annex);
- A local study tour to two provinces in Viet Nam, in which the WU currently plays a leading role in SCG development and which have progressed well in organisational transformation;
- Initial training courses and refresher courses for the WU staff at all levels in SCG methodologies;
- Support for the printing of SCG manuals and accounting material;
- Loan management software and relevant equipment for the provincial level WU;
- A package of equipment, including computers for the district level WU offices to manage the SCG field operations;
- A 4WD vehicle for the provincial WU to coordinate and supervise the SCG operations;
- Support to the operational costs of motorcycles for district-based Credit Officers for field activities;
- Limited operational support, on a declining scale, to the WU during the first four years of CPRP, after which the WU is expected to cover its costs from its lending-related operational income.

64. To ensure that all activities under Sub-component 2.2 are properly planned and executed, the PCO of CPRP will recruit a senior Rural Finance Specialist (RFS) to oversee and manage this sub-component during the five-year Programme period. The RFS would be assisted in the PCO by a Rural Finance Officer. The TOR for both of these positions are provided in Appendix 5, together with other senior staff of the PCO. In addition to these long-term positions, short-term technical assistance would be provided to ensure the effective management and supervision of this sub-component.

65. Concerning Activity 2.2.1, in the beginning of the CPRP implementation the PCO will support the WU to recruit an appropriate national Savings and Credit Adviser for the WU in Ha Giang. The PCO, with support from the IFAD office in Ha Noi, will also assist the WU to organise the study tour for the relevant SCG-related staff in the WU and support them in the procurement of a vehicle and equipment. The Savings and Credit Adviser will support the WU in organising the initial training courses and in the development of required SCG manuals. While the Adviser's services will continue during Programme years 2 and 3, the responsibility of the capacity building activities, including the staff refresher courses will gradually move to the provincial level SCG management in the Women's Union. The international TA's annual visit are expected to support these capacity building activities and to offer solutions, when needed, to keep the process on the planned track.

66. *Activity 2.2.2: Establishment of New Savings and Credit Groups.* To contribute to increased financial inclusion in Ha Giang, support to the establishment of new women's SCGs will continue under CPRP. In SCG operations, while the principle is to let the groups to decide on their own

membership, instead of the relatively general focus of the previous support phase, the WU's targeting approach under CPRP operations will emphasise the importance of the following principles:

- Focus on poorer villages in the 30 CPRP communes;
- Special emphasis on inclusion of women-headed households in the SCGs;
- Focus on the inclusion of the poor in the groups, which in the Ha Giang demographic situation, automatically includes minority people as a focal group.

67. Following the above targeting approach during the 5-year Programme period, the implementation target is that a total of 348 new SCGs with an average of 15 members will be established in the 30 CPRP communes.

68. With the WU as the responsible institution for implementing the activity, CPRP will provide a comprehensive support package to ensure the smooth establishment of SCGs and an appropriate follow-up support for their operations. The CPRP support under Activity 2.2.2 will consist of the following investments:

- Funding and information material for mobilisation and initial training meetings in the villages;
- Substantial initial training and follow-up courses for SCG group leaders and members in the savings and credit method;
- Start-up business training for group members, covering 3,600 women, linked to earning opportunities in the focal commodity chains supported by CPRP;
- Injection of capital for each trained and savings-mobilised SCG for on-lending to the group members.

69. Two issues in the agreed SCG method of CPRP require attention. Firstly, globally, the injection of Programme capital for on-lending to group members is not generally considered an appropriate or necessary intervention when aiming to create sustainable community-based groups. In the previous SCG operations in Viet Nam, capital for on-lending has, however, always been a part of the IFAD investment and has been consistently evaluated as a successful initiative, with nearly perfect recovery rates and high group cohesion and sustainability. It would be politically difficult to change the approach now when moving to one of the poorest provinces, with increased focus on minorities and women-headed households. Under CPRP, however, the approach will be to issue to the groups initially USD 1,250 equivalent of the programme's on-lending capital allocation. Each group's performance in savings mobilisation and loan management will be assessed after six months of the first disbursement. After this, the successful groups will receive the remaining part of the capital (USD 750), while the remaining CPRP capital allocation of poorly performing groups will be re-allocated to successful groups. Similarly, when later revolving the loan principal repaid by the groups, the WU will use the savings collection and loan management performance as the criteria for further fund allocation.

70. Secondly, increased attention will be paid by the WU to the active promotion of savings in the groups and to the related target of increasing self-financing of loans within each group, with less dependence of externally injected capital. The savings targets for groups and individual members and the target ratios between savings and loans will be defined in WU's new operations manual for SCGs, based on experiences in this area from other IFAD-supported projects. The increased savings emphasis will become even more important when the SCG network will be transformed into a Social Fund and eventually into a registered and supervised MFI.

71. At the programme start-up, the rules and conditions for cooperation between CPRP and the Women's Union will be documented in a detailed Memorandum of Understanding (MoU), to be signed by the Provincial People's Committee and the Women's Union. The MoU would cover both the capacity building operations under the CPRP-supported activities and the transfers of capital as a grant to the WU for on-lending to the SCGs. Recently designed practical models for this MoU are

available from the new IFAD supported projects, SRDP and AMD, under which IFAD loan funds are allocated to the provincial WU following the same principles as proposed for CPRP.

72. The implementation responsibility for the establishment of the new SCGs will be with the WU. Before the CPRP start-up, the SCG-related activities in the WU will be separated into a new, unofficial institutional arrangement within the WU, called the Women Development Support Fund (WDSF). This Fund will have its own Management Committee, chaired by the WU Vice-Chairperson. The key operational units of the WDSF will be at the district level, from which all the field operations will be co-ordinated. At the commune level, the Chairperson of the commune WU will monitor the WDSF operations in the villages. The target is that by PY 3, the WDSF structure would be converted into a Social Fund, registered with the provincial State Bank of Viet Nam (SBV), which would continue the WDSF operations in the CPRP districts and communes (see more below).

73. In 2014, the WU/WDSF in Ha Giang will start the process of developing appropriate procedures and manuals for the SCG operations. The PCO and the IFAD office in Ha Noi will support this activity, as examples of relevant manuals for these operations are available from other IFAD-supported operations in Viet Nam. The manuals will be finalised and printed with the support of the SCG Advisor after the start-up of CPRP.

74. *Activity 2.2.3 Transformation of SCG Networks.* This innovative activity aims to develop women's SCGs and their networks into registered, sustainable microfinance institutions. The target would be to bring the numerous women's savings and credit groups under an institutional arrangement that would ensure an appropriate supervision of these small financial institutions and create a sound and safe network for their institutional growth. At the same time the transformation would open opportunities for linking mature SCGs with financial institutions that have potential for financial intermediation with groups and their members on a much larger scale.

75. Vietnamese regulations require that the SCG networks of this type must be initially registered as Social Funds to be supervised by the provincial SBV. Later, when adequate capabilities have been developed and operational sustainability has been reached, these Social Funds can be converted into MFIs, registered and fully supervised by the SBV. The procedure is still new in the country. IFAD, in co-operation with other donors, is currently financing international technical support for this transformation process, initially targeting Ha Tinh, Quang Binh, Ben Tre and Tra Vinh provinces. The result of this IFAD support will directly benefit the planning and implementation of the transformation processes in Ha Giang.

76. In Ha Giang, as indicated above, the first step of this transformation process would be the separation, in 2014, of the SCG-related activities in the WU into an unofficial new institutional arrangement within the WU, called the Women Development Support Fund. The target would be to convert the WDSF into a Social Fund by PY 3. While initially focusing on the CPRP implementation area, the WU Social Fund would gradually expand its operations to all 175 rural communes of Ha Giang province. The eventual conversion into a registered MFI is likely to take place after the CPRP implementation period. It is important that the Social Fund at that time should be able to qualify for the "wider" MFI license. This type of license would enable the MFI to collect voluntary savings from SCG and other groups and their members. The minimum capital requirement for this (VND 5 billion, or around USD 250,000) is unlikely to be a problem, as the grant allocation for on-lending capital by CPRP, which will qualify for equity, is twice as big as this minimum equity requirement.

77. In addition to significant capacity building and direct financial support to the SCG operations of the WU under activities 2.2.1 and 2.2.2, the CPRP budget includes a lumpsum allocation (USD 50,000 per year) for the PY 3-5 for the transformation of the SCG network initially into a Social Fund and later into a registered MFI. The actual utilisation of these Programme funds to support the transformation process will be decided later on and depend on (i) the WU's success in the implementation of CPRP activities; (ii) the results and progress of the transformation in other provinces; and (iii) WU's success in attracting additional capital from other donors to expand its lending operations to SCGs and to improve its sustainability during the CPRP period.

78. The ultimate implementation responsibility for the transformation of the WU's SCG network into a Social Fund and later into an MFI will be with the WU management. The process will, however, be supported by major capacity building inputs by CPRP, including the SCG Adviser and the annual missions of an international rural finance TA under CPRP. Critically important will be the close cooperation with the WUs in provinces which are more advanced in the transformation process and which currently receive substantial support from IFAD and other donors.

79. *Activity 2.2.4: Leveraging Capital for Agricultural Commodity Chains.* To have a substantial impact on rural economy and poverty alleviation, the rural commodity chain operations would require significant investment capital. In Ha Giang, there are various potential sources of capital available for investments in the commodity chains that are likely to be supported by CPRP. The commercial banks in the province are liquid and report that they have adequate own funding also for medium and long-term investments. The total portfolio of the largest commercial bank, VBARD is around USD 100 million in Ha Giang, while its savings collected from the province exceed this amount by a substantial margin. The VBSP operates a large pro-poor portfolio of USD 77 million in the province, including a small but interesting enterprise finance scheme. Importantly, most of the local commercial bank branches, including VBARD, are partners in the large national credit line operations of the World Bank (WB), which currently total around USD 500 million for rural loans. Furthermore, national and provincial government subsidy schemes are operational in Ha Giang, offering significant subsidies of various types for rural investments. Finally, a useful loan guarantee scheme operates under the Ha Giang provincial administration, providing affordable guarantees for both small and larger enterprise loans.

80. In this situation, one key objective of CPRP would be to work in a pro-active manner to attract financing from various types of financial institutions to the commodity chain operations identified and supported through CPRP. The Programme is in a unique position to do this. Both the commercial banks and the provincial guarantee fund identify the poor quality of business plans and the unconvincing managerial and technological capabilities in agro-companies as the biggest constraints for lending to these firms. Under components 1 and 2, CPRP will make large investments to address these capacity constraints. At same time it will provide competitive co-financing to selected companies and cooperatives, which would further reduce the financiers' risks and, together with active use of the guarantee scheme, make lending to CPRP's partner companies an attractive and low risk business. CPRP also, with its focused support to farmers and their groups, improves the chances of agro-companies to procure larger amounts of high quality raw material from the farming community in Ha Giang. With this support package, opportunities to significantly increase the financing of focal commodity chains are substantial and realistic.

81. This advocacy and financial linkage building is a continuous process and an integral part of the work of the CPRP management team in the province and the five CPRP districts. Three specific investments in this area, however, are included in the CPRP budget:

- Support to organising Provincial Agro-Finance Workshops in Ha Giang Province, to bring key local and regional financiers, agro-enterprises, donors, and producers' representatives together and to share information on various types of financing options for commodity chain participants in the province. Three such workshops would be organised, in PY 1, PY 3 and PY 5.
- To support poor household access to credit from financial institutions, the Programme would, on a cost-sharing basis with GoV (IFAD 30%/Government 70%), finance DoNRE to complete the issuance of forest land Red Books to poor and near poor households in Hoàng Su Phì, Bac Quang and Xin Man districts. For married couples, the Red Books would be issued in the names of both the husband and wife. Farmers in these district presently only have Green Book land use right certificates, which are not sufficient to be used as collateral for bank loans. Red Books with joint husband/wife title will significantly improve access to collateralized credit, especially for women. In total, the target is to issue 12,000 Red Books, which would complete the issuance of these documents in these districts.

- Annual missions of an international recruited Senior Rural Finance Expert to CPRP, covering all the rural finance and competitive co-financing operations of the Programme, with particular emphasis on financial linkage building between the focal CPRP commodity chains and the financial service providers. Terms of Reference for the Senior Rural Finance Expert are detailed in Appendix 4, Annex 6

82. As indicated above, one key objective of CPRP and its management would be to work in a pro-active manner to attract financing from various types of financial institutions to the commodity chains and adaptation models that emerge with CPRP support. This advocacy and knowledge sharing is a continuous process and an integral part of the ToRs of key persons in CPRP management.

83. The organising of the bi-annual Provincial Agro-financing Workshops in Ha Giang province is the responsibility of the PPC, the Coordinator of CPRP and the two rural finance specialists/officers in the PCO. In this task they should actively cooperate with local and regional financial institutions and agri-business companies to create and implement an interesting workshop programme. Importantly, they should cooperate with IFAD (Ha Noi) to secure the participation of institutions such as the World Bank and AFD, as well as the Head Offices of VBARD, VBSP, the new cooperative bank and national agri-businesses interested to invest in Ha Giang. IFAD (Ha Noi) can also assist in strengthening the workshop programme by creating contacts to include in the workshop programmes international presentations on innovative schemes such equity funds that are likely to emerge on a wider scale in the agro-market of Viet Nam. Finally, the issuance of forest land Red Books with the CPRP support will be a responsibility of DoNRE, with financial and co-ordination support from the PCO.

84. Sub-component 2.2: Benefits and Impact. Significant benefits to the group members can be expected from participation in the new women's SCGs. Around 5,200 households are expected to directly benefit, covering a significant share of the poor and near-poor households in the focal CPRP communes. All impact evaluations, including the recent ones conducted by IFAD, confirm the beneficial impact that these SCG operations have on the incomes and livelihoods of the members' households. Similarly, while the loans issued by the groups are small, the farm models of this design document indicate that their potential to improve the incomes and the adaption capacity of the beneficiaries is significant. In addition, while more difficult to measure, the impact of these groups on the self-confidence of the group members can be substantial, which in the longer term can support the members' participation in larger scale income generating activities.

85. The CPRP support to gradually transform women's SCGs and their networks into a registered, sustainable provincial microfinance institution is expected to result in major long-term benefits to their members/clients. The registered status can open doors for larger scale financing operations, enabling current and future members of SCGs to engage in larger income generating projects than is currently possible. Linkages to formal sector operators through the new MFI can secure such funding that the current mode of SCG operations does not allow.

86. Leveraging funding for agricultural commodity chains can have a major impact on agricultural investments and incomes in Ha Giang province, if these activities are conducted successfully and in a pro-active manner. With the liquid banking sector and large donor-financed credit lines available for well informed applicants, the potential for raising substantial capital for agro-investments through these operations is obvious.

87. Sub-component 2.2: Exit Strategy and Scaling Up. Most of the Sub-component 2.2 activities have an in-built exit strategy. New SCGs are expected to operate independently after the training provided by scheme implementers. At the same time, the pilot efforts to transform the network of SCGs into a registered MFI is a part of the exit strategy, which links these groups and their members to the operations of the regulated and supervised financial market.

88. The proposed CPRP approach of leveraging funding for agricultural value chains from all types of financial institutions and support mechanisms is a new way of working for IFAD-supported projects in Viet Nam, and a clear deviation from the earlier model using small project credit lines. If successful

in attracting new finance to commodity chains in Ha Giang and other IFAD-supported provinces, its wider replication can be considered also in other provinces and environments in Viet Nam.

89. *Sub-component 2.2: Risks and Issues.* Two specific risks to the successful implementation of Sub-component 2.2 are listed below in

90. Table 16, with comments of mitigating issues and mechanisms:

Table 16: Sub-Component 2.2: Potential Risks and Mitigating Issues

Potential Risks	Likelihood	Severity	Mitigating Issues
The Women's Union may not have the resources and capacities required for the gradual transformation of the SCG network into a Social Fund and later into an MFI.	M	M	The design of activities 2.2.1, 2.2.2 and 2.2.3 is aimed to mitigate this concern, with large amounts of financial and capacity building support and significant allocations of national and international TA to the WU.
Financial institutions may not be ready to finance the investments required in various value chain activities.	M	M	The support operations of Components 1 and 2 and the pro-active method proposed when operating Activity 2.2.4 are planned to mitigate just this potential risk.

91. *Sub-component 2.2: Follow-up Actions.* To ensure the smooth inception of Sub-component 2.2 activities, the following follow-up actions during 2014 are foreseen:

- Complete the selection process for the villages for the establishment of new SCGs in the CPRP communes and start preparations for sub-component activities in these areas;
- Utilise the IFAD network in Viet Nam to obtain the currently utilised SCG operations manuals from other provinces and use them as a basis for the design of the procedures and manuals for the future SCG operations by the WU in Ha Giang;
- Use the results of the IFAD-supported international technical assistance missions in other provinces to start the planning for the gradual transformation of the SCG network in Ha Giang.

92. Sub-component 2.3. Public – Private Collaboration (P-PC) implemented. Vietnam's agricultural sector has enjoyed almost 2 decades of strong growth, contributing to significant poverty reduction, national food security, social stability, and increased regional and international economic integration. There are, however, concerns about both the quality and sustainability of the country's agricultural growth and its impact on the welfare of producers and consumers. Viet Nam's agriculture growth is frequently characterised by mixed or uncertain product quality and food safety, low value addition and

limited technological and institutional innovation. Agriculture growth has, in some cases, also incurred a high environmental cost.

93. In keeping with the current SEDP, the Resolution No. 26 on Agriculture - Farmer – Rural Area, The Proposal on Agriculture Restructuring and the recently completed Green Growth Strategy, Vietnam's strategy for agricultural and rural development is evolving to adopt and apply the concept of 'sustainable development', organizing key objectives under the 'Triple Bottom Line' of economic development, social development and environmental protection. In applying this strategy, the GoV sees the opportunity and need to pursue various forms of public-private collaboration in order to realize these objectives.

94. The complexity of a modernizing agriculture extends beyond what the State can readily provide—in terms of investment, expertise, and clear direction in the face of many uncertain variables. As elsewhere, the role of the State in the sector must evolve to focus on ensuring the provision of core public goods and regulatory services, while acting to facilitate farmer and private sector investment and initiative. In some areas, the State may be able to delegate or contract others to provide certain services; in other areas, systems of 'co-management' or 'co-regulation' may be possible as observed from local and international experience. In essence, GoV seeks to pursue various forms of public-private partnership/collaboration in order to more quickly or effectively realize key sectoral (economic, social, and environmental) goals. Specifically, GoV expects PPP/P-PC initiatives to contribute to:

- Increasing the volume of rural and agricultural investment, even in the face of fiscal constraints;
- Increasing the quality of sectoral investments and the quality of technical services;
- Fostering innovation, both of a technical and institutional nature;
- Improving management—of natural resources, supply chains, and of various production and commercial risks; and
- Contributing to more rapid structural change at the primary production level and within supply chains, to bring about improved efficiencies

95. The GoV is a strong proponent of Public-Private Partnerships (PPP) as a means of raising infrastructure investment in Vietnam. PPPs are exceptional in the agriculture subsector, where MARD is, in addition to promoting PPPs, also supporting the concept of Public-Private Collaboration (P-PC). A PPP involves a *joint venture* or some *other formal contractual arrangement* between a government entity and one or more private companies — generally geared toward a specific infrastructure or service — with a clearly specified distribution of roles, costs, revenues and financial risk. A P-PC involves either *informal or formal arrangements*, together with varied divisions of responsibility between government and private entities. While PPPs tend to involve relatively large private companies, P-PC arrangements may feature smaller private companies, farmer cooperatives, other community groups, etc. working on joint initiatives with particular government agencies or having some of the latter's traditional functions delegated or contracted to them.

96. The Programme would use P-PC co-financing to generate investments and job opportunities among the rural households, with particular attention to poor and women-headed households in the Programme area. To achieve the objective CPRP would entice private sector agro-enterprise investments in Ha Giang by co-financing up to 49% of investments that would generate incremental markets for raw material leading to incremental production of agriculture primary produce resulting in increased income and job opportunities among the rural households. Applications with higher levels of own contribution will be assessed as more competitive. The Programme would identify commodities having investment potential and which are in compliance with the Ha Giang (SEDP). The selected commodities would be chosen based on having: (i) strong potential for export and/or import substitution; (ii) strong potential for involving rural households to undertake investments and thereby expanding their production/income and creating incremental jobs; (iii) at least 40% of the total number

of households benefiting from P-PC supported investments should be represented by poor, near poor or women-headed households.

97. For each selected commodity, a value chain Strategic Investment Plan (SIP) would be prepared, including all envisaged activities within the value chain. The SIP would list the potential types of investments eligible for P-PC support and each type of investment would be accompanied with a realistic business model/financial analysis. Investments/upgrading not directly supported by the P-PC output, e.g. training of farmers, organizing farmers into groups, etc., would also be listed together with known co-financiers like CPRP and other potential co-financier and each type of investment would be accompanied with a business/model financial analysis. The SIP would be used as the framework for calling entrepreneurs to express their interest for investing in Ha Giang.

98. Only legally registered cooperative societies and companies of at least 24 months standing would be eligible to apply. Entities that are the subject of bankruptcy, criminal investigation, fraud, corruption or are in default of contractual agreements would be ineligible. P-PC investments would be awarded on a competitive basis for capital investments in civil works, equipment (processing, packaging, energy generation or environment protection), transportation and marketing, related directly to the core activity of the investor. The PSC would be responsible for adopting recommendations for P-PC investments, which will be subsequently approved by the PPC. Poor people income and jobs, value added products, and productivity and market access and gender equality would be important criteria in investment proposal evaluation, together with commercial viability, environment impact and cost effectiveness assessments. The P-PC programme would be underpinned by a technical, business management, accounting and Information Communication Technology (ICT) capacity building program for District and Commune level businesses with a view to improving their farmer service capacity, profitability and enterprise linkages, both at local level and to upstream quality suppliers and markets. It is recommended that the provincial Enterprise Association mentors this programme.

99. A P-PC facility would be established with IFAD co-financing up to 49% of total investment cost, with the remaining investment being contributed by the benefitting business. Applications with higher levels of own contribution will be assessed as more competitive. Up to 30% of P-PC grants would be available for the purchase of supporting services (business development services (BDS), legal, technical, marketing, standards, farmer extension, etc.) for the planned commodity chain investment. Co-financing will start at USD 15,000 as a minimum and reach up to USD 100,000 as the maximum. In cases where the potential export/import substitution and social impact of the proposed Programme is extremely high and/ or the investment is pivotal for developing the respective commodity in Ha Giang, the maximum P-PC grant could, with IFAD approval, be up to USD 200,000. In case of production of new raw material, the PCO could recommend to the PSC that trial production can be financed at a smaller amount than USD 15 000, but otherwise follow the same requirement as the main stream P-PC. The in-kind contribution should not exceed 50% of total counterpart's contribution. The in-kind contribution must be supported by appropriated documentation stating its value based on market evaluation undertaken by an independent authorized entirety. The minimum 25.5% (of total investment) enterprise cash contribution for P-PC investments must be deposited into a designated P-PC Co-financing Account, held by the lead enterprise and accounted for separately in their books of accounts. The cash contribution cannot be reduced over the duration of the P-PC grant period, however, the enterprise can expanded this level using own resources or other (equity and debt) funding. The CPRP would provide approximately USD 3 million (including co-financing) for P-PC facility financing. P-PC supported investments in prioritized commodities must be within Ha Giang, but could fall outside of the five nominated Programme districts.

100. *Value Chain Selection.* The two main criteria for selecting a value chain for CPRP support are market demand (within province, across provinces, regional and international) and a strong return to farmers with minimal price volatility. This activity would also include identification of Lead Enterprises (LE) interested to participate and under what conditions and identify level of interest among the target group including the preparation of rapid partial budgets for the selected commodity/product. Promising

investments would, thereafter, undergo value chain analysis including: (i) situation analysis; (ii) opportunities to upgrade; (iii) constraints to upgrading; and (iv) recommendations on what can be done practically and what instruments to use.

101. For each intervention supported by the CPRP, an impact analysis would be conducted including: (i) cost benefit analysis at both farm enterprise and household levels using with and without investment scenarios; (ii) for medium term capital investments, the estimation of capital NPV and IRR; (iii) full financial and economic analysis of investments by intermediary enterprises, including monthly cash-flow/working capital analysis during the first years to avoid liquidity problems and development of a small business plan; (iv) investments by LEs would be supported by a well-articulated business plan, which can also be used by the LE for implementation of the investment. The business plan would including detailed financial and economic assessments and social and environmental impact assessments and monthly cash flow/working capital analysis; (v) investment in business derived social infrastructure –bridge, piece of strategic road, water supply, electricity, gas, water treatment etc. should all be supported by a feasibility study and undergo financial and economic analysis; and (vi) an economic multiplier impact assessment should be conducted for the selected value chain.

102. Approved investments would develop an Action Facilitation Plan: this will include preparation of a Gantt chart providing the time line for all activities to be supported by the respective Programme e.g. grants, credit guarantee, CDF etc. The chart would also identify responsible the party, place and time and how it is measured.

103. *P-PC Implementation Arrangements.* Legal entities eligible to apply for P-PC include: (i) sole Proprietor/individuals; (ii) cooperative societies/associations; (iii) partnership; and (iv) companies. As par to the eligibility the entities mentioned should be able to provide the documents mention below.

- Business License
- Certificate of registration and extract from Registrar
- Annual tax Return Report (2 years)
- Capacity Document of Board of Director, CEO, CFO, CTO
- Memorandum and Article of Association
- Permission for the AMD to collect information from trade partners.

104. None of the above entities shall be eligible for support under the following circumstances:

- Having gone bankrupt or being liquidated; having its operations managed by courts; signing agreements with creditors, having its operational activities suspended; being subject to procedures concerning these matters or being in a condition due to a similar situation as per national laws or arrangements;
- Being sentenced for offences related to their own business which cannot be appealed;
- Being convicted of gross abuse related to business matter which can be confirmed by the AIU;
- Non performing obligations related to the payment of social security contributions or tax payments in accordance with the legal provisions in Vietnam;
- Being subject to an adjudication due to being involved in fraud, corruption, a criminal organization or other illegal activity which cannot be appealed;

105. The Lead Firm (LF) and/ or its implementing partner(s) contribution to the investment can be made in cash and/ or in kind. However, the in-kind contribution should not exceed 70% of total LF counterpart's contribution. The in-kind contribution may include e.g.:

- Labour;
- Land use rights;
- Equipment, vehicles, building and other capital goods and/ or raw materials contributed to build up/ acquire such goods during the agreed Programme timeframe
- Purchase and rent of land or existing buildings

- Working capital

106. The in-kind contribution must be supported by appropriated documentation stating its value. The documentation must be based on market evaluation undertaken by an independent authorized entirety who will be hired by PCU to undertake the evaluation. In-kind assets directly related to the investment with P-PC support can be accepted if procured/user-rights has been obtained within 24 months from the time of submitting the concept note. In-Kind contribution cannot excide 70% of total contribution by the LF.

107. The P-PC will not accept the following assets neither as the LF's contribution nor as expenditures eligible for reimbursement:

- Leasing of equipment, land and facilities
- Bank charges, cost of guarantees and similar charges
- Value of intellectual property rights
- Value of previously existing inventory used for the production of the Programme goods and/ or services
- General costs involved of an investment Programme proposal development/design (architects', engineers', consultants' and general legal fees, costs of feasibility studies for preparing the Detailed Investment Proposal and costs for acquisition of patents and licenses, etc.).

108. The 25.5% cash contribution has to be deposited into the designated LF/A-PC Co-financing Accounts held by the LF and accounted for separately in the books of accounts of the LF. The 30% contribution cannot be reduced over the duration of the GCFC. However, the LF can expanded this level using own resources or other (equity and debt) non APFI funding.

109. The P-PC is separating investment items into Public Orientation (PO) and Company orientation (CO). The P-PC can contribute maximum 30% of its total co-financing towards Public Orientation investments. There is no limitation for the LF funding of PO activities. The PO investments are those directly related to suppliers of raw material and capacity building of RHH and capacity building of LF's employees including:

- Documented Technical Advisory Service to RHH and training of RHH
- Documented training of LF personnel
- Documented Provision of production credit in cash or in kind
- Documented procurement cost for raw material
- Documented joint (LF and RHH) investment in intermediary produce collection and processing centres

110. P-PCs funding level of items (iii) and (iv) will have to continue annually or for the production cycle throughout the co-financing period. The funding by the LF can and is expected to be increased during the co-financing period.

111. A total of 70% of P-PC co-financing should be for CO investments. CO investments are capital tied up in plant, equipment, rolling stock related directly to the core activity of the LF including:

- Civil works related to storage and processing of raw material
- Processing and packaging equipment
- Transportation related to collection of raw material from RHH and shipment of finished product
- Equipment for energy generation for processing plant
- Equipment related to environmental mitigation

112. The investment supported by P-PC shall assist a minimum of 1 rural household per USD 500 of co-financing e.g. total P-PC co-financing of USD 50,000 should provide direct tangible benefits to a minimum of 100 rural households including 40 poor, women headed or minority households. The direct tangible benefit should be in the form of:

- Rural household sale of raw material to LF
- Rural household receiving training and advisory service
- Rural household receiving production credit
- Rural household formed into cooperatives/associations jointly own intermediary processing/assembly facility for raw material

113. The PSC will be responsible for adopting recommendations for P-PC investments, which will be approved by the PPC. Poor people benefit — income, jobs, value added products, and productivity and market access and gender equality — will be important criteria in investment proposal evaluation, together with commercial viability, environment impact and cost effectiveness assessments. The P-PC programme will be underpinned by a technical, business management, accounting and Information Communication Technology (ICT) capacity building program for District and Commune level businesses with a view to improving their farmer service capacity, profitability and enterprise linkages, both at local level and to upstream quality suppliers and markets. It is recommended that the provincial Enterprise Associations mentor this programme.

Annex 1. TEMPLATE FOR PREPARATION OF VALUE CHAIN STRATEGIC INVESTMENT PLAN (SIP)

Step One: Data Collection

The value chain analysis team first conducts background research on the chosen commodity/crop by reviewing websites and other secondary sources of information. During this phase, the team looks for information such as:

- Importance of commodity/crop to Ha Giang's economy (percentage of GDP, employment in the sector, etc.)
- Global end markets for commodity/crop (demand, trends, potential expansion)
- Ha Giang's position within the Vietnam and global commodity/crop market
- Average size (Ha) of commodity/crop per HH in Ha Giang
- Climatic conditions in Ha Giang for commodity/crop production
- Trade data of import and exports on the commodity/crop in Ha Giang and Vietnam at large.

After a thorough review of relevant secondary sources, the team conducts primary research in Ha Giang through a combination of one or more of the following methods: interviews, focus groups, surveys and observation. Through this process which takes approximately 1 weeks in the field, the team gather more information on the value chain including the actors (HH-farms, SMEs –processors, input suppliers, advisors etc.), relationships between the actors of the chain and factors affecting the competitiveness of the chain.

Step Two: Value Chain Mapping

By using the information gathered during interviews as well as secondary research, the value chain analysis team develops the map of the commodity/crop sector in Ha Giang. Value chain mapping enables the analysis team to visualize the flow of the product from conception to end consumer through various actors, as well as the supporting markets and enabling environment affecting the value chain. The first step is to list all the functions and actors in the value chain.

Who are the actors in the commodity/crop value chain?

- Input suppliers (companies who sell to, farmers' associations and to HH- farmers)
- Producers (HH- smallholder farmers and Poor HH-farmers)
- Small-scale traders
- Small-scale processors –local sale
- Medium/large-scale processors-exporter sale

Functions may be performed by more than one actor, and each actor may perform more than one function. *What are the functions in the commodity/crop value chain?*

- Input supply
- Production
- Trading
- Processing
- Exporting
- Importing

Once they are identified, the functions and actors are placed in a matrix to show who does what. List the functions along the side and the actors across the top and mark the boxes to indicate which actors perform which functions. Once this table is complete, a map can be drawn showing how the product moves from one actor to another and when it passes through the different functions. Based on the map it is possible to establish the cost and margin make-up for each level the produce passes through used as the base line for present distribution of cost and benefits among actors.

Step Three: Analysis of Opportunities and Constraints

The next step is to prepare a table like shown below, list the structural and dynamic factors in the value chain, and then briefly describe the current situation, opportunities, constraints and recommendations for addressing the constraints including tangible How, Who and Financing.

Framework	Situational analysis	Opportunities for Upgrading	Constraints to Upgrading	Recommendation for Upgrading Constraints (How, who and financing)
Structural Elements of the Value Chain				
End market				
Business enabling environment (both soft and hardware)				
Vertical linkages				
Horizontal linkage				
Supporting markets				
Dynamic of the Value Chain				
Value chain Governance				
Inter-firm Relationship				

Step Four: Prepare Brief Sample Business Models for Each Recommended Upgrading showing the expected Results of the Upgrading

This step included technical description of the upgrading, financial analysis, economic analysis listing all the incremental estimated forecasts e.g. increased HH income, number of HH benefiting; job creation; increased export; import substitution; etc.

This step should also include the preparation of a matrix showing the current cost and benefit make-up and profit distribution along the value chain and an evaluation of change in governance after upgrading.

Step Six: Stakeholders Workshop

The stakeholder workshop brings together key actors from various levels in the value chain to vet the findings of the analysis and discuss if the chosen strategy for increasing value chain competitiveness is valid.

NOTE: The SIP should be as precise and concise as possible max 15 pages

Annex 2. Terms of Reference for the Public sector market economy skills training programme

INTRODUCTION

1. This activity will assist Ha Giang government officials to effectively support the provincial government's market oriented development strategy. The capacity building programme will demystify market mechanisms and provide public servants with the skills and tools to implement results-based planning, management, monitoring, reporting and learning within the framework of a market-based economy. The primary target will be village leaders, elected officials of People's Committees and People's Councils, Supervision Boards and technical cadres and members of the mass organisations at commune and district levels;

CONTRACT OBJECTIVES & EXPECTED RESULTS

Overall objectives

2. To make provincial socio-economic development planning and service provision holistic, participatory, climate adapted and market oriented.

Specific objective

3. The specific objective of the assignment is to establish a comprehensive cadre of commune and district level public servants who are familiar with the core principles of market economics and profitable business management.

Results to be achieved by the Consultant

4. The Consultant(s) will be required to design a concise, competency-based training program in market economics and farm and business management, prepare relevant training material and deliver a training programme for Ha Giang commune and district staff in multiple locations in Ha Giang over multiple years
5. The Consultants will:
 - Provide a **Detailed workplan** identifying all major deliverables and associated tasks and their phasing. The plan should be produced using proprietary Programme management software and be in sufficient detail to clearly convey the scope of work that will be performed.
 - Identify and specify the **Consultant Resources** required to implement the consultancy including detailed descriptions of their competencies and functions;
 - Specify the **Costs** of implementing these terms of reference.

Other tasks

6. During the period of the contract, the Consultant shall carry out periodical trainee competency assessments, participate in progress meetings with the client and prepare and meeting minutes to be signed by both parties.

ASSUMPTION & RISKS

7. The following assumption are made:
 - That the Ha Giang government can identify and make available DPI staff who will be trained as Trainers by the Consultant and will support the Consultant-led training programme;
 - that the Ha Giang government is able to make available, on time, groups of commune and district staff for participation in training courses.

Risks

8. The following risks are identified:
- The Ha Giang government is unable to release staff in sufficient numbers or in a timely manner for an efficient training programme;
 - The Programme team does not have the appropriate skills and roles;
 - The proposed Programme design is not functional;
 - The Programme is not completed within the expected timeframe.

SCOPE OF THE WORK

9. The economic training program will transfer the following competencies:
- An understanding the market economy and associated roles of government and the private sector;
 - the economics of supply and demand and impact of market competitiveness;
 - the nature of public and private goods,
 - privatization,
 - the roles of capital, labour and international trade, and
 - the transition from a planned to a market economy.
 - The principles of business and farm management including risk management
10. Gender equality and environment management will be cross-cutting training targets. Staff will also be trained in group organization and leadership, participatory planning, and results based management including effective monitoring and evaluation (M&E) and reporting and feedback to management decision making. Trainees will be introduced to the VC SIPs developed under sub-component 1.1.
11. Training will focus initially on government staff within the Programme communes and, thereafter, be rolled out to all Ha Giang government staff at commune and district level. Outcomes will be assessed through the measurement of trainee capacities during and post training.

REQUIREMENTS

12. The Consultant is required to provide an experienced team of economic and business/farm management experts, including:
- A team leader with a post-graduate qualification in economics or business management and extensive in introducing the principles of economics and/or business management to students;
 - A number (to be specified by the Consultant) of graduate level economics and business management trainers with teaching and tutoring experience;
 - Graduate specialists in gender and development, environment and development and participatory M&E with teaching and tutoring experience.
 - An IT specialist to develop training material including its presentation on the web.
13. It is essential for the success of the consultancy that experts co-operate and consult with each other and the client on a continuous basis in order to achieve the best possible outcome. The technical proposal should include an explanation of how the consultant proposes to establish and maintain teamwork.

REPORTS

Reporting requirements

14. All reports should follow the general reporting requirements to be agreed with the Client at contract negotiations.
15. **A Detailed** workplan shall be submitted to the Client within 15 days from the date The Contract is signed.
16. The **Consultant** shall submit the following technical reports:

No.	Activity	Output (Report Delivery)
1	Training needs assessment	Needs Assessment Report
2	Preparation of training programme	Detailed training manuals
3	Training implementation	Periodic staff competency assessments

17. A **Final Report shall** be prepared at the end of the contract. The settlement of the Final Invoice is subject to acceptance of the Final Report. The Final Report should include:
 - A complete overview of all the activities implemented during the contract;
 - A summary of outputs, and the identification of any major problems, which may have arisen during the performance of the contract; and
 - An assessment of the impact of the Programme measured against the stated Programme objectives and the indicators of achievement.
 - All approval technical reports.
18. An **electronic** format of all reports shall be submitted to the Client written in Vietnamese.

MONITORING AND EVALUATION

19. Programme **monitoring** and evaluation will be based upon periodic assessment of the progress of the delivery of specified Programme results against their targets, and the achievements of the Programme objectives. The nominated performance monitors are:
 1. CPRP Programme Coordinator
 2. CPRP M&E Officer

Annex 3. An approach to MoSEDP development at commune level

MoSEDP Planning Process

Following the principle of grassroots democracy, the commune planning is organized in a participatory way. Especially in initial years, this requires a higher number of stake holder meetings including:

1. First commune meeting for introduction of MoSEDP planning
2. First village meeting for introduction of MoSEDP planning
3. Village sub-groups for elaboration of market opportunity ideas (MOI), informed by the SIP
4. Second village meeting for agreement on village plan and priorities
5. Second commune meeting for preparation of a draft commune plan
6. Commune working group for refinement of draft MoSEDP plan
7. Third village meeting for consultation on the draft commune plan
8. Third commune planning meeting for finalizing and ratifying the commune plan

Step 1: First commune meeting: Introduction to MOSEDP process

Time: ½ day

Organization: A one-day commune introduction meeting is held, chaired by CPC. The workshop is facilitated by members of PCO

The content of the meeting includes:

- Introduction to the CPRP programme (if applicable)
- Introduction to the concept of and tools for market oriented planning including MOI
- Presentation of the participatory planning process
- Agreement on the work agenda for planning exercises at village and commune level

Participants: From each village, one man and one woman (head of the village and of the women union); from commune level: representatives from mass organizations, people's council, cooperatives, and other stake holder groups; and a representative from the PCO.

Step 2: First village meeting: Introduction to MOSEDP planning

Time: 2 or 3 hours

Organization: A village introduction meeting is held, chaired by the village head, and supported by the commune. At the end of the meeting, sub-groups are formed for elaborating MOIs. The sub-groups will work individually in the time until the next village meeting.

Participants: All households are to be invited to the village meeting; at least 40% of participants should be women, and a number of poor households proportional to the total poor households in the village or higher. Participation in sub-groups is open to all households. Poor are particularly encouraged to participate.

Content

- Introduction to the CPRP programme (if applicable)
- Introduction to the concept of and tools for market oriented planning including MOI; explaining the working agenda and steps for participatory MoSEDP planning
- Brainstorming on business and market opportunities in the village
- and how to elaborate MOI in sub-groups; splitting off into sub-groups

Step 3: Village sub-groups: Elaboration of MOIs

Time: individual time arrangement by sub-groups between the first and second village meeting (time span of one week in between).

Organization: The sub-groups which have formed at the end of the last village meeting will individually elaborate MOIs. The DVCMDO will provide facilitation services on demand to help sub-groups in elaborating their MOIs.

Participants: Flexible number of sub-groups with flexible number of participants. This can include existing groups like associations, clubs, saving and credit groups etc., or spontaneously formed groups with common interests.

Content

- **Formation of sub-groups:** Villagers are encouraged to form sub-groups according to common interests: cattle raising farmers, coconut growers, SCGs, CIGs, poor households, carpenters, etc. Groups might already exist like SCG, clubs etc. or be formed spontaneously at the end of the first village meeting. The number of sub-groups is not limited. Participation in the sub-groups is open to all households. Poor are especially encouraged to participate and to form their own sub-group.
- **Situation analysis and planning:** each sub-group will analyse the current situation of their business and develop market opportunity ideas (MOI) on how to improve their existing business or how to develop new businesses. It follows five development areas: Planned results (long term objectives; vision); infrastructure; business and marketing; work force; and finance.
- **Focus on business development.** While areas like infrastructure or labour force development (training) are usually included in most local plans, special attention is to be paid to the area of business development. The facilitator will specifically help the sub-groups to discuss guiding questions like follows:

Expanding existing business

- What products or services are you selling?
- Where do you sell your products?
- Are there other markets, may be in other provinces or export, where the commodity is traded?
- Who are your clients? How do the clients know about your business?
- Do you know what the customers' demands and preferences are?
- How could you reach new customers?
- ...

Identifying new business opportunities (conduct a brainstorming exercise)

- What natural resources do you have in the village which could potentially be marketed (fruit trees, local vegetable, construction material, medical herbs etc.)
- What new ideas are there potentially for new businesses?
- What activities can promote existing and new businesses?

Examples:

- Formation of collaborative groups to gain stronger marketing position in input purchase or selling of products
- Establishing contacts with buyers; engaging in contract farming
- Attracting private investment or public private partnerships into the commune
- Study tour to other market places like super markets in bigger cities

- Study on market potential for new products or unused resources in the commune (like fruits and local vegetables)
- Road improvement for better transport
- **Village plan:** the village management board and members of the sub-groups prepare one list of all the different MOIs.

Step 4: Second village meeting: Agreement on village plan and priorities

Time: 2 or 3 hours

Organization: A village meeting is organized (2...3 hours in the evening) chaired by the village headman with assistance from CPC/VCMDO

Participants: All households are to be invited to the village meeting; at least 40% of participants should be women, and a number of poor households proportional to the total poor households in the village or higher.

Content:

- **Presentation of MOIs:** the speaker of the sub-groups present their MOIs
- **Discussion and amendment:** the MOIs will be discussed by the whole village meeting and are subject to changes accordingly. All participants are encouraged to raise comments and also new additional ideas to be included.
- **Infrastructure:**
- **Priority setting:** Finally, the updated list of MOIs will be ranked according to the priorities of all participants. For each MOI, the participants vote (by raising hands or by secret polling) and the number of votes are recorded (total, man/women, poor/non-poor). There should be a clear focus on pro-poor and market orientation.
- **Ratification of the village plan:** the ranked list of MOI presents the village plan. It will be ratified by the village meeting and signed by the head of the village.

Step 5: Second commune meeting: Preparation of draft MoSEDP plan

Time: 1 day

Organization: Chaired by the CPC, a one day commune workshop is organized to collate all MOIs and infrastructure requirements from the villages and to integrate them into a first draft commune plan. 2 Pinboards, A0 paper and small paper cards are needed to properly facilitate the collection and sorting of the different ideas.

Participants: From each village, one man and one woman (head of the village and of the women union); from commune level: representatives from mass organizations, people's council, cooperatives, and other stake holder groups; and a representative from the PCO.

Content

- **Compilation of marketing ideas:** MOIs of all villages are exposed on A0 paper in the commune centre and participants are encouraged to study and discuss the proposals.
- The facilitator helps the plenary to prepare a list of the MOIs of all villages on pin board. MOIs which are mentioned by several villages will be merged; overlapping ideas will be clustered and sorted.
- The facilitator encourages the villagers to jointly think about new ideas, i.e. potential opportunities which are not yet pursued in the village.
- The collection of MOIs are cleared up and transcribed to a clean list. MOIs are then discussed one after another in more detail. For this, the villagers rank the order in which to discuss the MOIs.

- **Joint elaboration of MOIs:** On pin board ideas are then collected on how to improve the respective business in the commune. This includes activities for development of organization, infrastructure, business, work force, and finance. In an open discussion, all participants are encouraged to contribute their ideas, e.g. in writing on small paper cards.
- **Search for new business ideas:** The facilitator conducts a brain storming exercise to encourage as well new and unusual business ideas (products of small quantities; local specialities not yet marketed; products for niche markets – for smaller market segments but with potentially high gross margins etc.).
- **Infrastructure:** MOIs often include as well infrastructure schemes, which then appear in the planning tables under Production and Business Plan.
- **Priorities:** finally, the meeting again gives a voting which MOIs they consider more important. Criteria for the priority ranking are: pro-poor orientation; market orientation; the priority ranking is not necessarily the final one but should serve as orientation in case the requested IMPP support exceeds the ceiling.
- **Note:** all MOIs are kept in a long list, even if they cannot be supported through the MoSEDP budget.

Step 6: Commune working group: Refinement of draft MoSEDP plan

Time: 1 to 2 weeks

Organization: For around 7 days, commune officials under the lead of the CPC will refine the draft commune plan with support from VCMDO. In this time, the team also consults with enterprises and other relevant organizations and VBARD etc.

Participants: CPC, PCO, representatives for the poor.

Elaboration of Production and Business Plans by the commune working group

- After the commune workshop, a commune working group will further elaborate on the MOIs proposed and ranked during the commune meeting.
- **Production and Business Plans:** A range of activities is required to upgrade the MOIs to Production and Business Plans; this might include drawing conclusions from high-profile market studies, analysis of value chains, consultation with enterprises and organizations, estimation of cost and benefit of the planned interventions, and a closer analysis of the expected benefit for the poor, especially with regard to income from improved marketing, reduced production cost, improved employment situation etc. As these activities are time consuming, up to 6 working days are required for their careful completion.
- The format for Production and Business Plans builds on a framework for local economic development with five development areas: Planned results (long term objectives; vision); infrastructure; business; work force; and finance. Situation analysis and planned activities for each Production and Business Plan will be analysed along the guiding questions in the five areas.
- **Focus on marketing.** Among the five areas, the most important one to focus on is business development. Guiding questions to answer include:
 - Where do you sell your products now? To whom? How much? To which price?
 - What are the trading conditions? What might be the alternatives? How could the business be improved?
 - Are there any ideas on new business and marketing opportunities?
 - What advantages would there be in forming collaborative groups in terms of stronger market position?
 - How could the proposed activities and business ideas be financed? What other options are there than the IFAD funded MOSEDP Budget; e.g. own contributions, private investment, linking with enterprises, public private partnership, credit, other funding agencies like NGOs, etc.?

- **The draft commune plan** is then finalized following the format given in Annex 1.

Output: The draft MoSEDP plan contains 1) a narrative with situation analysis, plans, and description of Production and Business Plans; 2) corresponding planning tables, and 3) an Annex with all MOIs, including those which are not included in the MoSEDP plan.

Activities to be financed by CPRP need to meet the Programme eligibility criteria.

Submission of draft commune plan to the villages

The draft MoSEDP plan will be submitted in copy to the villages for comments at least 10 days prior to the subsequent commune planning meeting. This time is required for village representatives to consult with villagers and prepare comments, to clarify issues with higher levels or bank and loan issues before going into the official commune planning workshop.

Step 7: Third village meeting for consultation on the draft MoSEDP plan

Organization and participants: the head of the village calls for a meeting either with all households or only with a core group existing of the speaker of sub-groups of the first village meeting.

Content: reviewing the draft commune plan whether village priorities are properly reflected; checking appropriateness of the draft plan for poverty reduction; agreeing on issues to be raised and priorities and village interests to be defended by the village representatives during the forthcoming official planning meeting in the commune.

Step 8: Third commune planning meeting for finalizing and ratifying MoSEDP plan

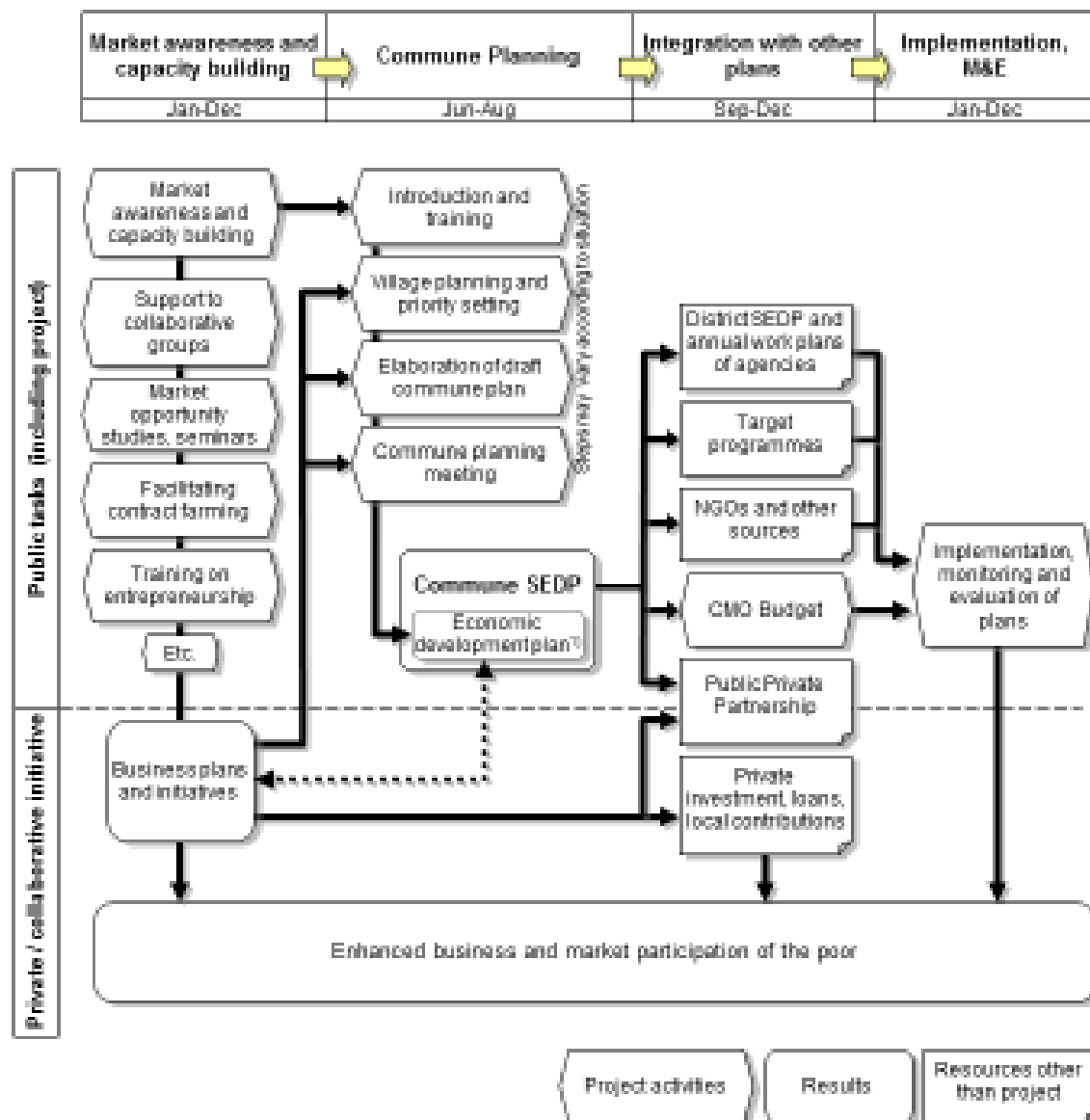
Organization: A one-day workshop is organized in the commune, chaired by the CPC and with participation of all relevant stake holders for finalizing the MOSEDP plan. Invitations are to be sent to all stake holders 10 days before the meeting at the latest.

Participants: Democratic representation from all relevant stake holder groups. From village level: each one man and one woman (usually the head of the village and of the women union); from commune level: representatives from mass organizations, people's council, cooperatives, and other stake holder groups; representatives for the poor.

The purpose of the meeting is to discuss and revise again the draft MoSEDP and to democratically decide about the final version.

This participatory meeting is important to establish democratic legitimacy of the plan. The final version of the MoSEDP plan will form the basis for subsequent allocation of funds for plan implementation. The final version will be signed by: CPC, Commune Women Union, and the PCO.

MoSEDP Flow Chart



¹Economic development plan: part of the commune SEDP, market orientated and aligned with private business ideas:

- 1) enabling environment (competitive advantages)
- 2) specific value chains (promoted by the province)
- 3) support to individual / collaborative business initiatives

Annex 4. Terms of Reference for the Technical Advisory Group

1. An inter-departmental Technical Advisory Group (TAG) will be established at the provincial level to guide the CBA/CBDRM process. The TAG, which will comprise representatives of DARD, DoNRE, DoST and DPI, will be responsible for:
 - establishing an end user reference/stakeholder group to identify adaptive needs and evaluate adaptive technologies;
 - engaging the provincial agriculture centres in the development of the PAR and adaptive research programmes;
 - based on the SIP results, identifying key knowledge gaps/constraints for improved production and productivity in selected commodity chains, prepare appropriate applied research proposals for their redress, review submissions and make recommendations to the PCO, and monitor research implementation;
 - through participatory action research, identify, evaluate and promote appropriate endogenous adaptation responses being practiced by smallholder farmers, as well as test and promote resilience building measures identified by communities and sub-sector experts.
 - coordinating a programme for forage inclusion into farming systems in Ha Giang based on successful models elsewhere in Viet Nam (Bac Kan) and regionally (Thailand, Nepal);

Annex 5. Terms of Reference for an International Forage Specialist.

Job Title:	Forage and Seed Production Advisor
No. of positions:	1
Duration:	5 person months over 4 years
Recruitment:	International
Reports to:	Programme Coordinator on operational matters and Directors DARD on technical matters

Purpose

1. To strengthen the capacities of the Programme Coordination Office (PCO) and DARD/DoNRE/DoST to implement and oversee a climate smart forage development programme, it is proposed to hire a Forage and Seed Production Advisor for a period of 5 person months over 4 years. The location will be Ha Giang, with at least 50% field travel. In collaboration with the CPRP TAG, the Forage and Seed Advisor will:

Key Responsibilities and Duties of the International Technical Advisor

2. Maintaining a good understanding of the technological, operational, institutional and other innovations and good international practices on forage and forage seed development in the region and globally, the responsibilities include (but are not limited to) the following:
 - (a) Advise the PCO on the logical and effective implementation of activities under Sub-component 1.3. – Climate adapted technology tested and developed;
 - (b) Identify, nationally and internationally, available forage varieties with potential for integration into smallholder farm cropping and livestock systems in Ha Giang, including varieties suitable for forest land reinforcement;
 - (c) identify and support implementation of opportunities for improved pasture management by smallholder farmers, both individually and through group action, and propose investments for their realization;
 - (d) propose and support implementation of strategies for smallholder farmer and farmer group conservation and storage of planted fodder;
 - (e) identify and support implementation of strategies for smallholder farmer-based forage seed and vegetative material production to jump-start Programme forage interventions, including a view to the future commercialization of such strategies;
 - (f) assist the DARD to prepare a forage manual for use by technical support staff and farmers;
 - (g) Identify the capacity building needs of different implementers and advise on how these needs can be addressed to ensure their effectiveness in terms of Programme outcomes;
 - (h) Support the PCO in developing appropriate strategies to inform potential partners of available Programme support under Sub-component 1.3;
 - (i) Advise the Programme on the best learning options for study tours and exchange visits;
 - (j) Coach, mentor and train the DARD staff in all aspects of sustainable forage and forage seed production in general and sub-component 1.3 implementation in particular;
 - (k) Support DARD staff in a timely manner in the preparation of their contribution to the Programme APWB and annual procurement plan;
 - (l) Advise the CPRP on training opportunities and exposure opportunities;
 - (m) Support the PCO and DARD to build collaboration with the private sector;

- (n) Attend meetings/workshops under the Programme and offer advice/technical opinion with special focus on those that may affect Sub-component 1.3 performance;
- (o) Advise the DARD on new developments about innovations in sustainable forage and forage seed production and forage-based animal nutrition and best practices.

Qualifications for the International Technical Advisor

3. Formal academic qualification in agriculture or natural resource management with at least 10 years at a senior level in sustainable forage and forage seed production in a developing country, including in S.E Asia. S/he should have extensive exposure to participatory processes at smallholder level and in the regulation of forage genetic material. Experience with institutional strengthening and/or innovation in agriculture and livestock agencies will be an added advantage.
4. The person should be mature, team oriented professional with good analytical and good communication – able to make easily understandable technical inputs on sustainable forage and forage seed production and distribution. He/She should be able to strike rapport with personnel at different levels, including policy makers, international organizations and other stakeholders. A strong self-motivated individual working with no or minimal supervision and able to travel to the rural areas and meet tight deadlines. The person should have excellent skills in written and spoken English and be fully conversant with computer use.

Minimum Qualifications

- MSc in agriculture or natural resource management or similar discipline;
- At least 10 years of practical experience in sustainable forage and forage seed development, of which at least 5 years working and living in developing countries;
- Good understanding of livestock and forage production systems in developing countries and S.E. Asia and Viet Nam in particular as well as extensive exposure to innovations;
- Excellent knowledge of innovations (in forage species and production systems, including sustainable seed production) worldwide.

Proposed Selection Criteria and Maximum Scores

No.	Criterion	Maximum score
1	MSc or higher qualification	10
2	Length and variety of practical experience in sustainable forage and forage seed production at smallholder and commercial levels	20
3	Depth of familiarity with the respective core knowledge with respect to: <ul style="list-style-type: none"> • Sustainable forage production by smallholder farmers; • Sustainable production and distribution of forage seed and vegetative planting material; • Practical experience in animal husbandry and nutrition;: • Participatory development of forage and seed production programmes in developing countries 	20 20 10 10
4	Experience with Programme management, in particular those funded by International Finance Institutions	10
	TOTAL	100

Annex 6. Terms of Reference for an International Senior Rural Finance Expert.

Job Title:	Senior Rural Finance Expert
No. of positions:	1
Duration:	5 person months over 5 years
Recruitment:	International
Reports to:	Programme Coordinator on operational matters and Women's Union on technical matters

Purpose

1. The Programme will internationally recruit a short-term Senior Rural Finance Expert to support the effective implementation of the rural finance, competitive co-financing and business linkage activities of CPRP.

Key Responsibilities and Duties of the International Technical Advisor:

2. The overall task of the Senior Rural Finance Expert is to support the implementation of the rural finance, competitive co-financing and business linkage activities of CPRP so that the development objectives of these activities are achieved. Within this overall objective, the specific tasks of the Senior Rural Finance Expert include:
 - a) Review the Annual Work Plan & Budget of the WU for the SCG activities and support the WU to ensure that all plans are properly designed, implemented and monitored according to specified deadlines and within the allocated budgets.
 - b) Conduct a detailed review of the WU's progress in the management of the SCG activities and make practical recommendations on how to improve implementation performance.
 - c) Review the WU's plans and progress in the transformation of the SCG network into Social Fund and later to an MFI and recommend actions to be taken to ensure that transformation progresses as envisioned in the CPRP design documents.
 - d) Assist with connecting the WU to appropriate institutions to ensure that its senior staff are well informed about the SCG transformation process and the related regulations in Viet Nam.
 - e) Review the progress of CPRP in its objective to leverage capital from the financial market to focal agricultural community chains and directly negotiate with financial institutions, the provincial guarantee fund, agro-companies and farmers' organisation to promote increased agro-financing operations in Ha Giang.
 - f) Assist the CPRP management in the planning and implementation for the Provincial Agro-financing Workshops.
 - g) Review the progress in CPRP's business linkage operations in general, and the competitive co-financing support activities in particular, and make practical recommendations on how to make the business linkage building more effective.
 - h) Assess the performance of the Rural Finance Specialist, the Rural Finance Officer and the district-based Value Chain and Market Development Officers and make recommendations on how to further develop their working methods to achieve higher levels of agro-financing and more effective business linkages in the CPRP supported commodity chains.
 - i) Assess the overall performance of the CIG competitive co-financing scheme and make recommendations for more appropriate working methods and scheme procedures.
 - j) Assist the CPRP management in establishing and operating of appropriate monitoring, evaluation and reporting systems for rural finance and business linkage promotion activities.
 - k) Carry out any other task determined by the Programme Coordinator in support of the CPRP's rural finance and business linkage promotion operations.

Qualifications for the International Technical Advisor

3. The Senior Rural Finance Expert will hold a university in Business Management, Finance, Economics or a related field. S/he will have a minimum of 15 years of work experience at senior level of banking and rural finance operations and business promotion, with at least 10 years of senior level experience in commercial banks and registered MFIs in developing country environments. Wide global exposure to modern ways of organising rural finance and business promotion support is a critically important requirement for the successful candidate, also including experience from similar types of development initiatives elsewhere in Viet Nam. Sensitivity to gender issues and previous experience of working with women's programmes in Viet Nam will be additional merits for the position, as well as excellent oral and written communication skills in English.

Minimum Qualifications

- MSc in Business Management, Finance, Economics or a related field;
- At least 15 years of work experience at senior level of banking and rural finance operations and business promotion, with at least 10 years of senior level experience in commercial banks and registered MFIs in developing country environments.;
- Good understanding of microfinance systems in developing countries and S.E. Asia and Viet Nam in particular;
- Excellent knowledge of innovations (in banking and microfinance) worldwide.

Proposed Selection Criteria and Maximum Scores

No.	Criterion	Maximum score
1	MSc or higher qualification	10
2	Length and variety of practical experience in rural micro finance scheme development	20
3	Depth of familiarity with the respective core knowledge with respect to: <ul style="list-style-type: none"> • The development of rural financial institutions, particularly microfinance institutions; • Sustainable microfinance service delivery to smallholder farmers; • Experience in small and medium business development • Experience in working with women-led groups 	20 20 10 10
4	Experience with Programme management, in particular those funded by International Finance Institutions	10
	TOTAL	100

Appendix 5: Institutional aspects and implementation arrangements

A Introduction

1. Ha Giang provinces will start implementation of CPRP with a distinct advantage, having implemented an earlier IFAD project, namely the Decentralized Project for Poverty Reduction (DPPR). The project has left a strong positive assessment of its impact on the decentralization of project investment to commune and village levels, increasing the participation of beneficiaries and enhancing the ownership of local authorities, as well as promoting grass-root democracy in poverty reduction. The project has promoted market linkages and enhanced collaboration between farmers through savings and production groups.

2. The results from the DPPR demonstrated that the participatory approach and decentralization to commune and village level, as well as the pro-poor market-based approach, including socio-economic development planning (SEDP) at commune and district level was feasible and should be expanded. SEDP facilitates beneficiary, community and private sector service providers' participation in the whole planning process, from needs identification, prioritization, planning, and implementation to monitoring and evaluation. The Provincial Programme Management Board established by the PPC has placed considerable emphasis on the success of the decentralized, market-based approach and expressed their strong support for the replication of this model for the strategic management of CPRP. At the same time, it was agreed during CPRP formulation that the government staff would require significant training in market economics and private sector development to move from participatory to a more market oriented SEDP application (MoSEDP), in support of CPRP implementation.

3. The organizational and management structure proposed for CPRP is based on the lessons learnt under the previous project, which can be summarized as follows:

- a) TORs specifying positions, roles and functions of the Project Steering Committees and Project Coordination Units at all levels and their reporting system are critically important to ensure the project implementation performance in its early stage;
- b) Lack of participation of the private sectors in decision making processes, such as in meetings of the PSC and the PCO and planning workshops, led to poor effectiveness of the project's efforts in development of value chains and private sector partnership;
- c) Financial management mechanism and flow of funds for all outputs and activities should be clearly specified in the project design and project implementation manual (PIM);
- d) Prescribed positions for project management units at all levels left little room for flexibility of decisions based on actual demand vs. human resource availability;
- e) IFAD project management should not create different systems, parallel with the existing local institutional setup. This led to higher recurrent/overhead cost due to the establishment of many additional management boards with substantive numbers of full time and part-time staff requiring monthly salaries and allowances;
- f) The complicated structure of outcomes, lead agencies and co-implementing agencies at the province level has slowed early project implementation due to unclear roles and responsibilities among provincial agencies;
- g) The project capacity building interventions should focus on improving public services at the district and commune levels to ensure effective decentralization;
- h) The project lacked sufficient tools to ensure performance accountability and competition amongst the project districts and communes;
- i) Coordination and information sharing between IFAD projects and other donor-funded and NGO projects was not adequately managed and should be identified during the project formulation and negotiation;
- j) Project M&E systems were quite robust in terms of generation of timely and sufficient data but remained weak as a management tool for planning, strategizing and implementation;
- k) Poor cooperation/coordination among IFAD projects in the same region in terms of market linkages, value chains and private sector partnership should be addressed.

4. This annex outlines a programme management system that will meet the objectives of the Programme through replication of the successful approaches generated by DPPR, while incorporating the lessons learnt from this and other IFAD projects in Viet Nam.

B Programme Strategic Management

5. In general, the Programme will adopt similar implementation arrangements to those used for the previous IFAD project, incorporating the operational and managerial experience and lessons learned as detailed above., Outcome 3 – Programme Management is designed to maximizing Programme effectiveness and efficiency through the implementation of the following principles:

- a) The Programme management structure will adhere to the current structure of local institutions, building capacity to address poverty through market-based approaches, but these will now also incorporate climate-smart criteria to enable an effective response to the need for CC adaptation;
- b) The Programme will decentralize its resources to the commune and village levels while mobilising private participation and strengthening public market and value chain development service providers;
- c) The Programme will focus its support in the identified 30 priority communes using the agreed criteria for selection;
- d) Application of the “learning by doing” approach to introduce innovations to communes and promoting replication on increasingly larger scales when concepts are effectively proven;
- e) Mainstreaming the participation of the private sector throughout the planning, implementation, monitoring and evaluation of the Programme activities; and
- f) Strict implementation of IFAD policies and guidelines in result-based Programme management.

6. The proposed CPRP management and oversight is consistent with the Government regulatory framework for ODA management as specified in the Government’s Decree Number 131 issued in 2006 and the MPI Circular Number 03/2007. The Province Peoples’ Committee (PPC), District Peoples Committees (DPC), and Commune Peoples Committees (CPC) will have overall responsibility for program management and coordination of all departments and other agencies at their respective levels for implementation of the Programme.

7. **Provincial Peoples Committee.** According to Decree 131, at the province level, the Ha Giang Provincial Peoples Committees (PPCs) will be the Programme Coordination Agency (Co quan chu quan). The PPC will establish a Programme Steering Committee (PSC), which will assist the PPC in leading government agencies, mass organization, private sectors and communities at all levels to ensure achievement of the Programme objectives.

8. In line with government regulations, the PPC is also the Programme Owner (Chu dau tu). Oversight to ensure adherence to Government of Vietnam’s policies and norms and the IFAD Loan and Grant Agreements will be provided by the PPC. In accordance with the Circular 03/2007 of MPI on ODA Programme management, the PPC will issue a Decision on the establishment of the Programme Coordination Office (PCO), referred as Ban Quan Ly Du An under Decree 131. The PCO reports to the PPC and acts on its behalf to ensure coordination among all the involved stakeholders, including the provincial agencies, districts, communes, the private sector and the NGOs. The PCO, operationally and financially, manages the day-to-day implementation of the Programme.

9. **Programme Steering Committee (PSC).** The PSC is established by the PPC to inform the PPC on overall execution of Programme implementation and ensure effective coordination/integration/cooperation among all government and donor-funded Programmes. The PSC will be led by the PPC Chairman (or a Vice-Chairman), comprised of Directors or Vice-Directors of concerned line-departments and Chairpersons of mass organizations and representatives from the private sector. The PSC will inform the PPC on matters concerning the strategic management of the Programme, including the decisions such as appointment of the PD and Deputy PD, approval of the PIM, annual work program and budget (AWPB), and other decisions related to the Programme coordination, orientation and mobilization of resources. The PSC will invite the Chairman of the Provincial Enterprise’s Association and two Directors of private companies that have significant cooperation with farmers in the Programme area to join the PSC. The PSC will need to ensure that CPRP experience be replicated under the national and provincial programmes and projects. The PSC

will meet on a quarterly basis to coordinate Programme implementation, guide planning, review progress based on the information from the M&E system, make recommendations for any modifications of AWPB as needed, and ensure cooperation among agencies and levels for the coming quarter. (Detailed ToRs for the PSC can be found in the Appendix 5, Annex 1)

10. **Programme Coordination Office (PCO):** A PCO will be established to assist the PSC in coordination of the provincial agencies and in actual management of government's and IFAD resources. The PCO will report directly to the PSC and act as an advisory body of the PPC and secretariat of the PSC. The PCO is established at the administrative level equal to a provincial department. The PPC Decision on the establishment of the PCO and TORs of the PCO should ensure that the PCO function on behalf of the Programme Owner, the PPC. Furthermore, the PPC will ensure that the PCO is to assist the PSC in coordination of all line agencies, relevant donor funded initiatives and other stakeholders to implement the multi-sector integrated rural development Programme.

11. The mandate of the PCO will be to ensure: (i) coherence of the Programme approaches and strategies, and integration among Programme activities in order to produce the Programme outcomes, outputs and impact; (ii) coordination and synergy of the co-implementing agencies (DARD, DoNRE, DPI) and technical service providers, and the district and commune level agencies, and grassroots communities; (iii) mobilization of resources from the private sector, mass organizations, professional associations, research institutes, technical units and non-government organizations; (iv) contracting of suitable service providers to undertake various forms of research, studies, technical assistance and training (co-implementing agencies will mostly manage these providers); (v) accountable management of IFAD and Government's resources, including preparation of PIM, AWPB, procurement plan, selection of technical assistance and audit service providers, establishment and operation of M&E system, and other functions of the operational and financial management of the Programme; and (vi) knowledge sharing and policy development, in collaboration with co-implementing agencies. ToRs for the PCO are detailed in Appendix 5, Annex 2.

12. Each PCO will include 25 staff as detailed in Table 17 below.

Table 17. Key positions of Programme Coordination Unit

Position	No.
Programme Director	1
Programme Deputy Director	1
Strategic Management Section	
SEDP Planning Officer	2
Senior M&E Officer	1
M&E Officer	1
Knowledge Management Officer	1
Rural Finance Officer	2
Capacity Building Officer	1
Commodity & Value Chain Development Officer	2
Community-based adaptation and DRM Officer	1
Infrastructure Development Officer	2
Financial Management Section	
Chief Financial Officer/Chief Accountant – Head of Section	1
Accountant	3
Cashier	1
Administration Section	
Administrative support officer	2
Interpreter	1
Security Officer/office support	1
Driver	1
Total	25

(TORs of the major positions at the PCO can be found in Appendix 2)

13. The **Programme Director (PD)**, who should have solid experience in working for a previous IFAD-supported Project/Programme, will lead the PCO. It is recommended that the PD shall be identified prior to Programme final design, planned for April 2014. The PD shall be fully involved in the Programme design and negotiation to master the Programme's new approaches and receive proper training from IFAD on new policies and management skills. The PD, as the Head of PCO, will work full-time for the Programme, and will have no additional responsibilities within any other provincial department. The major responsibilities of the PD will be to ensure that the involved provincial agencies, districts, communes and villages carry out the Programme activities in line with the Programme approach, operating schedules and procedures. The PD will be provided with adequate executive authorities and accountabilities through a Decision of the PPC. The PD will also act as Secretary of the PSC and will execute the PSC decisions on its behalf. ToRs for key Programme staff are detailed in Appendix 5, Annex 3.

Programme Management at District Level

14. **District Peoples' Committee (DPC).** At the district level, the DPC will be responsible for coordination of the Programme activities and integration with the organizational structures and mandates of the line agencies and mass organizations at the district level. The DPC Chairman (or Vice-Chairman) will be appointed to be responsible for the coordination of Programme activities with support of a District Support Team established by the Programme. Under guidance of the DPC, and with technical support from DARD and other province departments, the District Planning and Finance Section (DPFS), District Agriculture and Rural Development Section, the District Agriculture Extension Station, the District Trade and Commerce Section, the District Plant Protection Station, the District Veterinary Station and the other concerned district sections will implement the Programme with their institutional mandates. The CPRP will employ district technical advisors in numbers proportional to the number of underlying communes and level of Programme support at commune level.

15. **District Support Team (DST).** To assist the DPC in coordinating Programme activities the DST will be established directly under the DPC. . The DST will not have Programme management or implementation responsibilities since these will be assigned to the relevant district technical sections. The role of the DST will be to assist DPC in: (i) overall coordination of activities; (ii) M&E and supporting the DPC on compilation of reports; (iii) ensuring effective integration of capacity building activities; (iv) coordination of market and value chain activities and management of the technical assistance activities; and (v) assisting the CPCs with Programme implementation. The DST will be directed by the appointed DPC Chairman or Vice-chairman and consist of a fulltime District Coordination Assistant and a fulltime M&E Officer cum Accountant.

16. **Programme Management at Commune Level.** The CPC will be accountable for the Programme implementation at the commune level. The commune's chairpersons, accountant and cashier will receive a Programme management allowance in line with government policy. The Programme will commence in the 30 selected communes in the first Programme year. To the extent possible, Programme implementation will be decentralized to the CPCs, which will receive substantial training to develop their capacities. The MoSEDP process will guide Programme implementation at Commune level, including incorporation of climate-smart agriculture principles within value chain development. At the village level the Programme will utilize the VDB established under the NTP-NRD, building on the experience of similar structures under the DPPR. The VDB is assigned to mobilize communities of the village in MoSEDP planning and implementation including an integrated approach to the selection of pro-poor value chains and livelihood support activities, infrastructure schemes implementation and maintenance, development of SCGs and CIGs and the other community initiatives. VDBs should have at least: 30% female membership and 30% membership from DoLISA registered poor households.

17. **Village Development Boards:** VDBs are the managers of CPRP infrastructure and service delivery projects at village level. VDB establishment will follow NTP-NRD procedures, however, in Programme communes, VDBs will include a minimum of 30% women and 30% DoLISA registered poor household representatives.

C. Programme Contracting

18. As a general principle, CPRP will use output-based contracts as a basic tool for service delivery. An 'output based' contract is an agreement between the Programme and a service provider which would be managed by the PCO, CPC, or, for community level service delivery, the VDB, creating a relationship for the delivery of services or products. The driving force behind the contract is that it focuses deliverables in measurable terms, rather than checking that the activities have been undertaken, or assessing the service delivery methodologies. This signals a move from payments for inputs or activities (e.g. completing a training workshop) to payments for a tangible measurement of the results from such activity. For example a tangible measure of a training program would be farmers applying some of the knowledge and skills attained on their farms to provide some measurable benefits.

19. The main advantages of output-based contracts are:

- Simplicity in administration as payment is based on delivery of specific milestones and milestone deliverables based on an agreed price, rather than on acquittal and reconciliation of all expenditure receipts.
- Risks of non-performance are reduced as if milestones are not delivered, no payment is made.
- Definition of milestones based on Programme objectives and outputs makes measurement of impact much easier.

20. The main difficulty of output based contracts is the increased effort required to define and agree the milestones, deliverables and price. Milestones have two parts (i) milestone definition and (ii) milestone deliverables. It is easier to define milestones and deliverables for infrastructure contracts than for service delivery contracts (especially "soft services" such as extension where impacts are dependent on the recipients of the service making a decision to change or adopt).

21. Output-based contracts are lump sum. There is agreement on price for service delivery and the contract specifies that price and payment schedules. For the contract owner the key task is to ensure value for money. Once this has been achieved almost all the risks are borne by the service provider. If the service provider can provide specified services at a lower price then there is additional profit to be made. However the reverse applies if the service provider costs are higher than the agreed price (budget). An example of an output-based service delivery contract is detailed in of Appendix 5 Annex 4.

22. Service Providers will be required to self-monitor the implementation of their contracts. In general this will require delivery of Milestone Reports by the service provider to trigger milestone payments and VDBs to inspect and provide assurance to the CPC that Programme milestones and deliverables have been completed to an acceptable level. In doing this the VDB will sign a Statutory Declaration to the CPC that the VDB as Programme manager is satisfied that the service provider has delivered the milestone deliverables to the standard required. The Statutory Declaration, signed by the VDB Chairperson and witnessed by 2 VDB members (at least one from a DoLISA registered poor household) provides the trigger for milestone payments.

23. Statutory Declarations for Milestone payments will be delivered to the CPC within two weeks of Milestone completion. Where delivery dates are delayed the VDB will advise the CPC of delays, reasons for delay, possible implications of delays and actions taken to ensure Milestones delivery.

24. Service Providers are responsible for evaluation of the benefits the investment (infrastructure and service delivery). The process is to establish baselines prior to the commencement of the project and at the end of the Programme the changes in relation to the baselines will be documented. Programme Baselines and Programme Validation Reports (comparing socio-economic baselines to end of Programme status) will be payment milestones. Simple formats for baseline surveys of all Programme beneficiaries will be developed as a template for infrastructure and service provider projects and trained District Agro-forestry Extension Station staff will assist Service Providers to tailor the standard template to their project. Service Providers may appoint (sub-contract) expertise (e.g. key farmers) to undertake baseline and project completion socio-economic surveys.

25. Trained evaluators will conduct an impact evaluation of at least 15% of all service delivery projects. Methodologies for impact evaluation will be developed by national extension specialists, but must include key evaluation criteria (relevance, effectiveness, efficiency, impact and sustainability).

For service delivery contracts where financial information is available from baseline and end of Programme surveys estimates of benefit – cost ratios should be attempted.

D Development and Training

Orientation Workshops and Training Sessions for Programme Management Staff at all Levels:

26. Appendix 4 details key training workshops that will be held for management staff at all levels on Programme management topics, including, AWPB preparation, M&E system and RIMS, and financial management and procurement. Orientation training sessions will also be held on the Programme approach, outcomes and implementation methodology, community participation/social mobilization, targeting, selection criteria, socio-economic survey, market oriented development and the MoSEDP, resource and constraint analysis, livelihood analysis, participatory impact assessment, participatory development, financial and administrative decentralization, communication skills, gender, business and farm management, etc.

27. **Staff Development and Training for the PCO.** The Programme management faces three main challenges:

- a) Insufficient understanding of pro-poor market led development;
- b) Limited capacity for developing and strengthening a pro-poor climate- and disaster risk-adapted management approach; and,
- c) Limited awareness of SMEs and farmers and farmer’s groups in business planning and development.

28. The Programme management therefore should include:

- a) Investing in capacity building in the first year to build a solid foundation for effective market led development, especially for the district and commune levels;
- b) Engaging NGOs and private service providers to build up demonstration models in pilot communes and replicate them through a “learning-by-doing” process; and,
- c) Drafting user-friendly manual/guidelines at the initial stage to enable and promote wide use of Training of Trainers (TOT) methodology, including using key farmers, during implementation.

29. Important elements of the leadership training programme will include:

<p>Unit 1: Market Economy Management Concepts</p> <ul style="list-style-type: none"> • Roles of State Agencies and the Private Sector; • Public-Private Collaboration in Agriculture and Rural Development; • Competition and agriculture competitiveness; • Technical and non-technical trade barriers: Agriculture regional and international trade agreements (WTO/AFTA); new trade and financing instruments etc.; • Markets-oriented local economic development planning – concepts and techniques; • Programme-based interventions in commodity and Value Chain planning and development; • Business and farm management principles, including risk management; • Methods and Skills: accessing and utilizing research and data sources on markets and commodities; data-base and spread-sheet applications.
<ul style="list-style-type: none"> • Practical Assignment: Compilation of background data on selected agriculture products and markets.
<p>Unit 2: Market and Value Chain Assessment</p> <ul style="list-style-type: none"> • Knowledge: new market trends (e.g. safe agriculture products, organic production); certification systems and standards for agriculture products (national and international); understanding ‘market barriers’ (economic and institutional), etc.; • Methods and Skills: market and value chain assessment methods; identification of

viable market opportunities.

- Practical Assignment: Analytical studies on selected agriculture products.

Unit 3: Program Planning for Developing Viable Market Opportunities

- Knowledge: review of policy and regulatory environment for agriculture market development in Vietnam; incentive mechanisms for promoting agricultural markets; models of P-PC in agriculture and its support policies and measures;
- Methods and Skills: feasibility assessment and economic appraisal of market investment proposals; program planning tools; private investment promotion and business planning skills, etc.;
- Applying CPRP resources to achieve a holistic approach to value chain development in Ha Giang.

Unit 4: Community-based Adaptation and Disaster Risk Management Planning

- Use of PAR to strengthen the evidence base of indigenous community adaptation to CC;
- Participatory Scenario Development (PSD), vulnerability assessments and land-use planning using geospatial data systems for developing the commune and district level plans;
- Village-based program of climate vulnerability and capacity, gender and power analysis;
- Participatory development of a local vision (mapping) of the potential for development and use of natural resources.

Unit 5: Cross-cutting Issues

- Gender awareness and Gender in development
- Environment impact assessment.

Annex 1 - Terms of Reference: Programme Steering Committee

Programme Steering Committee

1. **Mandate:** The PSC is established by the PPC to ensure overall execution of the Programme and effective coordination/cooperation among and coherent inclusion of the government agencies, mass organizations and the private sector. The PPC will serve as the decision maker for strategic management of the Programme, such as appointment of the Programme Director and Deputy Programme Director and approval of the Programme Implementation Manual (PIM), Annual Work Plan and Budget (AWPB), Value Chain Strategic and Development Action Plans and other decisions related to the Programme coordination, orientation and mobilization of resources.

2. **Composition:** The PSC members shall include

Chairman of PSC:	Chairperson or Vice-Chairperson of the PPC
Member/Secretary:	Programme Director,
Members:	
	Director, Department of Planning & Investment
	Director, Department of Agriculture and Rural Development
	Director, Department of Finance
	Director, Department of Trade and Industry
	Director, Department of Labour, Invalid and Social Affairs
	Chairwoman, Provincial Women's Union
	Chairperson, Provincial Farmers' Union
	Chairperson, Provincial Enterprise's Association
	Chairperson, District People's Committees of the Programme districts
	Two representative Directors of agriculture business enterprises working in Programme districts

3. **Functions:** The main responsibilities of the PSC, to be duly notified through a Decision of the PPC, will be:

- a) Ensuring complementarity between the Programme and other externally/internally financed Programmes/programs and efficient use of Programme funded financial and manpower resources;
- b) Providing a supporting policy framework and guidelines for efficient Programme implementation;
- c) Soliciting/proposing new regulations and policies for PPC approval, where needed, to ensure implementation of the Programme, especially in regard to the institutionalization of market-oriented decentralized participatory local socio-economic development planning and improvement of the enabling business environment for private sector engagement in agriculture and rural development;
- d) Reviewing and approving annual work plans/budgets for the Programme;

- e) Recruitment/appointment of the Programme Director and the Deputy Programme Director in accordance to their specified terms of reference;
- f) Interfacing between PCO and PPC on matters of policy formulation, revision and implementation, with a view to ensure effective implementation of the Programme;
- g) Ensuring effective cooperation and coordination among the provincial agencies, the PCO, the DPCs and the CPCs and instilling a system of accountability for performance and proper use of resources at all levels;
- h) Ensuring effective coordination and information sharing between CPRP and other Government's and donor-funded programmes and Programmes through annual review workshops and drawing upon and sharing of policy forums and communication facilities;
- i) Conducting a results-based quarterly review meeting of the Programme progress of the past quarter and approving the work plan and budget for the coming quarter, ensuring timely corrective action on management and implementation issues towards the Programme objectives;
- j) Ensuring timely provision of counterpart funds, in line with Programme needs as defined by annual work plans.

4. **PSC** meetings: The PSC will meet on a quarterly basis to coordinate Programme implementation, guide planning, review progress based on the information from the M&E, make recommendations for any modifications of AWPB as needed, and ensure cooperation among agencies and levels for the coming quarter.

Annex 2 - Terms of Reference: Programme Coordination Office

Programme Coordination Office

1. The Programme Coordination Office (PCO) is established to assist the PSC in ensuring timely and effective coordination of Programme implementing agencies and stakeholders. The mandate of the PCO will be to ensure: (i) coherence of the Programme approaches and strategies, and integration among Programme outcomes and activities in order to produce the Programme impacts, outcomes and outputs; (ii) coordination and synergy of the relevant government departments and other co-implementing agencies and technical service providers, and the district and commune level agencies, and grassroots communities; (iii) mobilization of resources from the private sector, mass organizations, professional associations, research institutes, technical centres and non-government organizations; (iv) accountable management of IFAD and Government's resources, including preparation of a PIM, AWPB, procurement plan, selection of technical assistance and audit service providers, establishment and operation of M&E system, and other functions of the operational and financial management of the Programme and (v) knowledge sharing and policy development interventions.

2. The main tasks of the PCO include:

- a) **Annual planning and coordination.** Together with the main implementing agencies, the PCO will draw up an AWPB that reflects both the previous year's achievements and performance and anticipated Programme progress. It will consolidate the AWPB for submission to the PSC and obtain prior IFAD comments. The PCO will ensure coordination between other government agencies and externally financed Programmes in the Programme area
- b) **Targeting and Gender.** In the planning and implementation of Programme activities, the PCO will ensure that the provincial agencies, DPCs and CPCs will maintain the focus on poor and near poor households and ethnic minorities and ensure that women have ample opportunities to participate in Programme activities. PCO will ensure gender is mainstreamed in all Programme activities as detailed in the PIM, to be developed by the PCO in the Programme activation period
- c) **Capacity building.** A series of provincial and district-level training workshops will be held on the following topics: market-led development, CBA and CBDRM, strategic planning and processes; using information and data; inclusive planning; and gender and ethnicity issues in planning. Bi-annual workshops will be held in each district with participation of commune representatives
- d) **Monitoring and Evaluation.** The monitoring and evaluation unit in the PCO will establish an appropriate M&E and MIS system and ensure implementation of IFAD RIMS procedures. Staff in the implementing agencies will be trained in the requirements for M&E.
- e) **Financial management.** Designated Accounts will be opened and maintained in USD for IFAD payments at a commercial bank³² at provincial level and held by the PCO on terms and conditions acceptable to the IFAD. The ceiling of Designated Account will be USD1 million. Withdrawal application procedure will be used to initiate a withdrawal and to replenish the designated account. Programme accounts will be opened and maintained in local currency for IFAD payments at the same provincial commercial bank for disbursement and direct payment of goods and services during implementation phase.
- f) **Procurement.** The PCO will carry out all procurement according to the Government and IFAD Procurement Guidelines. It may delegate procurement to implementing agencies and, for community infrastructure, to communes that follow the local regulations on decentralization of investment ownership

³² The bank will be chosen by the MoF based on the agreement between MoF and the State Bank

- g) **Recruitment.** In collaboration with the relevant implementing agencies, the PCO will develop appropriate Terms of References for staff positions to be assigned to the PCO or the respective agencies and to be funded by the Programme. It will organize a fair and transparent selection process and ensure IFAD concurrence for the candidates for the key positions
3. Apart from day-to-day Programme management and coordination, the PCO will organize: (i) baseline and corresponding impact surveys; (ii) regular monitoring activities and Programme progress reporting; (iii) bi-annual workshops to involve all Programme stakeholders in learning from the constant flow of management information, annual reporting exercise and recommending improvements; (iv) Programme midterm review after two years of implementation; and (v) Programme completion evaluation.

Annex 3 - Terms of Reference for Key Staff at PCO

Programme Director

General scope of the position

1. The Programme director will coordinate Programme management and ensure that implementation is realised according to the conditions of the loan agreement and based on the Programme appraisal report. S/he needs to ensure effective and timely implementation of the Programme, with special attention to providing overall inter-agency coordination and facilitation at various levels. Under the direction and supervision of the PSC, the Programme director coordinates the PCO, provincial agencies, DPCs and the CPCs to ensure that the strategic outcomes of the Programme are achieved. Particularly, the Programme director leads the PCO to ensure the M&E requirements described are developed and implemented in a timely manner that represents the views of key stakeholders. S/he is also responsible for making sure there are sufficient and appropriate personnel with the right level of resources and other support needed to implement the Programme.

2. In particular, the Programme director will serve as leader of the Programme management team in order to achieve the following responsibilities: (i) Programme Implementation Coordination; (ii) Financial/Asset Management; (iii) Contract Management; (iv) Personnel Management (v) Government Liaison/External Relations; and (vi) Knowledge Management and Policy Development.

Organizational relationships

3. The Programme director will be responsible for Programme progress and will be accountable to the PSC, the government ministries and relevant staff of IFAD. S/he will also be accountable to the Programme stakeholders for Programme progress, problems and improvements.

Responsibilities and tasks

Early implementation tasks:

- a) Lead formulation of Programme Implementation Manual (PIM) and other guidelines;
- b) Assist the PPC in establishment of the Programme Steering Committee;
- c) Appoint key PCO staff and supervise their activities;
- d) Guide the establishment of administrative, accounting and Programme-outcome M&E systems;
- e) Coordinate training workshops on the Programme strategy and approaches, AWPB and procurement for the first year with key stakeholders to ensure an updated and shared understanding of the Programme strategy and information needs;
- f) Ensure that an effective and participatory M&E system is established and effective.

Ongoing operational management tasks

- a) Prepare the AWPB and revise the M&E plan and system by seeking stakeholder inputs in order to produce these plans with the full commitment of all the organizations involved in the Programme. Present the AWPB and M&E plan to the relevant approval bodies in a timely manner for review and approval;
- b) For each service provider contract, ensure that detailed specifications are prepared in a timely, objective, fair and transparent manner, including the M&E responsibilities and administration of terms and awards;
- c) Ensure the holistic implementation of the Programme, ensuring the Programme outcomes and levels are seamlessly joined in the pursuit of market-led poverty alleviation amongst poor and minority households;
- d) Make sure the business of the Programme is conducted in an efficient manner by supervising and monitoring Programme implementation. Ensure that timely decisions on corrective actions are made and implemented;
- e) Direct and supervise the day-to-day operations of the Programme, guided by the Programme document and the AWPB, providing any necessary amendments to ensure smooth performance;

- f) Mobilize relevant technical assistance in a timely manner, with clearly demarcated responsibilities that are based on the participatory and equity principles of the Programme;
- g) Assure that all contractual obligations are adhered to and make the necessary contacts and efforts to ensure implementation meets Programme targets;
- h) Regularly appraise staff and provide feedback and support to enable them to do their jobs.

Ongoing financial management tasks

- a) Ensure that Programme expenses are kept, consistent with Government and IFAD administrative and financial procedures and practices;
- b) Ensure that Programme suppliers and locally paid staff are paid promptly and adequately through liaison with Ministry of Finance and the IFAD Country Office finance staff;
- c) Ensure that Programme expenditure is being coded correctly and consistently (that is allocated to correct category and budget line) and that Programme funds are used solely for the purposes for which they were granted and in accordance with relevant IFAD guidelines;
- d) Establish an asset register for all assets purchased by or provided to the Programme in line with standard IFAD policies;
- e) Check the monthly Programme financial report for accuracy and appropriateness. Regularly meet with the Finance Manager concerning financial reporting issues, errors, trends, payment delays and related matters;
- f) Monitor expenditure on a monthly basis against the approved AWPB in order to prepare and send timely fund withdrawal applications to IFAD. Review expenditure projections to ensure that expenditure stays within budget. Significant actual or anticipated expenditure variances against the budget should be included in the monthly report to line management together with any recommendations for changes to the budget.

Communication

- a) Develop close working relationships with all Programme participants and stakeholders – including the primary stakeholders, line departments, private sector and NGOs – all parties required to establish a shared vision of the Programme to achieve objectives;
- b) Establish and maintain good working relations with the relevant government ministries, as well as other higher-level stakeholder groups;
- c) Ensure easy public access to M&E reports and data and make sure they are widely distributed;
- d) Submit required analytical reports on progress – including indications of planned actions and financial statements – on time and to the relevant bodies, with assistance from M&E staff;
- e) Encourage staff to report frankly on fieldwork, highlighting problems and possible solutions plus lessons learned. Reward innovation in critical reflection and learning;
- f) Ensure the planning of and participate in key reflection moments – in particular, the annual Programme reviews;
- g) Sign implementation agreements with the implementing partners, defining the modalities for implementation and M&E. Ensure that participatory M&E and learning initiatives are specified in terms consistent with the direction of the Programme;
- h) Control the budget and safeguard against Programme funds and assets misuse;
- i) Make all efforts to engage key stakeholders in important external evaluations to ensure an understanding of locally perceived impacts and problems;
- j) See that all ad hoc evaluation studies needed to gain timely and relevant insights into emerging areas of concern are undertaken. Make sure the resulting data is shared with all those involved in decision making and follow up on the implementation of any decisions;
- k) Support external missions in ways that foster a joint learning process that identifies how the Programme could be improved further to achieve impact.

Knowledge sharing and Policy interventions

- a) Consolidate a culture of lessons learning involving all Programme staff and allocate specific responsibilities of knowledge management to Programme staff, implementing agencies and Programme stakeholders;
- b) Ensure that the Programme captures and share lessons learned through the M&E system, supervision and evaluation missions and periodic visits to sites;
- c) Document, package and disseminate lessons frequently and not less than once every three months;
- d) Facilitate exchange of experiences by supporting and coordinating participation in knowledge sharing workshops, teleconferences, development of IFAD Vietnam website and any other existing knowledge sharing network of IFAD at the regional and country level;
- e) Identify and participate in additional networks, for example scientific or policy-based networks that may also yield lessons that can benefit Programme implementation.

Selection Criteria

Core Competencies

- a) **People Skills:** Ability to work independently and as a team player who demonstrates leadership and is able to support and train local and international staff and is able to work with ethnic minority communities in a sensitive and participatory manner;
- b) **Communication Skills:** Well developed written and oral communication skills. Able to communicate clearly and sensitively with internal and external stakeholders as a representative of an IFAD Programme. This includes effective negotiation and representation skills;
- c) **Integrity:** Works with trustworthiness and integrity and has a clear commitment to poverty reduction of local communities;
- d) **Resilience/Adaptability and flexibility:** Ability to operate effectively under extreme circumstances including stress, high security risks and harsh living conditions. Works and lives with a flexible, adaptable and resilient manner;
- e) **Awareness and sensitivity of self and others:** Demonstrates awareness and sensitivity to gender and diversity. Has experience and the ability to live and work in diverse cultural contexts in a culturally appropriate manner;
- f) **Work style:** Is well organized even within a fluid working environment and has a capacity for initiative and decision making with competent analytical and problem solving skills;
- g) **Readiness to work with people of all backgrounds without bias;**
- h) **Ability to coach and mentor staff in a cross cultural environment.**

Technical Competencies

- a) Sound experience in working for IFAD Programmes;
- b) Ability to develop and foster external organizational relationships and applied representation skills;
- c) **Knowledge and skills:** knowledge of Government and IFAD policies and procedures on gender, environment, corruption and general Programme finance and administration management;
- d) Have telecommunication skills and proficiency in information technology/ computer skills;
- e) Written and spoken English language skills preferred.

Deputy Programme Director

General

1. In each participating Province, Government will employ a Deputy Programme Director of the Programme Coordination Unit (PCO).

Duration

2. The position will be for the full 5-year Programme period.

Reporting

3. S/he will report to the Programme Director and, in his/her absence and on his/her behalf, to the Programme Steering Committee (PSC).

Responsibilities

4. The incumbent's responsibilities and roles will be similar but complementary to those of the Programme Director. Specifically, she/he will:

- a) Act on behalf of the Programme Director when he/she is not in post. Ensure that the Programme is implemented within the spirit and conceptual framework as presented in the appraisal report and the Programme legal documents;
- b) Maintain the focus on the poor and vulnerable, women and ethnic minorities within the Programme and ensure that they are able to actively participate in Programme decision making and implementation;
- c) Be directly responsible for managing some tasks of the Programme implementation as assigned by the Programme Director;
- d) Assist the Programme Director in ensuring that the PPC issue new regulations, guidelines and institutional setups to facilitate Programme implementation;
- e) Help the Programme Director maintain contacts with the different implementing agencies, donors Programmes, central level institutions and the other programmes/Programmes in the provinces and ensure that they are well informed about this Programme's progress, best practices and the areas where there are opportunities for cooperation, linkages and knowledge sharing;
- f) If his/her skills allow, to take responsibility for overseeing some of the key aspects of Programme implementation.

Qualification

5. The incumbent will be a senior expert with experience in Project/Programme management and a broad understanding of development, the role and importance of markets and a commitment to private sector development, decentralization and participation of the poor.

Programme Monitoring and Evaluation Officer

1. The Monitoring and Evaluation (M&E) system at the Programme level has four objectives: (i) to monitor and evaluate results and impacts; (ii) to provide a basis for decision making on necessary amendments and improvements; (iii) to promote accountability for resource use; and (iv) to document, provide feedback on, and disseminate lessons learned.
2. Programme monitoring and evaluation is conducted in accordance with established IFAD procedures and is undertaken by the Programme management team at all levels. The Logical Framework matrix provides performance and impact indicators for Programme implementation along with their corresponding means of verification. These, along with the objectives, procedures and tools described in the M&E plan presented in the Programme appraisal report will form the basis on which the Programme's M&E system will be built at the starting phase of the Programme.

General scope of the job

3. The M&E officer is responsible for guiding the overall M&E strategy and implementation of related activities within the Programme and Vis a Vis partners, plus providing timely and relevant information to the Programme Director, PCO and Programme stakeholders. This requires close coordination and communication with the Province Line Agencies, DPCs, CPCs, Programme stakeholder groups, and field staff as well as consultants of external M&E-related missions.
4. Critical tasks for the M&E officer(s) include setting up the M&E system and ensuring it is implemented efficiently and effectively. The M&E system will be based on the Programme log-frame and the Programme M&E plan and will build as much as possible upon existing M&E mechanisms and systems among the Programme stakeholders. The M&E officer will report directly to the Programme Director

Main tasks and responsibilities

5. *Setting up the M&E system.*
 - a) Develop the overall framework for Programme M&E in accordance to the Programme document M&E plan;
 - b) Conduct a readiness assessment regarding M&E on what are the incentives at the system level, who are the beneficiaries;
 - c) Guide and coordinate the review of the Programme log-frame including:
 - i. Provide technical advice for the revision of performance indicators;
 - ii. Ensure realistic intermediate and end-of-Programme targets are defined;
 - iii. Conduct a baseline study (situation at Programme start);
 - iv. Identify sources of data, collection methods, who collects data, how often, cost of collection and who analyses it;
 - v. Ensure all critical risks are identified.
 - d) Identify the core information needs of PCO, the Programme Steering Committee, IFAD and the Ministry of Planning and Investment;
 - e) Identify the requirements for collecting baseline data, prepare terms-of-reference for and arrange the conduct of a baseline survey, as required;
 - f) Clarify M&E responsibilities of different Programme personnel;
 - g) Contribute to the development of the Annual Work Plan and Budget (AWPB), ensuring alignment with Programme strategy, agreement on annual targets and inclusion of M&E activities in the work plan;
 - h) Prepare detailed M&E budget;
 - i) Prepare calendar of M&E activities;
 - j) Identify M&E technical assistance that the Programme needs to contract and guide its recruitment.
6. Implementation of the M&E system
 - a) Oversee and execute M&E activities included in the AWPB, with particular focus on results and impacts as well as in lesson learning;

- b) Based on the AWPB design the framework for the physical and process monitoring of Programme activities;
 - c) Promote a results-based approach to monitoring and evaluation, emphasizing results and impacts;
 - d) Coordinate the preparation of all Programme reports. Guide staff and executing partners in preparing their progress reports in accordance with approved reporting formats and ensure their timely submission. This includes quarterly progress reports, annual Programme report, inception report, and ad-hoc technical reports;
 - e) Prepare consolidated progress reports for Programme management including identification of problems, causes of potential bottlenecks in Programme implementation, and providing specific recommendations;
 - f) Check that monitoring data are discussed in the appropriate forum (such as the review meetings of PCO, the quarterly meeting of the Programme Steering Committee) and in a timely fashion in terms of implications for future action. If necessary, create such discussion forums to fill any gaps;
 - g) Undertake regular visits to the field to support implementation of M&E and to identify where consolidations might be needed;
 - h) Foster participatory planning and monitoring by training and involving primary stakeholder groups in the M&E of activities;
 - i) Prepare M&E reports for annual supervision missions, mid-term review and final evaluation in accordance to IFAD guidance;
 - j) Facilitate, act as resource person, and join if required any external supervision and evaluation missions;
 - k) Monitor the follow up of evaluation recommendations;
 - l) Identify the need and draw up the TORs for specific Programme studies. Recruit, guide and supervise consultants or organizations that are contracted to implement special surveys and studies required for evaluating Programme outcomes and impacts;
 - m) Organize (and provide) refresher training in M&E for Programme and implementing partner staff, local organizations and primary stakeholders with view of developing local M&E capacity;
7. *Acting as Knowledge Management Officer*
- a) Design and implement a system to identify, analyse, document and disseminate lessons learned;
 - b) Consolidate a culture of lessons learning involving all Programme staff and allocate specific responsibilities;
 - c) Ensure that TORs for consultants recruited by the Programme also incorporate mechanisms to capture and share lessons learned through their inputs to the Programme, and to ensure that the results are reflected in the reporting system described above;
 - d) Document, package and disseminate lessons frequently and not less than once every three months;
 - e) Facilitate exchange of experiences by supporting and coordinating Programme participation in workshops and development of IFAD Vietnam website and any other existing network of local government and IFAD programme and Programmes;
 - f) Identify and participate in additional networks, for example scientific or policy-based networks that may also yield lessons that can benefit Programme implementation.

Qualifications and experience required

8. Suitable candidates should have a degree in a field related to development and/or management, experience in field research and statistics and at least several years of proven experience with:

- a) The logical framework approach and other strategic planning approaches;
- b) M&E methods and approaches (including quantitative, qualitative and participatory);
- c) Planning, design and implementation of M&E systems;

- d) Training in M&E development and implementation and/or facilitating learning-oriented analysis sessions of M&E data with multiple stakeholders;
- e) Data and information analysis;
- f) Report writing.

S/He should also have:

- a) A solid understanding of public policies, development approaches with a focus on participatory processes, market economy management, and gender issues;
- b) Familiarity with and a supportive attitude towards processes of strengthening local organizations and building local capacities for self-management;
- c) Willingness to undertake regular field visits and interact with different stakeholders, especially primary stakeholders;
- d) Experience in data processing and with computers;
- e) Leadership qualities, personnel and team management (including mediation and conflict resolution);
- f) English language skills preferred.

Desirable:

- a) Knowledge of the focal area in which the Programme operates;
- b) Understanding of IFAD procedures/

Community-based Adaptation and Disaster Risk Management Officer

General

1. The programme will employ or second a staff member to be the Community-based Adaptation and Disaster Risk Management officer within the PCU. He/she will be responsible for managing activities related to the coordination of climate based adaptation and disaster risk management planning and investment and in assisting drafting the CBA/DRM aspects of the Programme AWPB.

Reporting

2. The officer will report to the Programme Director of the PCU.

Responsibilities

3. The incumbent will be responsible to act as a crucial link within each PCU (between the different specialists), as well as with implementing agencies and with the PCU and PSC for the other province. This would enable a more holistic understanding for Programme staff and stakeholders on environmental and climatic and disaster risks in agricultural systems (e.g. climate change adaptation, participatory action research, participatory scenario development, vulnerability mapping; disaster risk mitigation planning, etc.). Specifically, he/she will:

- a) Be responsible for leading initiatives to develop effective engagement with other relevant agencies and projects providing CBA and DRM in the region;
- b) Assist the DPI to ensure that there is a consistent and effective process for planning and implementation of CBA & DRM, and that there is actually a sustainable benefit accruing to implementing communities and individuals.
- c) Provide and/or organise training and mentoring for the support staff at the district and commune levels on CBA & DRM within the MoSEDP planning process in the Programme target communes and districts.
- d) In collaboration with district and commune staff, assist communities to apply CBA and DRM analysis and planning activities including participatory action research, participatory scenario development, vulnerability mapping; disaster risk mitigation planning, etc.
- e) Assist to incorporate the CBA & DRM MoSEDPs of the Programme communes and districts into the Programme AWPB.
- f) Coordinate all CBA/DRM technical assistance inputs for the formulation of the planning and investment mechanisms and their replication and institutionalization in the provinces and the region.
- g) Prepare and circulate various promotional material concerned with CBA/DRM activities.
- h) Ensure that participation of women and members of ethnic minorities in the commune/district CBA & DRM planning process and that the gender equalities are mainstreamed in the implementation of the planning process.
- i) Maintain a close planning and implementation link to the other officers in charge of the other Programme outcomes, and ensure that CBA & DRM considerations are at the forefront of all Programme activities.
- j) Monitor implementation of the CBA and DRM activities of the Programme communes; analyse the M&E data and prepare regular progress reports to the Programme Director, including proposals that aim at improving the implementation and impact of the activities.
- k) Prepare regular and ad hoc reports on the progress of CBA and DRM, and the challenges and successes being achieved

Market-oriented Participatory SEDP Planning Officer

General

1. The Government will employ or second two staff member to be the Market-oriented Participatory SEDP Planning Officers (POs) within the PCO. They will be responsible for managing activities related to the MoSEDP and drafting the Programme AWPB.

Reporting

2. The Market-oriented Participatory SEDP Planning Officers will report to the Programme Director of the PCO.

Responsibilities

3. The incumbents will be responsible for all planning activities under the Programme including the Programme AWPB. They will be guiding the commune MoSEDP process in the Programme communes and ensuring that the bottom-up MoSEDPs are synthesized and consolidated at the district and province levels. Specifically, they will:

- a) Be responsible for assisting the DPI in coordination of all concerned line agencies and the districts and communes to implement the activities of the Sub-programme 1.2 – 85% of commune and district staff apply MoSEDP processes in their location.
- b) Supervise the support staff at the district and commune levels and coordinate with the staff of General Planning Section under DPI to organize the SEDP planning process in the Programme target communes and districts.
- c) Incorporate the MoSEDPs of the Programme communes and districts into the Programme AWPB; Assist the Programme Director in drafting the AWPB and its revisions for the PSC and IFAD comments and endorsement.
- d) Coordinate all technical assistance inputs for the formulation of the MoSEDP mechanism and its replication and institutionalization in the provinces and the region.
- e) Ensure that participation of women and members of ethnic minorities in the commune/district MoSEDP planning process and that the gender equalities are mainstreamed in the implementation of the planning process.
- f) Maintain a close planning and implementation link to the other officers in charge of the other Programme outcomes.
- g) Monitor implementation of the MoSEDPs of the Programme communes; analyse the M&E data and prepare regular progress reports to the Programme Director, including proposals that aim at improving the implementation and impact of the MoSEDP activities. and
- h) Coordinate with the PCO Finance Manager to provide the technical support to the financial management and annual audits of the Programme commune accounts.

Qualification

4. The incumbent will require 10 years' experience in coordinating rural development planning activities, including the experience in promotion of market-based participatory SEDPs at the local level. A staff person seconded from the DPI or the finance/planning section at the DPC will be preferred.

Commodity and Value Chain Development Officer

1. The Programme will employ two Commodity and Value Chain Development (CVCD) Service Officers who will be directly responsible for managing Programme activities under the Outcome 2 – Building pro-poor-commodity investment. They could be seconded from the regular government service. In the likely absence of suitable candidates among government officers, however, the position will be filled by contracting a suitable candidate (recruitment through open advertisements).

Duration

2. The position will be for the full 5-year Programme period. The contracted incumbents will be recruited for 3 years renewable for another 2 years.

Reporting

3. The CVCD Officers will report to the Programme Director.

Responsibilities

4. The CVCD Officers will be responsible for facilitating the implementation of the second outcome – Increased public and private investment in sustainable commodity production and value addition. In particular, they will:

- a) Coordinate all implementation activities of the Programme outcome, including their timely inclusion in the Annual Work Plan and Budget (AWPB).
- b) Coordinate the overall approach, work plan and all technical assistance inputs for the outcome with the international and national technical advisers.
- c) Identify technical assistance institutions or consultants for development of commodity and value chain tools and training materials.
- d) Identify technical assistance institutions or consultants for conduct of pro-poor market and value chain studies.
- e) Organize the value chain validation workshops and support for private sector implementation of the pro-poor market and value chain development plans.
- f) Ensure that all Programme outcomes – MoSEDPs, value chain development, climate adapted agriculture, credit and public and P-PC infrastructure are holistically integrated to support value chain development.
- g) Identify private sector investors and facilitate approval of the associated commodity or value chain development plans by the PPC.
- h) Assist the private sector investors in implementation of the pro-poor market and value chain development including coordination with concerned line agencies and technical service providers and other private sector actors.
- i) Support and facilitate the provision of direct financial and business development service for all Programme-supported commodity and value chain development activities.
- j) Maintain the Programme M&E system with regards to the outcomes and impacts of commodity and value chain development to the poor.
- k) Facilitate case studies and documentation of good practices in the pro-poor commodity and value chains.

Qualification

5. The incumbent will have sound knowledge of private sector and pro-poor market development, in particular of the agriculture commodity markets and value chain approach. S/he will have good knowledge of regional private sector companies and financial institutions, especially in the agro-business industry. S/he should also have a sound background and experience in business development, financial analysis and vocational training. Good command of the English language will be an additional asset.

District Value Chain and Market Development Officer

1. The Programme will employ a District Value Chain and Market Development Officer (DVCMDO) in each of the five districts of Ha Giang province covered by CPRP.

Duration and Location:

2. The DVCMDO will be recruited for an initial period of two years, renewable for three years. Each selected DVCMDO will be based in one of the districts covered by CPRP.

Reporting:

3. The DVCMDO will report in the district to the Head of the Agricultural Section and in the province to the Coordinator of CPRP.

Responsibilities:

- a) Carry the overall responsibility for achieving the objectives, outcomes and targets identified for the value chain development, business linkage promotion and the competitive grants activities of CPRP at the district level.
- b) Familiarise herself/himself in the CPRP approach and in the activities to be undertaken as part of business linkage promotion and the competitive grants schemes.
- c) Assist in preparing the Annual Work Plan & Budget for the value chain development and the competitive grant activity in the district and ensure that all plans are designed, implemented and monitored according to specified procedures and deadlines and within the allocated budgets.
- d) Support commodity chain studies in the districts to be conducted during PY 1 by CPRP.
- e) Familiarise farmers and their groups with business opportunities in the focal commodity chains of CPRP.
- f) Assist other CPRP-related staff to assess the business relevance of the planned CPRP-supported infrastructure investments in beneficiary communes.
- g) Liaise with the companies to identify their input requirements from the farming community.
- h) Pro-actively build linkages between companies and farmers and their CIGs and cooperatives.
- i) Assist CIGs and cooperatives in the preparation of applications for CPRP competitive co-financing.
- j) Assist the Agricultural Section in the district to assess the applications for CPRP competitive co-financing applications.
- k) Actively follow up the implementation of the CPRP-co-financed sub-projects in the villages.
- l) Ensure gender mainstreaming in the outcome activities and track on a continuous basis the inclusion of women in the operations of the CIG co-financing and other business linkage operations.
- m) Work closely with the RFS and the M&E Specialist in establishing and operating of a monitoring, evaluation and knowledge management system for the CIG operations.
- n) Support the Supervision and Implementation Support Missions and the MTR and ensure compliance with their recommendations for the CIG co-financing and other business linkage operations of the Programme
- o) Carry out any other task determined by the Programme Coordinator.

Qualification and Experience:

4. The Value Chain and Market Development Officer will hold a university or collage degree in Business Management, Economics, Agriculture, Social Sciences or other related fields. S/he will

have a minimum of 5 years of work experience in business development, company management, the financial sector development or a related field. The position will also entail demonstrated capacity in the planning and follow-up of Programme activities, good analytical ability and writing skills, and capacity to interact with a wide range of private sector partners, especially private agro-companies, public sector representatives and most significantly smallholder farmers in rural Viet Nam. Sensitivity to gender issues and previous experience of working with women's Programmes will be additional merits for the position. At the start-up of CPRP operations, DVCMDOs will receive training by the Programme on the planned business linkage promotion activities and the related competitive grants.

Rural Finance Specialist

1. The Programme will employ a Rural Finance Specialist who will be directly responsible for managing Programme activities under Outcome 2 – Savings and Credit Groups established and transformed into a Pro-women Development Fund. S/he could be seconded from the finance service institutions. In the likely absence of suitable candidates among the local bank and mass organization officers, however, the position will be filled by recruitment through open advertisements.

Duration:

2. The RFP will be recruited for an initial period of three years, renewable for another two years.

Reporting:

3. The RFP will report to the Programme Director of CPRP.

Key Responsibilities:

- a) Carry the overall responsibility for achieving the objectives, outcomes and targets identified for the Rural Finance Services outcome of CPRP.
- b) Familiarise herself/himself in the CPRP approach and in the activities to be undertaken as part of the outcome and ensure that the outcome is implemented as envisaged.
- c) Prepare the Annual Work Plan & Budgets for the outcome and ensure that all plans are properly designed, implemented and monitored according to specified deadlines and within the allocated budget.
- d) Develop Programme management guidelines, procedures and operating practices for Programme execution, proactively manage changes in Programme scope, identify potential constraints and devise contingency plans.
- e) Prepare contracts and bidding documents in accordance with IFAD and Government requirements for the competitive procurement of services under the outcome activities.
- f) Ensure gender mainstreaming in the outcome activities and track on a continuous basis the inclusion of women in the operations of the Rural Finance Services outcome.
- g) Establish together with the M&E Officer a system of monitoring and data management for the Rural Finance Services outcome.
- h) Identify how best to use the Technical Assistance budgeted for this outcome and to develop the TOR and most appropriate time schedules for the use of this assistance.
- i) Provide support to Supervision and Implementation Support Missions and the MTR and ensure compliance with their recommendations for the Rural Finance Services outcome.
- j) Carry out any other task as requested by the Programme Manager.

Qualification and Experience:

4. Rural Finance Specialist (RFP) will hold a university degree in Business Management, Economics, Social Sciences or other related field. S/he will have a minimum of 10 years of work experience in the financial sector issues, including preferably experience with community-based financial arrangements. The position will also entail demonstrated capacity to take on a leadership position with strong managerial skills, good analytical ability, good writing skills and capacity to manage people and interact with a wide range of private sector partners, public sector representatives and most significantly smallholder farmers in rural Viet Nam. Sensitivity to gender issues and previous experience of working with women's Programmes will be additional merits for the position, as well as oral and written communication skills in English.

Rural Finance Officer

5. The Programme will employ a Rural Finance Officer who will report to the Rural Finance Specialist under the Outcome 2 – Rural Financial Services Strengthened.

Duration:

6. The RFO will be recruited for an initial period of three years, renewable for another two years.

Reporting:

7. The RFO will report to the Rural Finance Specialist of CPRP.

Key Responsibilities:

- p) Assist the RFS in achieving the objectives, outcomes and targets identified for the Rural Finance Services outcome.
- q) Familiarise herself/himself in the CPRP approach and in the activities to be undertaken as part of the Rural Finance Services outcome.
- r) Assist in preparing the Annual Work Plan & Budget for the outcome and ensure that all plans are properly designed, implemented and monitored according to specified deadlines and within the allocated budgets.
- s) Assist the RFS to prepare contracts and bidding documents in accordance with IFAD and Government requirements for the competitive procurement of services for the outcome.
- t) Ensure gender mainstreaming in the outcome activities and track on a continuous basis the inclusion of women in the operations of the Rural Finance Services outcome.
- u) Work closely with the RFS and the M&E Specialist in establishing and operating of a monitoring, evaluation and knowledge management system for the outcome.
- v) Support the Supervision and Implementation Support Missions and the MTR and ensure compliance with their recommendations for the Rural Finance Services outcome.
- w) Carry out any other task determined by the Programme Director and the RFS.

Qualification and Experience:

8. Rural Finance Officer (RFO) will hold a university or collage degree in Business Management, Economics, Social Sciences or other related field. S/he will have a minimum of 5 years of work experience in the financial sector issues, including experience with community-based financial arrangements. The position will also entail demonstrated capacity in the planning and follow-up of Programme activities, good analytical ability and writing skills, and capacity to interact with a wide range of private sector partners, public sector representatives and most significantly smallholder farmers in rural Viet Nam. Sensitivity to gender issues and previous experience of working with women's Programmes will be additional merits for the position, as well as oral and written communication skills in English.

Head of Finance and Administration

General

1. The Programme will employ a Head of Finance and Administration Officer. S/he could be seconded from the regular government service.

Reporting

2. The Head of Finance and Administration will report to the Director of the PCO.

Responsibilities

3. S/he will be responsible for day-to-day administrative and financial management of the programme. In particular, s/he will:
- a) Manage the PCO office, including ensuring that office and communications equipment is in place and functioning.
 - b) Oversee the establishment of an acceptable computerized bookkeeping and accounting system and supervise the accounts/book keeping staff.

- c) Provide monthly financial reports to the Programme Director, indicating financial performance of the Programme compared with the annual work plan and budget;
- d) Organize and oversee tendering and procurement.
- e) Undertake financial management of contracts entered into by the Programme.
- f) Be responsible for the preparation of disbursement requests from IFAD, including the submission of all required documentation.
- g) Be responsible for compiling the consolidated AWPB, incorporating the inputs of other PCO officers.
- h) Arrange for annual audits to be commissioned in a timely manner.

Qualification

4. S/he will be a qualified accountant or an administrator having strong public accountancy experience. S/he should have sound experience in financial management, preferably with internationally-funded development Programmes. Good organisational skills and an understanding of office technology will also be necessary. A good command of the English language will be an important asset.

Annex 4. Example Service Delivery Project

Objective: To successfully implement Community Re-afforestation for Disaster Risk management in Commune Protected Forest Area

Project Timeframe: January 2015 – December 2016

Agreed Budget: Total Budget is VND 21 m (

Service Provider: Vinh Quang Commune, Hoang Su Phi District Re-afforestation CIG Group (Farmer to Farmer Extension)

Potential Milestones, Deliverables and Payment Schedules:

Milestone	Deliverable	Payment ³³	Expected Delivery
Contract Agreement	Contract between CIG and Service Provider signed	2,000,000	15/1/2015
Project Baseline	Participatory description by beneficiaries (village) of: <ul style="list-style-type: none"> Existing physical and socio-economic status of community managed protection forest, including number and poverty levels of households, ethnic status existing land use practices and income generated from community forestry activities. 	2,000,000	01/3/2015
Re-afforestation Plans and Land Allocation	Statutory Declaration from CIG Leader that: <ul style="list-style-type: none"> Community Forest Plans and Guidelines are agreed by all CIG members CIG members have Forest red Books with names of husband and wife 	4,000,000	30/08/2015
Nursery Operational	<ul style="list-style-type: none"> Nurseries* are established and selling planting material to CIG members and local communities 	9,000,000	30/10/2015
Agro-forestry Demonstrations	Statutory Declaration from CIG Leader that: <ul style="list-style-type: none"> 10ha of intensive agro-forestry+ with forage production for household livestock and acacia hybrids for large timber production established 	2,000,000	30/08/2016
Project Validation	Participatory description of benefits following project completion (compared with baseline)	2,000,000	30/12/2016
TOTAL Contract Fee Paid to Service Provider		21,000,000	

Notes: * costs for establishment of Nursery are from the CIG infrastructure funding stream

This contract demonstrates some key points about output based contracts for service delivery projects:

- The Owner is the CPC
- The above contract includes contributions from project beneficiaries. CIGs are not required to contribute to the costs of improving knowledge and skills, but will be required to contribute if production inputs or small scale infrastructure (processing, value adding etc.) are approved. Where inputs are required the contract will specify the inputs and detail the milestone and deliverables required to ensure that the input costs are used for their intended purpose.
- The contract is between the CIG and the Service Provider who is undertaking the training and skills attainment and is responsible for assisting the CIG with implementation of small scale infrastructure (nursery).

³³ The cost of undertaking each milestone are examples only and the total contract and payment for each milestone should be based on the cost/prices quoted by the preferred service provider

- The contract manager is the Village/Community Development Board who will oversee project implementation
- The implementer is the Service Provider who has responsibilities for self-monitoring the implementation with the CIG verifying and signing off those services have met expectations.
- Evaluation is through a comparison between the baseline and Programme validation. In service contracts the Service Provider is responsible for simple baseline surveys and Programme validation. Assistance to do this will be provided by evaluators from the CPC or the District Agro-Forestry Extension Station.

Appendix 6: Planning, M&E and learning and knowledge management

Background

1. Beyond its role in data management and the monitoring and measuring of programme indicators, results and impacts, the system for planning and M&E (P/M&E) of the proposed programme will be developed as an integral part of the process of programme implementation. Among others, its purpose will be to support dialogue and interaction between the various levels of government and actors who are responsible for the governance of public investment and to facilitate participatory learning and ownership of the programme at the local level. More specifically, the P/M&E system will be designed to: (i) provide updated information on the goals, results, effects and impacts of the programme, (ii) support the Programme Steering Committees (PSC) and programme management in making decisions about the strategies, actions, and investments expenses that lead to achievement of the objectives, (iii) strengthen the interrelationship of PCO with the various strategic partners who will be involved in implementation, (iv) be an instrument for strengthening the capacity of the participating communes, communities, producer groups and enterprises for participating in and administering and managing local development processes and investments in accordance with current policies and directives, and (v) allow the development of spaces for learning, exchange of experiences, good practices and dissemination of results. Thus, the system will also be closely linked to the programme's broader agenda for the management of knowledge.

2. The Programme M&E system will track and verify the levels of achievement of programme outputs, the associated outcomes, and the success in achieving the programme objective and its development goal. These levels are all causally connected as set out in the Programme Logical Framework, which provides the framework that thus constitutes the structure for the programme M&E system. To a large extent, the M&E system will be participatory and thus involve the supported communes in data collection and management. The SMS M&E/Knowledge Management Officer will assist the PCO in the data management in a standardised system, keep a central system to compile overall monitoring and evaluation information, and conduct studies to measure overall impacts.

3. Beneficiary participation in programme monitoring will be ensured by involving the target groups, with special effort made to include women and ethnic minorities by organizing the interviews at suitable times and venue and applying appropriate interview techniques. Monitoring will include data collection in forms of individual interviews, focus group discussion or case studies.

4. The proposed Programme has a distinct advantage as regards the development of the P/M&E systems as Ha Giang already has developed systems, a strong experiential base, and significant institutional capital for its operation at all levels from the communes to the provincial and within the PCO. The DPPR was evaluated by IFAD as "satisfactory" in its programme management and P/M&E systems while its participatory nature was highly evaluated. At the same time, experience from the DPPR and other IFAD projects/programmes has also indicated some areas where adjustments and/or strengthening under the new Programme are desirable. These include:

- a) a strong focus on training in planning skills and tools, especially for collection of information from participatory processes at local-levels, is desirable;
- b) for full integration of market-orientation into the SEDP process and for integration of CBA and CBDRM both for climate proofing of value chains and the commune/district SEDP, the planning cycles must be compatible with the SEDP planning processes that finalize at the end of June at the District-levels and mid-July at the commune-levels.
- c) decentralized and participatory M&E processes that require tracking of a significant number of indicators does not function well or efficiently with part-time commune M&E staff. Either the monitoring must be simplified at this level or more full-time staff is required, including at the District-level for quality control (field checking/validation)

- d) PCO M&E staff require advanced training on alternative methodologies (e.g., case studies, intensive interviews, others) and basic training on the livelihoods of rural households and the business operations of SMEs in the target areas in order to improve the accuracy of surveys and monitoring.
- e) The Annual Outcome Survey (AOS) should be conducted on mid-year basis (from May to July) so that the results can be used in the development of the subsequent annual work plan.
- f) The AOS cannot capture impacts in a detailed and comprehensive way. If resources allow, it is advisable to complement the AOS with qualitative instruments, targeted to priority themes/issues. For example, case studies to assess the impact of vocational training or Most Significant Changes and photo book tools to measure impact of newly constructed rural infrastructure.

Planning and Monitoring & Evaluation

5. The Planning and Monitoring & Evaluation system (P/M&E) will consist of the following subsystems:

- a) The linked Annual Work Program & Budget (AWPB) and annual MoSEDP planning subsystem, which uses as inputs the logical framework, operational plans, participatory assessments and socioeconomic development plans for the development of participating communities and organizations, and the programme's exit strategy/plans for sustaining advances and outcomes after closing;
- b) The monitoring subsystem, which will manage periodic reports, reports of field visits, progress reports, monthly meetings of the different programme implementation units, specific reports and information generated during supervision missions, and joint reviews of IFAD and the Government;
- c) The evaluation subsystem, which is based on the baseline study and impact indicators (RIMS), internal and/or external evaluation reports and studies on programme outcomes and impacts, and the programme completion report and;
- d) The learning subsystem, consisting of a systematic process oriented toward collective reflection by the programme actors on the experiences during the implementation of the programme in order to refine programme methodologies and approaches, exchange learning and knowledge, and generate new knowledge.

6. The table below provides a brief summary of the system.

Table 18. Principal elements of programme planning, M&E, and learning system

Component/ Subcomponent/ Principal Activities	Planning	M&E	Learning
Component 1: Planning for sustainable, market-led development established			
<i>Sub-component (Output) 1.1 Commodity-based investment planning institutionalized</i>			
<ul style="list-style-type: none"> Identified Strategic Investment Plans guide the MoSEDP process and inform CIF, CIG, SCG and P-PC investment processes 	<ol style="list-style-type: none"> Identification of commodity chains offering economic opportunity for Ha Giang 	<ol style="list-style-type: none"> Monitoring of integration of SIP results in CPRP planning and investment programmes Annual Outcome Surveys 	<ol style="list-style-type: none"> Systematization of value chain analysis software Systematization of enterprise financial and economic analysis skills; Dissemination: learning series, technical guideline manuals, ToT, technical training, learning events, knowledge platforms/networks.
<i>Sub-component (Output) 1.2 Planning is climate adapted, market oriented and results based</i>			
<ul style="list-style-type: none"> SEDP process is upgraded to be market oriented, building off SIP analysis. Methodologies for CBA and CBDRM integration into the SEDP operational in Programme communes 	<ol style="list-style-type: none"> Annual commune and district MoSEDPs AWPB process Integration of CBA and CBDRM plans into MoSEDP at commune, district and provincial levels. 	<ol style="list-style-type: none"> Monitor change in capacities at government office and community levels; Commune/District-level participatory M&E system Baseline, Midterm Review, Completion evaluations Annual Outcome Surveys Logframe & progress reporting (quarterly/ annual/ final) 	<ol style="list-style-type: none"> Development of a market-based economics learning programme Systematization of results Dissemination: learning series, technical guideline manuals, ToT, technical training, learning events, web-based publications, knowledge platforms/networks. Programme review workshops (Yrs. 2, 4) w/key stakeholders Cross-visits (within/between Provinces) Institutionalization of competency-based training 6) Annual SEDP: develop, test & validate MoSEDP (CBA & CBDRM); systematization of results; dissemination
<i>Sub-component (Output) 1.3: Climate adapted technology tested and developed</i>			
<ul style="list-style-type: none"> Indigenous and adaptive climate change technologies identified, evaluated and applied through public and private mechanisms. 		<ol style="list-style-type: none"> Longitudinal study of on-going adaptation behaviour among reference producer groups Baseline, Midterm Review, Completion evaluations Annual Outcome Surveys Logframe & progress reporting (quarterly/ annual/ final) Beneficiary surveys 	<ol style="list-style-type: none"> Formulation of Technical Advisory Group Formation of end-user reference/stakeholder groups Annual TAG forum Programme review workshops (Yrs. 2, 4) w/key stakeholders Cross-visits (between Provinces)

Component/ Subcomponent/ Principal Activities	Planning	M&E	Learning
Component 2: Building pro-poor-commodity investment			
<i>Sub-component (Output) 2.1: Community development co-financed</i>			
<ul style="list-style-type: none"> Co-investment in climate adapted and market oriented infrastructure and services at community, group and individual levels 	<ol style="list-style-type: none"> Commune infrastructure Programme supervision boards establishment; Development of CIG outcome-based service contracts Annual SEDP AWPB process 	Same as above	Same as above
<i>Sub-component (Output) 2.3: Savings and Credit Groups established and transformed into a Pro-women Development Fund</i>			
<ul style="list-style-type: none"> Credit and Finance Facilities developed for the rural poor 	<ol style="list-style-type: none"> development of credit products for rural poor development of enterprise credit products Annual SEDP AWPB process 	Same as above	Same as above
<i>Sub-component (Output) 2.2: Public – Private Collaboration (P-PC) implemented</i>			
<ul style="list-style-type: none"> P-PC co-financing for value adding enterprises and cooperatives 	<ol style="list-style-type: none"> Financial and economic analysis of P-PC bid proposals; Development of enterprise-supplier relationships Annual SEDP AWPB process 	Same as above	Same as above

7. Logical framework. A principal guide for the implementation and monitoring of the programme will be the logical framework. The logical framework will be refined during the first year of implementation (2016), as part of the programme initiation activities. This will serve both to better ground the logical framework within the local context as well as to promote ownership by the programme team. In addition, the logical framework, targets and indicators will be reviewed thoroughly during the midterm evaluation of the programme and, if necessary, updated annually as part of the adaptive learning process based in the monitoring of the programme's implementation. The objective of having an ongoing review of the logical framework is to encourage its use as a tool for programme management. Also the use of the logical framework should assist the programme team to work more coherently towards the same goals and structure of results and impacts, while providing programme management with a tool for ensuring programme's alignment with the strategic priorities for climate change adaptation and poverty reduction embodied in design and in accordance with national and provincial policies, strategies and programs.

8. Alignment with national priorities. To ensure alignment and harmonization of the programme with national priorities as per the agreements between the Government of Viet Nam (GoV) and IFAD embodied in the Country strategic opportunities programme (COSOP) for 2012-2017, the programme incorporates into design and the logical framework some of the targets for:

- a) The NTP-NRD, specifically by (i) supporting the development of market options to help realize the new rural areas, (ii) creating the needed mindset change at the household level, and (iii) building capacity to carry out the envisaged commune planning activities; and
- b) The NTP-RCC for 2009-2015, specifically by supporting (i) climate change awareness enhancement and human resources training including PAR to strengthen CBA processes; and (ii) development and implementation of action plans to respond to climate change (including mainstreaming community-based adaptation into the SEDP development and implementation processes at the Commune, District and Provincial-levels);

9. Planning. Programme implementation will require the articulation of various public institutions (government and line agencies), private entities, people's and communities' organizations and groups. The annual planning processes is the means by which this articulation must be achieved and as such requires building consensus around common objectives, constant communication and a flexible decision-making structure. The two principal planning processes are the annual socioeconomic development planning (SEDP) and the annual work program and budget planning.

10. SEDP. The SEDP is the principal planning process and instrument that government utilizes to orient all public financing of relevance for the ARD sector. Through mainstreaming into the SEDP, the potential exists to institutionalize pro-poor, market oriented and climate adapted development approaches and see them replicated across the country. The integration of concerns for climate change and disaster risk management into the SEDP process are goals of the National Climate Change Strategy and the National Target Program for Response to Climate Change. As yet, however, no official directives or guidelines from either MPI or MoNRE have been promulgated to guide the provincial DPs in doing so. This is not a limitation. Rather, it is an opportunity for proactive engagement by the programme to assist both national and provincial government to learn and develop an appropriate approach.

11. As discussed above, IFAD-supported programmes have developed significant experience with the SEDP process and the institutionalization of improved participatory approaches, introduction of a market-orientation into local development planning and for climate proofing of value chains important to the rural poor. The challenge for this programme will be to build upon and continue to strengthen the market-orientation and value chain climate proofing developed under prior projects while developing new tools and methodologies

12. Disaster Risk Management. MARD's Disaster Management Center (DMC) is charged with coordination of the CBDRM program and is responsible for development and implementation of the training and capacity building programs. The DMC has an initial plan for SEDP integration, as well as

first generation guidelines, training materials and trainers trained in CBDRM approaches. The People's Committees are responsible for the local planning and hazard/vulnerability mapping.

13. The tools offered by the CBDRM provide a much-needed but missing element for local planning for sustainable economic development and natural resources use: land use planning that goes beyond (primarily top-down) zoning for production purposes to an exercise that can engage local communities to develop their vision of sustainable land use that incorporates development potential based on land, technology, available capital and risks and vulnerabilities. This is one of the principal elements through which climate change risks and concerns can be incorporated into local planning and the SEDP process; i.e., local land use planning with CBDRM hazard mapping for vulnerability reduction, disaster risk management and orientation of public investments for climate proofing, reducing vulnerability, and increasing resilience and capacity for adaptation.

14. The CBDRM approach is still largely new and untested. It would be a role of the programme to support its refinement, testing, and piloting. One strong advantage of the CBDRM is that it already has approved policies, supporting Directives (e.g., Directive 1002) and an NTP for its implementation. MARD is also aware that the approach requires refinement and testing and that this includes close collaboration and knowledge sharing with other projects that are more advanced in the testing of such tools (e.g., OXFAM's "Participatory Vulnerable Capacity Analysis" or PVCA approach). The Programme can provide for capturing "learning from the field" from these diverse sources in order to make the refinement process more efficient.

15. The preliminary framework for integration of climate change concerns into SEDP planning □ development, testing, validation and piloting of methodologies and instruments □ includes:

- a) Commune-level: (i) participatory community vulnerability mapping (natural disaster, salinization, CC, etc.); (ii) scenario development; (iii) application of mapping in production and investment (SEDP) planning, including identification of BMPs; (iv) joint NTP-NRD planning in communes where programme and NTP-NRD overlap; (v) linkage of village level planning with commune-level zoning for vulnerability, risk, current and projected climate change impacts to 2030; and (vi) SEDP planning and prioritization
- b) Value chains: adaptation and including use of the value chain climate proofing tool;
- c) District-level: aggregation of commune-level vulnerability zoning into district-level zoning tool for SEDP (incl. NTP-NRD & NTP-RCC) planning & prioritization;
- d) Province-level: (i) DARD, DoNRE, and DPI collaboration on development and testing of commune and district methodologies for vulnerability mapping, zoning, and integration into the annual SEDP (incl. NTP-NRD & NTP-RCC); (ii) DARD/DoNRE update provincial-level Climate Change Action Plans and incorporate priorities into Ha Giang's sectoral SEDPs 2016-2020

16. Annual Work Program and Budget (AWPB). The AWPB details, on an annual basis, the expected results of the programme at the level of output indicators (e.g., the number of people expected to participate in programme-sponsored training initiatives, number of farmers adopting new saline tolerant crop varieties, etc.). It is both the main information source for programme results and a principal tool for orienting and coordinating the actions of the diverse institutions and actors responsible to deliver products and services to the target beneficiaries. Its annual content is informed by the outputs from the participatory MoSEDP planning processes, the results from the evaluation of the prior year's implementation, and the programme's overall goals and expected outcomes and impacts.

17. The basis for investment planning at the community level will be derived directly from the existing SEDP process, which will initiate the preparation of investment plans for the public sector. Communes will inform/channel potential private investor's opportunities for investment support under the programme, and prepare estimates for private sector activity financed by the programme. The specialist PCO staff (the PO, CVCD and CBADRMC) will ensure that this commune-based planning process is genuinely representative and inclusive, as well as being consistent with CPRC rules and

policies. These PCO officers will provide supervision to the support staff at the district and commune levels and coordinate with the staff of the General Planning Section under the DPI to organize the MoSEDP planning process in the programme target communes and districts.

18. The commune plans will be consolidated at District level, using the support of the PO, CVCD and CBADRM, as well as staff of the District and relevant line agencies.

19. In the first year, the PCO will also provide and coordinate training workshops on the programme strategy and approaches, AWPB and procurement for key stakeholders. Specifically included in this would be the strategy and approach for co-financing climate adapted and market oriented development. This will ensure an accurate and shared understanding of the programme strategy and information needs.

20. The PO, working with the PCO Director and other PCU staff, will incorporate the SEDPs of the Programme communes and districts into the programme AWPB. They will then assist the Programme Director in drafting the AWPB and its revisions for the PSC consideration and IFAD comments and endorsement.

21. The PCO will be responsible for the generation of plans not directly derived from the SEDP process. This will include provision of specialist support and other specialist training, including for climate adapted, market-led agriculture development, under Outcome 1, various forms of Technical Assistance under Outcome 2, and the requirements for Programme Management. The AWPB will reflect both the previous year's achievements and performance and anticipated Programme progress. The PCO will be able to obtain guidance from the IFAD country office during the process of AWPB formulation as required. They will also ensure coordination between other government agencies and externally financed Projects in the Programme area.

22. The draft AWPB will include a procurement plan (an initial eighteen-month plan and then twelve-month plans for subsequent years), a detailed description of planned CPRC activities, and the sources and use of funds. The Programme Director will be ultimately responsible for preparing the draft AWPB in an accurate and timely manner.

23. The draft AWPB will be submitted to the PSC for its review and approval. The approved draft AWPB will then be transmitted to IFAD for comments and no objection no later than sixty days before the beginning of the relevant Programme year. An Annual Stakeholder Review and Planning Workshops at which Annual Performance Report findings and management implications will be discussed will support the AWPB preparation process.

Monitoring and evaluation.

24. The objective for programme Monitoring and Evaluation (M&E) will be the on-going real-time assessment of the processes employed in programme activities as well as their outcomes, outputs and impact with respect to development goals and objectives. The M&E system will monitor performance and assess the impact of the activities. Monitoring will focus on activities/inputs, outputs, outcomes, performance and risks while evaluation will assess the relevance, efficiency, effectiveness and impact on poverty reduction, business growth and environment, empowerment and partnership, sustainability, replicability, lessons learned, and knowledge up-take, all within the context of the requirements for successful climate-smart market-led development. The M&E system will cover both the operational and financial aspects of the Programme.

25. The M&E system will be (i) consistent with IFAD requirements (RIMS); (ii) facilitate near-real time learning in support of evolutionary design, and (iii) apply participatory approaches to collect, manage and analyse M&E data and report on outcomes and impacts. No significant issues with development of the system are foreseen as the prior project has already substantially developed a successful M&E system and it is expected that the M&E staff from the prior project will carry over to the new Programme.

26. The Programme M&E system will be designed to track and verify the levels of achievement of programme outputs, the associated outcomes, and the success in achieving the programme objective

and its development goal. These levels are all causally connected as set out in the Programme Logical Framework. To a large extent, the M&E system will be participatory, involving the supported communes in data collection and management. The M&E and Knowledge Management Officers will assist the PCO in the data management in a standardised system, keep a central system to compile overall monitoring and evaluation information, and conduct studies to measure overall impacts.

27. The Strategic Management Section under the PCO will be in charge of setting up and operating the management information system (MIS), establishing and ensuring the M&E function, reporting and Knowledge Management. To that end, DEPOCEN (a local partner) in collaboration with IFPRI and IFAD HQ, have completed the "Manual Guide for IFAD Funded Projects in Vietnam". The manual provides the IFAD partners in Vietnam with a knowledge guide and practices for M&E.

Management Information System (MIS):

28. The programme MIS will be established to provide a comprehensive system of data collection, analysis and exchange. It will bring together physical and financial records with the main purpose of informing management decisions on programme matters. Quantitative measures of progress will be supplemented with qualitative information related to the acquisition of personal and shared skills, group behaviour changes, target groups' perception, awareness and attitudes. The MIS will be the sole channel of programme monitoring material and form the basis of quarterly six-monthly and annual reports.

29. In order to ensure a single and compatible system is implemented, the MIS will be set up centrally at programme start-up and refinements will be introduced in the light of experience during the first year. It will be based on the Logical Framework, which will be modified together with the MIS during implementation to adjust the programme to changing circumstances. The preparation of reporting formats for use by implementing agencies, particularly the participating communes, districts, and other partners will be part of the overall design of the MIS.

Monitoring:

30. Monitoring will be an integral part of the programme coordination role. All staff will be involved in strengthening programme progress and performance monitoring in their particular areas of responsibility. A large part of the monitoring data will be collected and communicated by the participating communes.

31. The monitoring will provide semi-annual and annual feedback on the extent to which the programme is achieving its outputs, implementing the activities, identifying potential problems at an early stage and proposing possible solutions. The accessibility of the programme to all sectors of the target population, as well as the technical and financial efficiency will be monitored and possible improvements suggested.

32. Monitoring indicators have been selected for each of the Programme's outcomes as detailed in the second column of Logical Framework. Wherever relevant and possible, gender-specific data, ethnic minority status and poverty data as classified by MOLIS) will be collected. Monitoring will be directed to inform the indicators of programme outputs and outcomes set out in the Logical Framework. The indicators listed in the second column of the Logical Framework have been selected bearing these requirements in mind.

33. Involving the target groups will ensure beneficiary participation in programme monitoring and, when possible, women, in data collection in forms of individual interviews, focus group discussion or case studies.

34. Programme training will be competency based. The performance of training activities will be monitored through pre and post training knowledge tests with a further test 6-12 months post training to determine knowledge retention and adoption. It will not be possible to monitor all training events at this level, however, random competency monitoring will be applied to all typologies of training events across the programme life.

Evaluation:

35. Programme evaluation will be initiated and managed by the Strategic Management Section in two major forms (i) impact evaluation and (ii) thematic evaluation. At the same time, the full reviews at mid-term and at the conclusion of the programme will be conducted by IFAD and GoV. These two official reviews are the Mid-term Review (MTR) and Programme Completion Review (PCR).

36. **Impact evaluation:** The impact will be measured from the baseline data at mid-term and at programme end. The Baseline Survey will be undertaken shortly after programme start-up to provide a platform of information from which the follow-on surveys could reveal changes in the households' livelihoods. Similarly, the Mid-term Survey and the Completion Survey will be carried out just before the MTR and towards the end of the programme, timed so that their results will be available for the MTR and PCR. These follow-on surveys will be carried out in the same manner as the Baseline Survey. Ideally they will visit the same households so that developments in the course of programme participation can be measured, and household members who have left the programme area as a result of finding employment elsewhere will be captured as well. These three surveys will be carried out in conformity with IFAD's RIMS reporting requirements (see below). They will use the standard RIMS questionnaire form to collect key beneficiary data including household assets and base data used to establish the prevalence of child malnutrition in participating households, with a few added questions to reflect programme-specific impact data. The participating households will be randomly selected from the 20 communes that will make up those initially selected for CC adaptation investments in programme year 1. The data will be processed by a simple custom software package to be provided by IFAD.

37. As the Programme will be establishing investments using business principles and business plans, there is the opportunity to use data generated during the planning and operation of such investments to provide for impact assessment. The intention is that the pre-programme baseline, the operational data (profit and loss, return on investment, returns to labour etc.) will provide the impact assessment at the micro-economic level. (See Monitoring Framework for detailed indicators).

38. The RIMS methodology will be modified to ensure capture of:

- a) The degree of impact in terms of effective CBA and CBDRM;
- b) Changes in resilience at the household level;
- c) the flow-on effects (jobs, knowledge, and transfer of technology) of programme activities to households not directly impacted by the programme; and,
- d) the impact of changes in the external environment (macro-economic changes) that will impact on all households.

39. **Thematic studies:** The PCO Strategic Management Section will contract or carry out thematic impact studies that will look at the impact of activities under Programme Outcomes. Such impact assessment will include an analysis of the effectiveness of:

- a) Community based adaptation and disaster risk management investments in producing stable, improved incomes for affected poor communities;
- b) value chain development models,
- c) the Public and Private Partnership in poverty reduction,
- d) the impact of micro credits to women,
- e) the effectiveness of collective economic models,
- f) the effect of SME development on the availability of jobs for the poor, and,
- g) the poverty impact of commodity-specific market support activities.

40. The topics for these thematic studies will be identified in consultation with the PCO during programme implementation taking into account the NTP-NRD policies. The Monitoring Framework provides the indicators, collection methods and the usage of the processed data.

41. **Mid-term Review and Completion Review:** IFAD and Government of Viet Nam will be responsible for carrying out two full reviews of the programme achievements: the MTR during Programme Year 3 and the completion review after Programme completion. Key Questions to be answered during the reviews on the basis of the indicators contained in the Logical Framework will include:

- a) Have programme investments enabled coherent planning for climate-smart, market-led development?
- b) Has investment CBA and CBDRM reduced household vulnerability to climate issues;
- c) Has programme targeting been successful?
- d) Has the Programme assisted the underemployed in getting jobs and have rural marketing links been forged effectively and sustainably?
- e) Does the Programme have the expected financial service outreach?
- f) Has decentralised climate-smart, market-based planning been operated as an effective development tool?
- g) Has the Programme contributed good examples to the national policies related to climate-smart, market-led development within a rural development project?
- h) How have changes in the external environment impacted on programme beneficiaries?

42. **Progress Reporting:** The PCUs will be in charge of preparing six monthly and annual programme progress reports. The implementing agencies will be required to provide their progress reports as an input for PCO to prepare the provincial reports that will be submitted to IFAD and Government in a timely and accurate manner. These reports will include the narrative report as a harmonised source of key data and ensure the trends are highlighted. The reports will record the financial and physical progress against AWPB targets. The Knowledge Management Officer will prepare a report on KM survey and analytical work, with a tabular appendix showing the progress in each Province against the programme indicators. The Strategic Management Section will be responsible only for the availability of data as indicated in the Logical Framework. The availability of all other data in the appendix will be the responsibility of the institutions, assisted by the PCUs in the preparation of the standardised reporting formats.

43. The PCO Director will be responsible for the preparation of six-monthly and annual provincial progress reports for submission to the PPC, PSC, and IFAD within a month from the end of the reporting period.

44. The implementing agencies will - within 2 weeks from the end of the reporting period - submit six-monthly progress reports to the PCO as a condition for release of funds for the ensuing period. CPCs and DPCs, will report on programme supported SEDP initiatives. The Women's Unions and others will report directly to the PCO.

45. **Annual Results and Impact Reporting:** The PCO will report separately to IFAD on the programme indicators that overlap with IFAD's RIMS. The information contained in these Annual Results and Impact Reports will be drawn from the programme MIS, and set in relation to the targets contained in this Report and those in the AWPBs.

46. **Mid-Term Reports:** The report will be prepared by the PCO and comprise the assessment of the efficiency as well as the programme achievements to-date, an analysis of the programme approach and activities, and detailed proposals for the implementation of the second part of the programme.

47. **Programme Completion Report:** At the end of the implementation period, a single comprehensive Programme Completion Report will be compiled by the PCO. The Completion Report will follow the IFAD guidelines and format for programme completion reports. The assessment criteria will include: Participation of the target groups, the Programme's strategies and approaches, relevance, finance management, efficiency, outputs delivery, effectiveness, impacts, sustainability, Innovation, up-scalability and replicability.

Knowledge management.

48. The programme's knowledge management program will be an essential element for delivery of programme objectives, especially for climate change related-learning. Two approaches will be taken: (i) a knowledge management program within the programme for purposes of supporting within and between programme learning and (ii) support for a broader program of knowledge management aimed at informing government decision-makers and influencing policy.

49. The "within programme" knowledge management activities would build upon the experience with the prior project and support the PCO to continue to carry out a program of (i) exchange visits to other IFAD-funded provinces (ii) integration of Programme learning into capacity building activities for the target groups and into community meetings, training courses and workshops in the communes; (iii) sharing of success stories through newspapers, television and with IFAD; (iv) "information corners" in programme communes; (v) training of programme staff in communication skills and; (vi) maintenance of online information services.

50. The data management system will ensure that all reporting is completed and that information, reports and data are available in suitably accessible formats. Evidence based learning is an important output and the knowledge management system, combined with the evaluations must generate these evidence backed lessons. Lessons may be about approaches that both do and don't work. In order to manage the knowledge and information of the Programme, the following activities will be conducted:

51. Documenting lessons learnt, best practices and cases of success: The Strategic Management Service will collect all available relevant information to document lessons learnt, best practices and cases of success. It could be based on information collected from: progress reports, meetings and interviews, monitoring and evaluation reports, outputs evidence provided by targeted groups, market and value chain entities and other involved parties.

52. Developing and delivering a lessons learnt study: Based on the information collected along programme implementation, the KM Officer will develop an end of programme Lessons Learnt Report, analysing the documented lessons learnt, best practices and cases. It will be first submitted to IFAD, and once feedback has been incorporated, if any, the report will be shared widely.

53. Development of material for dissemination: The Strategic Management Service will produce communication materials summarizing some of the success stories to be distributed through networks, and through policy dialogue. Based on analysis of the documented information, and the reports, material for dissemination will be produced at the end of the programme; a mid-term Lessons Learnt Report might also be developed. A short film about the Programme combining before and after footage will be shared with target groups, policy makers and other stakeholders. Recommendations and actions for market and value chain development will be developed.

54. For the broader knowledge management objectives, the programme's community presence, experience and knowledge will be the basis for a systematic and structured learning and knowledge dissemination process for "pro-poor, climate adapted" agriculture and rural development. Among others, the goal would be to inform both Provincial-led implementation efforts and to bring "learning-from-the-field" into national policy discussions. For the former, supporting Provincial governments through learning is extremely important given the decentralization of fiscal resources and management responsibilities to them and their needs to learn in near-real time in order to improve practices, methodologies, efficiencies and outcomes. For the latter, at the national level there is significant unmet stakeholder demand for consultation on policy implementation and "learning-from-the-field" in support of leveraging of investment resources.

55. It would be challenging for individual provinces to significantly influence the national policy debate in areas concerning MoSEDP or P-PC development, however, the collective knowledge of IFAD project experience in these fields in Viet Nam is substantial and will continue to grow. As such, the IFAD country office must play a role in bringing key Programme staff at provincial level together to collate and evaluate Programme outcomes and shape policy recommendations that can be carried forward to the national level. IFAD Viet Nam has been requested by the Minister MARD to assist with the development of governments PPP/P-PC policy. It is also a member of a donor group that was

recently formed to support DPI with the development of the MoSEDP approach. As such, IFAD Viet Nam is well placed to bring the collective experience of IFAD financed investments in Viet Nam into national policy and strategic planning discussion.

56. Finally, during implementation, the programme would support efforts to broaden the extension system through systematic development of farmer networks (to share knowledge on successful adaptation); farmer-to-farmer extension approaches (to facilitate technology transfer); continued development of community-based technical services (e.g., para-veterinarians for vaccinations and control of plagues); promotion and utilization of private service delivery including the use of outcome-based contracts, and; strengthening functional linkages between researchers and service centres and farmer networks to ensure the relevance of the research agendas.

Appendix 7: Financial management and disbursement arrangements

1. **Financial management.** The PCO will be responsible and accountable to Government and IFAD for the proper use of funds apportioned to it, in line with the respective legal agreements and contractual arrangements for service providers. The PCO will provide detailed financial statements of the operations, resources and expenditures related to the Programme for each fiscal year, prepared in accordance with standards and procedures acceptable to IFAD. The system of financial management and the financial regulations of DPPR was reviewed. A Financial Management Risk Assessments of DPPR was conducted, rating it as having a "medium risk". Ha Giang province has substantial experience in managing externally financed projects including those financed by IFAD, with generally good outcomes and accountability frameworks. The trained and competent staff dealing with financial management from the DPPR will assume the responsibility for CPRP, thus minimizing the risk of inappropriate use of funds.
2. The Government shall ensure that counterpart funds are provided in a timely manner, particularly regarding instances where parallel financing arrangements are used. Failure to do so may impede the efficiency and effectiveness of Programme implementation.
3. **Designated Account (DA):** In accordance with the Financing Agreement and Section 4.04(d) of the General Conditions, immediately after entry into force of the Financing Agreement, the GoV shall open and thereafter maintain in a commercial bank accepted by IFAD, an accounts denominated in US dollars for the purpose of financing the Programme. The Designated Account will be operated by the MoF and will be protected against set-off, seizure or attachment on terms and conditions proposed by the Borrower and accepted by IFAD. The Borrower shall inform the Fund of the officials authorized to operate the DA.
4. **Programme Accounts:** The PCO shall open and maintain in the provincial treasuries an account denominated in VND for Programme operations, the "Programme Account". The Programme Account shall be funded and replenished as necessary from the resources held in the Designated Account, upon request of the PMO and in accordance with expenditures incurred under approved AWPBs. The Programme Director shall be fully authorized to operate the relevant Programme Account.
5. Initial Deposit into the Designated Account (Authorized Allocation): Upon the entry into force of the IFAD loan and the Borrower's request, IFAD will make a withdrawal of **USD 1 million** in the aggregate, from the Loan Account on behalf of the Borrower and deposit such amount into the Designated Account to carry out the Programme.
6. The request for such deposit needs to submit related documents to IFAD, which include the following:
 - a) Signature Specimen: Signature specimen of the authorized officials who are managing the Designated Account must be confirmed by MoF with signature and submitted through MoF to IFAD in the form acceptable to IFAD prior to requesting for the deposit.
 - b) Letter of Evidence: A "Letter of Evidence" issued by the Bank holding the Designated Account must be submitted to IFAD before requesting for the deposit. The "Letter of Evidence" should confirm the opening of the Designated Account, provide the account number and address, and state the agreement for the operation of the account. The "Letter of Evidence" should also indicate the "SWIFT" code for the bank in question.
 - c) Form 100: A "Form 100" needs to be filled in and properly signed and submitted to IFAD for the request of initial deposit.

7. **Replenishment to the Designated Account:** IFAD will replenish the Designated Account upon request. Withdrawal applications for replenishment to the Designated Account should be denominated in US Dollars and should be submitted on a frequent basis, provided that the expenditure made during the previous months is more than or equivalent to the Minimum Withdrawal Amounts, about 20% of the initial advance.
8. The amounts withdrawn from the Designated Account in local currency should be converted into USD using the prevailing exchange rate at the date of disbursing to the Programme Accounts.
9. Each claim to IFAD for the replenishment of the Designated Account needs to include the following documents and statements:
 - a) Form 100: A duly filled and signed "Form 100";
 - b) Form 101 or 102;
 - c) Designated Account Reconciliation Statement: A properly filled "Designated Account Reconciliation Statement";
 - d) Supporting documentation relevant for the eligible expenditures.
10. **The SOE threshold** for all expenditures pertaining to all categories is recommend to a ceiling of USD 40 000.
11. **Eligible Expenditure:** The Financing shall be used exclusively to finance expenditures meeting each of the following eligibility requirements:
 - a) The expenditure shall meet the reasonable cost of goods, works and services required for the Programme and covered by the relevant AWPB and procured in conformity with the Fund's Procurement Guidelines;
 - b) The expenditure shall be incurred during the Programme Implementation Period, except that expenditures to meet the costs of winding up the Programme may be incurred after the Programme Completion Date and before the Financing Closing Date;
 - c) The expenditure shall be incurred by a Programme Party;
 - d) If the Agreement allocates the amount of the Financing to categories of Eligible Expenditures and specifies the percentages of such Eligible Expenditures to be financed by the Financing, the expenditure must relate to a category whose allocation has not been depleted, and shall be eligible only up to the percentage applicable to such category.
 - e) The expenditure shall be otherwise eligible in accordance with the terms of the Financing Agreement.
12. Any payments to a person or an entity, or for any goods, works or services, if making or receiving such payment constitutes a coercive, collusive, corrupt or fraudulent practice by any representative of the Borrower/Recipient or any Programme Party, shall not be eligible for financing by IFAD.
13. **Taxation:** The proceeds of the financing may not be used to pay taxes. All taxes are to be borne by the Government.
14. **IFAD Policy on Anti-Corruption and Fraud:** IFAD's policy to require that the staff of IFAD, and (including beneficiaries of IFAD loans) as well as all bidders, suppliers, contractors and consultants under IFAD-financed contracts observe the highest standard of ethics and integrity during the procurement and execution of such contracts. Mechanisms for the whistle-blowers to access IFAD systems are provided at the following link: <http://www.ifad.org/governance/anticorruption/how.htm>
15. **Disbursement Procedures:** There are four standard procedures that can be used to request withdrawals from the Loan Account, which are as follows:

- a) Procedure I: Advance withdrawal (replenishment of the designated account, using imprest accounts or revolving funds with replenishment to a bank account(s) designated to receive financing resources in advance). This modality is used to advance and/or replenish funds to a bank account as designated by the borrower. IFAD may place a limit on the amount to be advanced and/or replenished. Relevant details on the modality – which is Programme specific – are agreed between the borrower and IFAD, and detailed in the Letter to the Borrower/recipient (LTB).
 - b) Procedure II: Reimbursement. This is applicable when eligible Programme expenditures, reimbursable under the financing, have been pre-financed by the borrower. Such reimbursements are expected to be claimed no later than 90 calendar days from the date of payment by the borrower.
 - c) Procedure III: Direct Payment. This modality is used for eligible Programme expenditures to be paid directly by IFAD, generally for large contracts, to suppliers, contractors, consultants or third parties, as authorized by the borrower
 - d) Procedure IV: Special Commitment. This modality is used for eligible Programme expenditures related to items imported by Programme implementing agencies under a letter of credit requiring the issuance of guarantees for reimbursement to negotiating banks by IFAD.
16. Specific disbursement procedure should be referred to The Loan Disbursement Handbook for IFAD Directly Supervised Programmes – Version 1.01
 17. Budgeting. As noted the PCO will be responsible for compilation of the consolidated annual work plan and budget for the Programme. Counterpart funds will be incorporated in the annual budget and will be released annually. Previous experience indicates that government contributions are provided as planned and in a timely manner.
 18. Counterpart government contributions payments will be made from a Provincial Budget by arrangement of provincial Department of Finance, and be used specifically for the Vietnamese contributions to the Programme. These contributions will be received annually/quarterly in accordance with normal budget procedures.
 19. Beneficiary Contribution: The PCO shall evolve a system to collect information in respect of beneficiary contribution to the Programme on a regular and on-going basis.
 20. External audit. In line with section 9.03 of the General Conditions for Agricultural Development Financing of IFAD, the consolidated financial statements of the Programme including the use of the counterpart funds relating to the Programme will be audited by Independent Auditors who shall be appointed based on a transparent and competitive selection process with an agreed TOR for the Programme audit assignment, which should be subject to a no-objection by IFAD. The auditors will audit the Programme consolidated financial statements annually and audit reports shall be submitted to IFAD within six months of the end of the relevant financial reporting period. Following IFAD Guidelines on Project Audits, the auditors shall provide separate opinions on the financial statements, SOEs and DA. In particular, the Auditors shall review withdrawals from the Programme Accounts at various levels on the basis of SOEs, and provide an independent opinion on whether such expenditures fully comply with expenditures eligible for IFAD disbursements. They shall also review the efficiency of the flow of the funds and the delivery of counterpart financing. IFAD, as part of its supervision functions, will also inspect Programme Accounts to ensure their adherence to acceptable standards. The auditor shall provide three separate opinions:
 - a) an opinion on the Programme financial statements (PFSs);
 - b) an opinion on the use of the Designated Account (DA), including the initial advance, replenishments, interest that may accrue on the outstanding balances, and the year-end balances. In this, the audit shall examine: the eligibility of withdrawals from the DA during the period under review; the operation of the DA in accordance with the financing

- agreement and other instructions provided by IFAD; the adequacy of internal controls within the Programme appropriate for this disbursement mechanism; and the use of correct exchange rates to convert local currency expenditures to the denominated currency of the DA; and
- c) an opinion on withdrawal applications, statements of expenditure (SOEs), and their summary, used as the basis for submitting withdrawal applications. SOEs will be carefully compared for eligibility with relevant financial agreements and the disbursement letter, with reference to the Programme design report for guidance when necessary. The auditor's opinion should deal with the adequacy of the procedures used by the Programme for preparing SOEs and should include a statement that amounts withdrawn from the Programme account on the basis of such SOEs were used for the purposes intended under the agreement.
21. In addition, auditors shall provide a separate management letter addressing the adequacy of the accounting and internal control systems of the programme, including compliance with the IFAD Procurement Guidelines and such other matters as IFAD may request.
22. **Procurement.** Programme procurement will follow the national procedures to the extent that they are consistent with the IFAD Programme Procurement Guidelines. To the extent possible, the procurement of goods, civil works and consulting services shall be bulked into sizeable bids so as to permit optimal use of competitive bidding. Procurements shall be documented for ex-post review by IFAD and for audit purposes. Consolidated procurement plans covering a period of 18 months will be prepared as part of the AWPB and submitted to IFAD for "no objection" review, before commencement of procurement. It should provide information of goods, works and services disaggregated into different components, including: (i) description of goods, works or services to be procured; (ii) procurement method; (iii) estimated unit cost for each item; (iv) estimated cost for each procurement; and (v) review procedure (post or prior review by IFAD). A procurement plan for the first 18 months has been prepared during the design completion mission, and is available in the Programme Life File (Appendix 13).
23. In line with *IFAD's Project Procurement Guidelines*, the following threshold recommended for the Programmes are subject to prior review by IFAD:
- a) Award of any contract for goods and work estimated to cost USD 60 000 or more;
- b) Award of any contract for consulting services estimated to cost USD 30 000 or more.
- c) All contracts, with or without prior IFAD approval, shall be listed in the Register of Contracts with the dates of approval. The Register shall be updated and submitted to the IFAD on a six-monthly basis.
24. **Contract Management** is very critical to smooth and successful implementation of the Programme. CPRP should introduce the system to ensure the rights & duties of each party to contract are provided to ensure delivery on time, with right quality and as per/ within budget. For an effective contract administration, each contract should contain all pertinent deliverables, timing, deadlines, results-oriented reporting and expected outcomes, with measurable indicators. The template of the Contract Monitoring Form is available in the Procurement Handbook as well as IFAD's Loan Disbursement Handbook. The contract monitoring form should be submitted to IFAD after each —prior review contractll has been signed and along with each Withdrawal Application for all contracts with ongoing payments.
25. **Financial Statements.** The financial statements of the Programme for each fiscal year should consist of (i) yearly and cumulative statements of sources and application of funds, which should disclose separately IFAD funds, GoV funds and beneficiaries funds and (ii) the Balance Sheet which should disclose bank and cash balances that agree with the statement of sources and application of funds, fixed assets and liabilities; and (iii) yearly and cumulative SOEs by withdrawal application and category of expenditures. CPRP shall prepare and deliver to IFAD such financial statements within three months of the end of each Fiscal Year. The aforesaid statements duly audited should be delivered to IFAD within six months of the end of each Fiscal Year.

Appendix 8: Procurement

1. Programme communes are now preparing for disbursement under the National Target Programme for New Rural Development (NTP-NRD). Direct contracting, however, is the dominant method for procurement of works under the national programs for poverty reduction and rural development since direct contracting could be applied for a work package with the estimated cost below VND 5 billion according to the Vietnamese Procurement Law.
2. Procurement of goods, works and consulting services financed by IFAD under the CPRP would be carried out in compliance with the IFAD's Project Procurement Guidelines (as approved by IFAD in September 2010 and which may be amended from time to time). The national procurement procedures, processes and regulations under the Procurement Law could be applied to the extent that are consistent with IFAD Project Procurement Guidelines.
3. The PCO shall submit to IFAD the Draft AWPB and the Procurement Plan covering the initial eighteen (18) month period of Programme implementation. This shall be updated to cover each succeeding twelve (12) month period for review and no objection. Each procurement plan shall include the proposed contracts, estimated costs and financings sources, methods of procurement, related IFAD review procedures, time schedules, etc. as specified in the IFAD procurement format.
4. Procurement methods for work packages under the CPRP include (i) National Competitive Bidding applied for work packages with estimated cost equivalent or exceeding USD 60,000; (ii) Local Competitive Bidding applied for work packages with estimated cost less than USD 60,000; (iii) Procurement with Community Participation or Force Account applied for infrastructure schemes that can use intensive un-skilled labour and simple techniques such as cement concrete roads, lined canals, storages, etc. with the estimated cost less than USD 30,000; (iv) Direct Contracting could be applied for very small work packages with estimated cost less than USD 5,000.
5. Procurement methods for goods packages under the CPRP include (i) National Competitive Bidding applied for goods packages with estimated cost equivalent or exceeding USD 60,000; (ii) National/ Local Shopping applied for goods packages with estimated cost less than USD 60,000; (iii) Direct Contracting could be applied for very small goods packages with estimated cost less than USD 5,000.
6. Methods for selecting consultants under the CPRP include (i) Quality and Cost Based Selection applied for service packages with estimated cost equivalent or exceeding USD 30,000; (ii) Select Based on Consultants' Qualifications applied for service packages with estimated cost less than USD 30,000; (iii) Single Source Selection could be applied only in exceptional circumstances and to be approved by IFAD in the procurement plan.
7. Prior review thresholds. In accordance with IFAD Project Procurement Guidelines the following shall be subject to prior review by IFAD: (i) any goods contract estimated to cost USD 60,000 or more; (ii) any work contract estimated to cost USD 60,000 or more; and (iii) any consulting service contracts estimated to cost USD 30,000 or more.

An indicative 18 months Procurement Plan

Ha Giang Commodity-oriented Poverty Reduction Programme (CPRP)		Columns for which drop down boxes are used		Columns from Costab		To be checked by IFAD procurement expert																			
18-month Procurement Plan January 2014 - June 2015		Abbreviations (see also detailed cost tables for additional explanations of cost items in footnotes):																							
vers.	20-Jun-14	Ben. - Beneficiaries		Gov. - Government		HG - Ha Giang		NCB - National Competitive Bidding		NA - Not applicable		PCU - Programme Coordination Unit		Stud. - Studies		TA - Technical Assistance		Trg. - Training		WSCG - Women Savings and Credit Group					
														(change 1170, 1180 accordingly)											
														PY1 + 50% of PY2											
Bid Ref.	Description	Financier	Main Implementing Agency	IFAD Loan/Grant Category	Proposed no. of packages	Total allocated amount, USD	Allocated amount for 18 months, USD	Procurement selection method	Prior review (Yes/No)	Start date	Bid Opening Date	End date	Additional remarks												
Sub-component 1.1: Commodity-based investment planning institutionalized														265,318	198,930										
1.1-1	SIP preparation	IFAD Loan	HG PCU	TA/Trg./Stud.		100,000	100,000	Con. Services																	
1.1-2	Training on spreadsheet applications - provincial	IFAD Loan	HG PCU	TA/Trg./Stud.		10,100	10,100	Other																	
1.1-3	Training on specific commodity chain analysis software - provincial	IFAD Loan	HG PCU	TA/Trg./Stud.		10,100	10,100	Other																	
1.1-4	SIP analysis training - provincial	IFAD Loan	HG PCU	TA/Trg./Stud.		7,575	7,575	Other																	
1.1-5	Training on spreadsheet applications - district	IFAD Loan	HG PCU	TA/Trg./Stud.		10,100	10,100	Other																	
1.1-6	SIP analysis training - district	IFAD Loan	HG PCU	TA/Trg./Stud.		7,575	7,575	Other																	
1.1-7	Refresher training on spreadsheet applications - provincial	IFAD Loan	HG PCU	TA/Trg./Stud.		10,405	2,576	Other																	
1.1-8	Refresher training on SIP analysis - provincial	IFAD Loan	HG PCU	TA/Trg./Stud.		10,405	2,576	Other																	
1.1-9	Refresher training on specific commodity chain analysis software - provincial	IFAD Loan	HG PCU	TA/Trg./Stud.		10,405	2,576	Other																	
1.1-10	Refresher training on spreadsheet applications - district	IFAD Loan	HG PCU	TA/Trg./Stud.		10,405	2,576	Other																	
1.1-11	Refresher training on SIP - district	IFAD Loan	HG PCU	TA/Trg./Stud.		10,405	2,576	Other																	
1.1-12	Other training	IFAD Loan	HG PCU	TA/Trg./Stud.		67,843	40,602	Other																	
Sub-component 1.2: Activity 1.2.1: Public sector market economy skills strengthened														1,139,378	248,364										
1.2.1-1	Market economy training contract	IFAD Loan	HG PCU	TA/Trg./Stud.		300,000	150,000	Con. Services																	
1.2.1-2	Training of DPI and other Trainers in market economy management	IFAD Loan	HG PCU	TA/Trg./Stud.		6,060	6,060	Other																	
1.2.1-3	District level market economy training	IFAD Loan	HG PCU	TA/Trg./Stud.		31,094	10,696	Other																	
1.2.1-4	Commune level market economy training	IFAD Loan	HG PCU	TA/Trg./Stud.		802,224	81,608	Other																	
Sub-component 1.2: Activity 1.2.2: Market-oriented socio-economic development planning implemented provincially														3,932,838	1,119,137										
1.2.2-1	District mapping of CC vulnerability	IFAD Loan	HG PCU	TA/Trg./Stud.		80,000	40,000	Con. Services																	
1.2.2-2	Formation of CC Integration Technical Advisory Group (TAG)	IFAD Loan	HG PCU	TA/Trg./Stud.		3,535	3,535	Other																	
1.2.2-3	Review existing methodologies for commune-level CC planning	IFAD Loan	HG PCU	TA/Trg./Stud.		6,000	6,000	Con. Services																	
1.2.2-4	Technical workshops for CC integration into SEDP at commune and district levels	IFAD Loan	HG PCU	TA/Trg./Stud.		3,030	3,030	Other																	
1.2.2-5	Development of CBDRM-based methodology for commune-level SEDP planning	IFAD Loan	HG PCU	TA/Trg./Stud.		9,000	9,000	Con. Services																	
1.2.2-6	Testing and evaluation of commune-level, CBDRM-based methodology	IFAD Loan	HG PCU	TA/Trg./Stud.		6,000	6,000	Con. Services																	
1.2.2-7	Programme district-level diagnostic of ongoing adaptation/down-scaling of provincial-level	IFAD Loan	HG PCU	TA/Trg./Stud.																					
1.2.2-8	climate change impact scenarios & identification of vulnerable areas, production systems	IFAD Loan	HG PCU	TA/Trg./Stud.		18,000	18,000	Con. Services																	
1.2.2-9	Development of District-level zoning methodology, based on commune CC planning	IFAD Loan	HG PCU	TA/Trg./Stud.		3,000	3,000	Con. Services																	
1.2.2-10	Piloting and updating of commune-level, CBDRM-based methodology	IFAD Loan	HG PCU	TA/Trg./Stud.		9,000	9,000	Con. Services																	
1.2.2-11	CC Integration TAG progress reviews (meetings/field visits)	IFAD Loan	HG PCU	TA/Trg./Stud.		1,010	1,010	Other																	
1.2.2-12	Development of Programme district-level methodology for integration into sectoral SEDPs of	IFAD Loan	HG PCU	TA/Trg./Stud.																					
1.2.2-13	and district vulnerability mapping and zoning piloting and updating of commune-level, CB	IFAD Loan	HG PCU	TA/Trg./Stud.		9,000	9,000	Con. Services																	
1.2.2-14	Key stakeholder progress review & evaluation workshop	IFAD Loan	HG PCU	TA/Trg./Stud.		15,768	15,768	Other																	
1.2.2-15	NGO facilitation of CBA and CBDRM into Programme district planning	IFAD Loan	HG PCU	TA/Trg./Stud.		140,000	85,000	Con. Services																	
1.2.2-16	Training of trainers	IFAD Loan	HG PCU	TA/Trg./Stud.		46,056	30,603	Other																	
1.2.2-17	Dissemination - publications, brochures, newspaper, radio programs, etc	IFAD Loan	HG PCU	TA/Trg./Stud.		6,369	773	Other																	
1.2.2-18	Cross-visits, District & Commune staff	IFAD Loan	HG PCU	TA/Trg./Stud.		52,561	15,251	Other																	
1.2.2-19	Field visits/studytours for DPI planning staff	IFAD Loan	HG PCU	TA/Trg./Stud.		18,396	5,338	Other																	
1.2.2-20	Publication of results (web-based publication, journals)	IFAD Loan	HG PCU	TA/Trg./Stud.		2,123	258	Other																	
1.2.2-21	International TA	IFAD Loan	HG PCU	TA/Trg./Stud.		35,077	29,154	Con. Services																	
1.2.2-22	National TA	IFAD Loan	HG PCU	TA/Trg./Stud.		9,000	4,500	Con. Services																	
1.2.2-23	Training sessions	IFAD Loan	HG PCU	TA/Trg./Stud.		36,381	17,950	Other																	
1.2.2-24	Promotional campaign/awareness raising for local officials & groups	IFAD Loan	HG PCU	TA/Trg./Stud.		154,025	89,638	Other																	

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1.2.2-25	Training of commune & village staff/facilitators	IFAD Loan	HG PCU	T/A/Trg./Stud.		7,701	4,482	Other					
1.2.2-26	Training of District staff	IFAD Loan	HG PCU	T/A/Trg./Stud.		2,555	1,783	Other					
1.2.2-27	Village/commune participatory vulnerability mapping & scenario development	IFAD Loan	HG PCU	T/A/Trg./Stud.		127,135	19,683	Other					
1.2.2-28	Commune Training sessions - initial	IFAD Loan	HG PCU	T/A/Trg./Stud.		425,179	43,252	Other					
1.2.2-29	Commune Training sessions - follow-up	IFAD Loan	HG PCU	T/A/Trg./Stud.		168,768	4,250	Other					
1.2.2-30	District Training sessions - initial	IFAD Loan	HG PCU	T/A/Trg./Stud.		41,873	14,404	Other					
1.2.2-31	District Training sessions - follow-up	IFAD Loan	HG PCU	T/A/Trg./Stud.		16,651	1,623	Other					
1.2.2-32	District Field Programme Support Vehicles (Double-cabin 4x4)	IFAD Loan	HG PCU	Equip&Goods		181,800	181,800	NCB					
1.2.2-33	MOSEDP meetings District level	Government	HG PCU	Recurrent		7,846	917	Shopping					
1.2.2-34	MOSEDP meetings Commune level	Government	HG PCU	Recurrent		60,145	3,744	Shopping					
1.2.2-35	MOSEDP meetings Village level	Government	HG PCU	Recurrent		902,168	56,153	Shopping					
1.2.2-36	District Vehicle O&M	IFAD Loan	HG PCU	Recurrent		248,350	72,061	Shopping					
1.2.2-37	Drivers	Government	HG PCU	Recurrent		157,682	45,753	Force Account					
1.2.2-38	Operational support to DPI	IFAD Loan	HG PCU	Recurrent		82,783	24,020	Shopping					
1.2.2-39	Operational support to Districts	IFAD Loan	HG PCU	Recurrent		275,944	80,068	Shopping					
1.2.2-40	Operational support to Communes	IFAD Loan	HG PCU	Recurrent		562,926	163,338	Shopping					
Sub-component 1.3: Climate adapted technology tested and developed						1,425,515	474,245						
1.3-1	Stakeholder workshops (by sub-sector)	IFAD Loan	HG PCU	T/A/Trg./Stud.		18,736	9,090	Other					
1.3-2	Formation of Adaptation Technical Advisory Group (TAG)	IFAD Loan	HG PCU	T/A/Trg./Stud.		3,030	3,030	Other					
1.3-3	Formation of end-user reference/stakeholder group	IFAD Loan	HG PCU	T/A/Trg./Stud.		5,050	5,050	Other					
1.3-4	Analysis of agricultural, livestock and forestry systems and development of economic model	IFAD Loan	HG PCU	T/A/Trg./Stud.		31,227	15,150	Other					
1.3-5	Adaptive agriculture, livestock and forestry research programme	IFAD Loan	HG PCU	T/A/Trg./Stud.		262,804	76,255	Other					
1.3-6	Smallholder forage development programme	IFAD Loan	HG PCU	T/A/Trg./Stud.		467,854	203,010	Other					
1.3-7	Renewable energy technologies	IFAD Loan	HG PCU	T/A/Trg./Stud.		110,378	32,027	Other					
1.3-8	Independent evaluation of the applied research programme	IFAD Loan	HG PCU	T/A/Trg./Stud.		7,500	2,250	Con. Services					
1.3-9	Adaptation TAG progress reviews (meetings/field visits)	IFAD Loan	HG PCU	T/A/Trg./Stud.		10,512	3,050	Other					
1.3-10	End-user reference/stakeholder group evaluation workshop	IFAD Loan	HG PCU	T/A/Trg./Stud.		13,140	3,813	Other					
1.3-11	Community meeting to explain PAR, build relations	IFAD Loan	HG PCU	T/A/Trg./Stud.		7,500	7,500	Con. Services					
1.3-12	Community-Scientist Planning of PAR research agenda	IFAD Loan	HG PCU	T/A/Trg./Stud.		150,000	45,000	Con. Services					
1.3-13	PAR research	IFAD Loan	HG PCU	T/A/Trg./Stud.		135,000	30,000	Con. Services					
1.3-14	Community-Scientist reflection on and evaluation of research process/results	IFAD Loan	HG PCU	T/A/Trg./Stud.		120,000	15,000	Con. Services					
1.3-15	Operational support to DONRE b	IFAD Loan	HG PCU	Recurrent		82,783	24,020	Shopping					
Sub-component 2.1: Community development co-financed						14,112,584	3,442,575						
2.1-1	Community infrastructure grants	IFAD/Gov./Ben.	HG PCU	Civil Works		9,000,000	2,250,000	NCB					
2.1-2	Design and supervision (10%)	IFAD Loan	HG PCU	T/A/Trg./Stud.		900,000	225,000	Con. Services					
2.1-3	Youth-targeted vocational training programmes	IFAD Loan	HG PCU	T/A/Trg./Stud.		596,401	220,584	Other					
2.1-4	Training course for Business Linkage Facilitators	IFAD Loan	HG PCU	T/A/Trg./Stud.		2,020	2,020	Other					
2.1-5	Training allocation for District Value Chain and Market Development Officers	IFAD Loan	HG PCU	T/A/Trg./Stud.		26,280	7,626	Other					
2.1-6	CIG member farm/business management training course	IFAD Loan	HG PCU	T/A/Trg./Stud.		73,156	20,402	Other					
2.1-7	Competitive co-financing for CIGs	IFAD Loan	HG PCU	Grants		1,574,392	307,040	Other					
2.1-8	Co-financing contribution by CIGs	IFAD Loan	HG PCU	Grants		1,574,392	307,040	Other					
2.1-9	FU management of farmer-to-farmer advisory services	IFAD Loan	HG PCU	T/A/Trg./Stud.		100,000	30,000	Shopping					
2.1-10	Operational support to DARD	IFAD Loan	HG PCU	Recurrent		82,783	24,020	Shopping					
2.1-11	District Value Chain and Market Development Officers	Government	HG PCU	Recurrent		183,159	48,844	Force Account					
Sub-component 2.2: Rural financial services enhanced						5,594,405	2,178,423						
2.2-1	National TA for WU	IFAD Loan	HG PCU	T/A/Trg./Stud.		24,000	15,000	Con. Services					
2.2-2	Local study tour	IFAD Loan	HG PCU	T/A/Trg./Stud.		7,575	7,575	Other					
2.2-3	Training courses for WU in SCG methodology	IFAD Loan	HG PCU	T/A/Trg./Stud.		5,454	5,454	Other					
2.2-4	Accounting course	IFAD Loan	HG PCU	T/A/Trg./Stud.		2,525	2,525	Other					
2.2-5	Refresher course WU's SCG staff	IFAD Loan	HG PCU	T/A/Trg./Stud.		2,627		Other					
2.2-6	Printing of SCG accounting material and manuals	IFAD Loan	HG PCU	T/A/Trg./Stud.		5,101	3,813	Other					
2.2-7	Loan management software	IFAD Loan	HG PCU	T/A/Trg./Stud.		21,210	21,210	Other					
2.2-8	Equipment for provincial WU	IFAD Loan	HG PCU	Equip&Goods		5,303	5,303	NCB					
2.2-9	Equipment for WU district offices	IFAD Loan	HG PCU	Equip&Goods		15,908	15,908	NCB					
2.2-10	4-WD vehicle for WU	IFAD Loan	HG PCU	Equip&Goods		60,600	60,600	NCB					
2.2-11	Village mobilisation meetings	IFAD Loan	HG PCU	T/A/Trg./Stud.		35,856	17,691	Other					
2.2-12	Printing of information leaflets	IFAD Loan	HG PCU	T/A/Trg./Stud.		5,050	5,050	Other					
2.2-13	Training of group leaders	IFAD Loan	HG PCU	T/A/Trg./Stud.		27,819	13,726	Other					

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2.2-14	Follow-up courses for group leaders	IFAD Loan	HG PCU	TA/Trg./Stud.	28,375	4,636	Other					
2.2-15	Training of SCG members	IFAD Loan	HG PCU	TA/Trg./Stud.	8,964	4,423	Other					
2.2-16	Business start-up course for SCG members	IFAD Loan	HG PCU	TA/Trg./Stud.	95,537	11,590	Other					
2.2-17	Seed on-lending capital for WU	IFAD Loan	HG PCU	WSCG Financing	696,000	348,000	Financial Intern.					
2.2-18	Pre-Transformation Support to WU	IFAD Loan	HG PCU	TA/Trg./Stud.	160,794		Other					
2.2-19	Provincial agro-finance workshops	IFAD Loan	HG PCU	TA/Trg./Stud.	31,541	10,100	Other					
2.2-20	International TA to support CPRP rural finance operations	IFAD Loan	HG PCU	TA/Trg./Stud.	157,682	45,753	Con. Services					
2.2-21	Red book allocation	IFAD Loan	HG PCU	TA/Trg./Stud.	4,000,000	1,500,000	Con. Services					
2.2-22	Operational support to WU	IFAD Loan	HG PCU	Recurrent	141,297	64,054	Shopping					
2.2-23	WU motorbike operation	IFAD Loan	HG PCU	Recurrent	55,189	16,014	Shopping					
Sub-component 2.3: Public-Private Collaboration (P-PC) implemented					4,153,188	992,579						
2.3-1	International TA	IFAD Loan	HG PCU	TA/Trg./Stud.	47,872	17,539	Con. Services					
2.3-2	National TA	IFAD Loan	HG PCU	TA/Trg./Stud.	48,000	18,000	Con. Services					
2.3-3	Entrepreneur briefings on co-financed value chain investment	IFAD Loan	HG PCU	TA/Trg./Stud.	7,316	2,040	Other					
2.3-4	P-PC Investments/b	IFAD Loan	HG PCU	Grants	3,600,000	850,000	Other					
2.3-5	Design and Supervision	IFAD Loan	HG PCU	TA/Trg./Stud.	450,000	105,000	Con. Services					
Component 3: Programme Coordination					3,089,049	1,149,434						
3-1	Vehicles (4x4)	IFAD Loan	HG PCU	Equip&Goods	121,200	121,200	NCB					
3-2	Office equipment - Province level	IFAD Loan	HG PCU	Equip&Goods	74,235	74,235	NCB					
3-3	Office equipment - District level	IFAD Loan	HG PCU	Equip&Goods	21,210	21,210	NCB					
3-4	Office equipment - Commune level	IFAD Loan	HG PCU	Equip&Goods	80,492	56,153	NCB					
3-5	Upgrading accounting/MIS	IFAD Loan	HG PCU	TA/Trg./Stud.	10,605	10,605	NCB					
3-6	PIM preparation	IFAD Loan	HG PCU	TA/Trg./Stud.	10,000	10,000	Con. Services					
3-7	Start-up workshop	IFAD Loan	HG PCU	TA/Trg./Stud.	7,575	7,575	Other					
3-8	Annual review and planning workshop	IFAD Loan	HG PCU	TA/Trg./Stud.	16,984	2,060	Other					
3-9	Knowledge Management-Publications	IFAD Loan	HG PCU	TA/Trg./Stud.	21,230	2,576	Other					
3-10	PCU staff training	IFAD Loan	HG PCU	TA/Trg./Stud.	61,004	50,702	Other					
3-11	Baseline Survey	IFAD Loan	HG PCU	TA/Trg./Stud.	30,000	30,000	Con. Services					
3-12	Ad-hoc Studies and Assistances	IFAD Loan	HG PCU	TA/Trg./Stud.	20,000	5,000	Con. Services					
3-13	Mid-term Review	IFAD Loan	HG PCU	TA/Trg./Stud.	20,000		Con. Services					
3-14	Final Impact Survey	IFAD Loan	HG PCU	TA/Trg./Stud.	20,000		Con. Services					
3-15	Office refurbishment	Government	HG PCU	Civil Works	101,000	101,000	NCB					
3-16	Studytours	IFAD Loan	HG PCU	TA/Trg./Stud.	105,122	30,502	Other					
3-17	Provincial level salaries	Government	HG PCU	Recurrent	1,087,352	291,904	Force Account					
3-18	District level salaries and allowances	Government	HG PCU	Recurrent	245,985	71,375	Force Account					
3-19	Communal level allowances	Government	HG PCU	Recurrent	55,189	16,014	Force Account					
3-20	DSA (local travel)	Government	HG PCU	Recurrent	52,561	15,251	Force Account					
3-21	Provincial vehicle O&M /h	IFAD Loan	HG PCU	Recurrent	99,340	28,824	Shopping					
3-22	Provincial office equipment O&M	IFAD Loan	HG PCU	Recurrent	33,113	9,608	Shopping					
3-23	Provincial office utilities	IFAD Loan	HG PCU	Recurrent	33,113	9,608	Shopping					
3-24	Provincial staff international travel	IFAD Loan	HG PCU	Recurrent	42,461	5,151	Shopping					
3-25	Provincial banking services	IFAD Loan	HG PCU	Recurrent	19,868	5,765	Shopping					
3-26	Provincial audit	IFAD Loan	HG PCU	Recurrent	110,378	32,027	Shopping					
3-27	Provincial telecommunication	IFAD Loan	HG PCU	Recurrent	49,670	14,412	Shopping					
3-28	Provincial stationery	IFAD Loan	HG PCU	Recurrent	33,113	9,608	Shopping					
3-29	Provincial PSC meetings	IFAD Loan	HG PCU	Recurrent	11,038	3,203	Shopping					
3-30	Provincial other /i	IFAD Loan	HG PCU	Recurrent	82,783	24,020	Shopping					
3-31	Operating cost District level	IFAD Loan	HG PCU	Recurrent	132,453	38,433	Shopping					
3-32	Operating cost commune level	IFAD Loan	HG PCU	Recurrent	279,975	51,413	Shopping					
Project Total					33,712,276	9,803,687						

Appendix 9: Programme cost and financing

Programme costs

1. The main assumptions underlying the derivation of Programme costs, estimated Programme costs and financing plan are:

- h. The Programme costs are based on April 2014 prices.
- i. The proposed Programme will be financed over a five-year period (2015-2019).
- j. Inflation. The Economist Intelligence Unit's (EIU) estimate for the consumer price inflation in 2015-18 is an average of 8%, and this rate was set as a base for the analysis for the Programme period 2015-2019. Foreign inflation was set at 2% p.a. over the Programme period, based on the MUV (15) Index.
- k. Exchange Rate. The Base Exchange rate for this analysis has been set at VND 21,000 to USD 1 as an official exchange rate prevailing in April 2014 (rounded).
- l. The Programme costs are presented in both VND and USD. Conversions from current USD values into Dong use constant purchasing power exchange rates:
- m. Taxes and Duties. There is value added tax (VAT) of 10% levied on all imported and locally procured goods and services, except for agricultural outputs/inputs that are levied at 5%. Vehicles have a tax of up to 50% depending on an engine power. International technical assistance does not carry any taxes. For directly recruited local staff the Programme will cover the social insurance charges of 33.5%.
- n. The Government will finance the cost of all taxes on goods and services procured under the Programme.

2. The total investment and incremental recurrent Programme costs, including physical and price contingencies, are estimated at about USD 33.7 million (VND 751.8 billion). Physical and price contingencies make up about 2.4% of the total Programme costs due to the fact that investments associated with the infrastructure, credit financing and grants make up around 49% of the total Programme costs (expressed as a lump sum) while training, technical assistance and funding of Red Book allocation account for another 32% of total costs (no physical contingencies are applied to these items). The foreign exchange component is estimated at USD 2.41 million or about 7.1% of the total Programme costs. Taxes and duties make up approximately USD 0.96 million (3.9%). Programme Management costs amount to USD 3.09 million (about 9.2% of the total Programme costs) and cover operational costs linked to Component 2 as well as all technical Programme staff in charge of components 1 and 2.

Programme financing

An IFAD Loan of USD 20 million³⁴ (59.3% of the total Programme costs), will finance 79.2% of the Planning for Sustainable, Market-led Development Component (USD 5.36 million), 55.6% of the Pro-Poor Commodity Investments Component (USD 13.26 million) and 44.6% of the Programme Coordination Component (USD 1.38 million).

Beneficiaries will contribute approximately USD 4.22 million (12.5%) as co-financing of the community infrastructure (10%) and of the CIG grants for Technical Advisory Service contracts (at least 50%), as well as in the form of 51% of the P-PC investments to be contributed by the benefitting businesses.

The Government contribution will cover all taxes and duties on all Programme inputs that involve funding from the IFAD Loan/Grant and any other external source of funding associated with the IFAD Loan/Grant (USD 1.52 million). In addition, the Government is expected to contribute from its budget about USD 7.98 million to cover staff salary costs, its contribution to the issuance of forest land red books and the NTP-NRD contribution to CIGs.

³⁴ There is a financing gap of USD 10 million (29.6%), which IFAD intends to fill through existing or future PBAS resources, once available.

Annex 1: Summary Cost and Financing Tables

1. Components Programme Cost Summary
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Annex 2: Detailed Cost Tables

- Sub-component 1.1: Commodity-based investment planning institutionalized
- Sub-component 1.2: Planning is climate adapted, market oriented and results based
- Activity 1.2.1: Public sector market economy skills strengthened
- Activity 1.2.2: Market oriented socio-economic development planning implemented provincially.
- Sub-component 1.3: Climate adapted technology tested and developed
- Sub-component 2.1: Community development co-financed
- Sub-component 2.2: Rural financial services enhanced
- Sub-component 2.3: Public-Private Collaboration (P-PC) implemented
- Component 3: Programme Coordination

Table 1: Components Programme Cost Summary

Socialist Republic of Viet Nam Ha Giang Commodity-oriented Poverty Reduction Programme (CPRP) Components Project Cost Summary								
	(VND Million)			(US\$ '000)			%	% Total
	Local	Foreign	Total	Local	Foreign	Total	Foreign Exchange	Base Costs
A. Planning for sustainable, market-led development established								
1. Commodity-based investment planning institutionalized	5,481.0	-	5,481.0	261.0	-	261.0	-	1
2. Planning is climate adapted, market oriented and results based	96,558.8	3,118.5	99,677.3	4,598.0	148.5	4,746.5	3	14
3. Climate adapted technology tested and developed	28,213.5	630.0	28,843.5	1,343.5	30.0	1,373.5	2	4
Subtotal Planning for sustainable, market-led development established	130,253.3	3,748.5	134,001.8	6,202.5	178.5	6,381.0	3	19
B. Building pro-poor commodity investment								
1. Community development co-financed	254,562.0	37,800.0	292,362.0	12,122.0	1,800.0	13,922.0	13	42
2. Rural financial services enhanced	112,673.4	3,780.0	116,453.4	5,365.4	180.0	5,545.4	3	17
3. Public-Private Collaboration (P-PC) implemented	86,205.0	966.0	87,171.0	4,105.0	46.0	4,151.0	1	13
Subtotal building pro-poor commodity investment	453,440.4	42,546.0	495,986.4	21,592.4	2,026.0	23,618.4	9	72
C. Programme Coordination	57,411.9	3,622.5	61,034.4	2,733.9	172.5	2,906.4	6	9
Total BASELINE COSTS	641,105.6	49,917.0	691,022.6	30,528.8	2,377.0	32,905.8	7	100
Physical Contingencies	3,349.0	187.4	3,536.4	159.5	8.9	168.4	5	1
Price Contingencies	55,374.6	1,874.3	57,248.9	617.1	21.0	638.0	3	2
Total PROJECT COSTS	699,829.3	51,978.7	751,808.0	31,305.4	2,406.9	33,712.3	7	102

Table 2: Expenditure Accounts Programme Cost Summary

	(VND Million)			(US\$ '000)			% Foreign Exchange	% Total Base Costs
	Local	Foreign	Total	Local	Foreign	Total		
I. Investment Costs								
A. Civil Works								
Civil Works	152,880.0	38,220.0	191,100.0	7,280.0	1,820.0	9,100.0	20	28
B. Equipment and goods	4,630.5	1,984.5	6,615.0	220.5	94.5	315.0	30	1
C. Vehicles	5,292.0	2,268.0	7,560.0	252.0	108.0	360.0	30	1
D. Technical Assistance								
International Technical Assistance	-	4,840.5	4,840.5	-	230.5	230.5	100	1
National Technical Assistance	46,588.5	-	46,588.5	2,218.5	-	2,218.5	-	7
Subtotal Technical Assistance	46,588.5	4,840.5	51,429.0	2,218.5	230.5	2,449.0	9	7
E. Training, Capacity Development and Knowledge Products	85,856.6	-	85,856.6	4,088.4	-	4,088.4	-	12
F. Research, Studies and Surveys	94,762.5	-	94,762.5	4,512.5	-	4,512.5	-	14
G. P-PC Investments Grants	75,600.0	-	75,600.0	3,600.0	-	3,600.0	-	11
H. CIG Investment & TA Service Grants	63,000.0	-	63,000.0	3,000.0	-	3,000.0	-	9
I. WSCG financing for on-lending	14,616.0	-	14,616.0	696.0	-	696.0	-	2
Total Investment Costs	543,226.1	47,313.0	590,539.1	25,867.9	2,253.0	28,120.9	8	85
II. Recurrent Costs								
A. Salaries /a	35,529.9	-	35,529.9	1,691.9	-	1,691.9	-	5
B. Operation and Maintenance	7,056.0	1,764.0	8,820.0	336.0	84.0	420.0	20	1
C. Other Operating Costs	55,293.6	840.0	56,133.6	2,633.0	40.0	2,673.0	1	8
Total Recurrent Costs	97,879.5	2,604.0	100,483.5	4,660.9	124.0	4,784.9	3	15
Total BASELINE COSTS	641,105.6	49,917.0	691,022.6	30,528.8	2,377.0	32,905.8	7	100
Physical Contingencies	3,349.0	187.4	3,536.4	159.5	8.9	168.4	5	1
Price Contingencies	55,374.6	1,874.3	57,248.9	617.1	21.0	638.0	3	2
Total PROJECT COSTS	699,829.3	51,978.7	751,808.0	31,305.4	2,406.9	33,712.3	7	102

/a Includes social charges (33.5%). Income tax is considered as a personal responsibility but would be arranged centrally from the PCU.

Table 3: Expenditure Accounts by Components – Totals including Contingencies (USD'000)

	Planning for sustainable, market-led development established							Programme Coordination	Total
	MoSEDP processes supporting private sector investment			Building pro-poor commodity investment					
	Commodity-based investment planning institutionalized	at commune level implemented	Climate adapted technology tested and developed	Community development co-financed	Rural financial services enhanced	Public-Private Collaboration (P-PC) implemented			
I. Investment Costs									
A. Civil Works									
Civil Works	-	-	-	9,000.0	-	-	101.0	9,101.0	
B. Equipment and goods	-	-	110.4	-	42.4	-	186.5	339.3	
C. Vehicles	-	181.8	-	-	60.6	-	121.2	363.6	
D. Technical Assistance									
International Technical Assistance	-	35.1	-	-	157.7	47.9	-	240.6	
National Technical Assistance	-	589.0	7.5	1,000.0	24.0	498.0	100.0	2,218.5	
Subtotal Technical Assistance	-	624.1	7.5	1,000.0	181.7	545.9	100.0	2,459.1	
E. Training, Capacity Development and Knowledge Products	165.3	1,968.5	812.4	697.9	417.2	7.3	211.9	4,280.5	
F. Research, Studies and Surveys	100.0	-	412.5	-	4,000.0	-	-	4,512.5	
G. P-PC Investments Grants	-	-	-	-	-	3,600.0	-	3,600.0	
H. CIG Investment & TA Service Grants	-	-	-	3,148.8	-	-	-	3,148.8	
I. WSCG financing for on-lending	-	-	-	-	696.0	-	-	696.0	
Total Investment Costs	265.3	2,774.4	1,342.7	13,846.6	5,397.9	4,153.2	720.7	28,500.8	
II. Recurrent Costs									
A. Salaries /a	-	157.7	-	183.2	-	-	1,441.1	1,781.9	
B. Operation and Maintenance	-	331.1	-	-	-	-	132.5	463.6	
C. Other Operating Costs	-	1,809.0	82.8	82.8	196.5	-	794.9	2,965.9	
Total Recurrent Costs	-	2,297.8	82.8	265.9	196.5	-	2,368.4	5,211.4	
Total PROJECT COSTS	265.3	5,072.2	1,425.5	14,112.6	5,594.4	4,153.2	3,089.0	33,712.3	
Taxes	10.0	304.9	60.6	908.3	54.2	-	177.8	1,515.8	
Foreign Exchange	-	155.8	33.1	1,800.0	188.6	47.9	181.5	2,406.9	

9.2%

\a Includes social charges (33.5%). Income tax is considered as a personal responsibility but would be arranged centrally from the PCU.

Table 4: Expenditure Accounts by Components – Totals including Contingencies (VND Million)

	Planning for sustainable, market-led development established							Programme Coordination	Total
	MoSEDP processes supporting private sector investment			Building pro-poor commodity investment					
	Commodity-based investment planning institutionalized	at commune level implemented	Climate adapted technology tested and developed	Community development co-financed	Rural financial services enhanced	Public-Private Collaboration (P-PC) implemented			
I. Investment Costs									
A. Civil Works									
Civil Works	-	-	-	189,000.0	-	-	2,184.0	191,184.0	
B. Equipment and goods	-	-	2,690.7	-	917.3	-	4,095.7	7,703.6	
C. Vehicles	-	3,931.2	-	-	1,310.4	-	2,620.8	7,862.4	
D. Technical Assistance									
International Technical Assistance	-	773.6	-	-	3,843.8	1,131.8	-	5,749.1	
National Technical Assistance	-	12,369.0	157.5	21,000.0	504.0	10,458.0	2,100.0	46,588.5	
Subtotal Technical Assistance	-	13,142.6	157.5	21,000.0	4,347.8	11,589.8	2,100.0	52,337.6	
E. Training, Capacity Development and Knowledge Products	3,756.1	48,083.3	19,385.5	16,305.6	10,274.8	175.0	5,028.3	103,008.4	
F. Research, Studies and Surveys	2,100.0	-	8,662.5	-	84,000.0	-	-	94,762.5	
G. P-PC Investments Grants	-	-	-	-	-	75,600.0	-	75,600.0	
H. CIG Investment & TA Service Grants	-	-	-	76,224.0	-	-	-	76,224.0	
I. WSCG financing for on-lending	-	-	-	-	14,616.0	-	-	14,616.0	
Total Investment Costs	5,856.1	65,157.0	30,896.1	302,529.6	115,466.3	87,364.7	16,028.7	623,298.6	
II. Recurrent Costs									
A. Salaries /a	-	3,843.8	-	4,481.5	-	-	35,357.0	43,682.3	
B. Operation and Maintenance	-	8,072.0	-	-	-	-	3,228.8	11,300.8	
C. Other Operating Costs	-	45,328.8	2,018.0	2,018.0	4,633.5	-	19,528.1	73,526.3	
Total Recurrent Costs	-	57,244.5	2,018.0	6,499.5	4,633.5	-	58,113.9	128,509.4	
Total PROJECT COSTS	5,856.1	122,401.6	32,914.1	309,029.1	120,099.8	87,364.7	74,142.6	751,808.0	
Taxes	210.0	7,305.7	1,337.1	19,101.8	1,210.3	-	4,107.8	33,272.6	
Foreign Exchange	-	3,567.3	807.2	37,800.0	4,512.1	1,131.8	4,160.4	51,978.7	

^a Includes social charges (33.5%). Income tax is considered as a personal responsibility but would be arranged centrally from the PCU.

Table 5: Programme Components by Year -- Totals Including Contingencies

	Totals Including Contingencies (VND Million)						Totals Including Contingencies (US\$ '000)					
	2015	2016	2017	2018	2019	Total	2015	2016	2017	2018	2019	Total
A. Planning for sustainable, market-led development established												
1. Commodity-based investment planning institutionalized	3,738.0	1,061.4	891.6	165.1	-	5,856.1	175.8	46.4	36.8	6.4	-	265.3
2. Planning is climate adapted, market oriented and results based	20,030.8	18,889.9	28,034.7	34,981.4	20,464.7	122,401.6	934.2	835.1	1,168.9	1,381.0	753.0	5,072.2
3. Climate adapted technology tested and developed	7,101.8	6,432.6	6,793.4	6,467.9	6,118.5	32,914.1	330.0	288.5	292.5	268.6	245.9	1,425.5
Subtotal Planning for sustainable, market-led development established	30,870.6	26,383.9	35,719.8	41,614.3	26,583.2	161,171.8	1,440.0	1,170.0	1,498.1	1,656.0	998.9	6,763.0
B. Building pro-poor commodity investment												
1. Community development co-financed	8,255.1	130,711.0	137,913.1	30,043.7	2,106.2	309,029.1	382.3	6,120.5	6,353.6	1,174.1	82.0	14,112.6
2. Rural financial services enhanced	31,385.3	29,300.2	30,825.4	24,934.2	3,654.7	120,099.8	1,487.3	1,382.2	1,437.1	1,153.3	134.5	5,594.4
3. Public-Private Collaboration (P-PC) implemented	12,285.0	17,160.4	28,945.9	28,973.4	-	87,364.7	584.6	815.9	1,376.2	1,376.5	-	4,153.2
Subtotal Building pro-poor commodity investment	51,925.4	177,171.6	197,684.4	83,951.3	5,760.9	516,493.6	2,454.3	8,318.6	9,167.0	3,703.8	216.5	23,860.2
C. Programme Coordination	18,813.9	12,721.4	12,750.1	13,089.7	16,767.5	74,142.6	871.2	556.4	530.0	510.0	621.5	3,089.0
Total PROJECT COSTS	101,609.8	216,276.9	246,154.2	138,655.3	49,111.7	751,808.0	4,765.4	10,045.1	11,195.0	5,869.8	1,836.9	33,712.3

Table 6: Programme Components by Year -- Investment/Recurrent Costs (USD'000)

	Totals Including Contingencies					Total
	2015	2016	2017	2018	2019	
A. Planning for sustainable, market-led development established						
1. Commodity-based investment planning institutionalized						
Investment Costs	175.8	46.4	36.8	6.4	-	265.3
2. Planning is climate adapted, market oriented and results based						
Investment Costs	644.8	522.0	716.0	766.0	125.7	2,774.4
Recurrent Costs	289.5	313.2	452.9	615.0	627.3	2,297.8
Subtotal MoSEDP processes supporting private sector investment at commune level implemented	934.2	835.1	1,168.9	1,381.0	753.0	5,072.2
3. Climate adapted technology tested and developed						
Investment Costs	314.1	272.3	275.9	251.7	228.7	1,342.7
Recurrent Costs	15.9	16.2	16.6	16.9	17.2	82.8
Subtotal Climate adapted technology tested and developed	330.0	288.5	292.5	268.6	245.9	1,425.5
Subtotal Planning for sustainable, market-led development established	1,440.0	1,170.0	1,498.1	1,656.0	998.9	6,763.0
B. Building pro-poor commodity investment						
1. Community development co-financed						
Investment Costs	336.1	6,067.2	6,299.3	1,118.6	25.5	13,846.6
Recurrent Costs	46.2	53.3	54.4	55.5	56.6	265.9
Subtotal Community development co-financed	382.3	6,120.5	6,353.6	1,174.1	82.0	14,112.6
2. Rural financial services enhanced						
Investment Costs	1,434.3	1,328.1	1,393.0	1,119.5	123.0	5,397.9
Recurrent Costs	53.0	54.1	44.1	33.8	11.5	196.5
Subtotal Rural financial services enhanced	1,487.3	1,382.2	1,437.1	1,153.3	134.5	5,594.4
3. Public-Private Collaboration (P-PC) implemented						
Investment Costs	584.6	815.9	1,376.2	1,376.5	-	4,153.2
Subtotal Building pro-poor commodity investment	2,454.3	8,318.6	9,167.0	3,703.8	216.5	23,860.2
C. Programme Coordination						
Investment Costs	468.2	109.2	60.5	31.1	51.7	720.7
Recurrent Costs	403.0	447.3	469.5	478.9	569.8	2,368.4
Subtotal Programme Coordination	871.2	556.4	530.0	510.0	621.5	3,089.0
Total PROJECT COSTS	4,765.4	10,045.1	11,195.0	5,869.8	1,836.9	33,712.3
Total Investment Costs	3,957.9	9,161.0	10,157.6	4,669.8	554.5	28,500.8
Total Recurrent Costs	807.6	884.1	1,037.4	1,200.0	1,282.4	5,211.4

Table 7: Expenditure Accounts by Year -- Totals Including Contingencies

	Totals Including Contingencies (VND Million)						Totals Including Contingencies (US\$ '000)					
	2015	2016	2017	2018	2019	Total	2015	2016	2017	2018	2019	Total
I. Investment Costs												
A. Civil Works												
Civil Works	2,184.0	94,500.0	94,500.0	-	-	191,184.0	101.0	4,500.0	4,500.0	-	-	9,101.0
B. Equipment and goods	4,357.1	1,609.8	535.0	577.8	624.0	7,703.6	201.5	70.3	22.1	22.5	23.0	339.3
C. Vehicles	7,862.4	-	-	-	-	7,862.4	363.6	-	-	-	-	363.6
D. Technical Assistance												
International Technical Assistance	1,408.7	1,250.1	1,057.2	1,141.8	891.4	5,749.1	65.1	54.6	43.6	44.5	32.8	240.6
National Technical Assistance	8,809.5	14,941.5	16,012.5	5,953.5	871.5	46,588.5	419.5	711.5	762.5	283.5	41.5	2,218.5
Subtotal Technical Assistance	10,218.2	16,191.6	17,069.7	7,095.3	1,762.9	52,337.6	484.6	766.1	806.1	328.0	74.3	2,459.1
E. Training, Capacity Development and Knowledge Products	15,582.8	22,401.7	30,463.4	24,578.4	9,982.1	103,008.4	720.6	978.4	1,256.6	957.5	367.3	4,280.5
F. Research, Studies and Surveys	24,202.5	22,890.0	22,890.0	22,890.0	1,890.0	94,762.5	1,152.5	1,090.0	1,090.0	1,090.0	90.0	4,512.5
G. P-PC Investments Grants	10,500.0	14,700.0	25,200.0	25,200.0	-	75,600.0	500.0	700.0	1,200.0	1,200.0	-	3,600.0
H. CIG Investment & TA Service Grants	4,368.0	18,869.8	25,474.2	27,512.1	-	76,224.0	202.0	824.2	1,050.8	1,071.8	-	3,148.8
I. WSCG financing for on-lending	4,872.0	4,872.0	4,872.0	-	-	14,616.0	232.0	232.0	232.0	-	-	696.0
Total Investment Costs	84,147.0	196,034.9	221,004.2	107,853.5	14,259.0	623,298.6	3,957.9	9,161.0	10,157.6	4,669.8	554.5	28,500.8
II. Recurrent Costs												
A. Salaries /a	6,960.4	7,658.8	8,271.5	8,933.2	11,858.5	43,682.3	321.9	334.5	341.2	348.0	436.3	1,781.9
B. Operation and Maintenance	1,926.3	2,080.4	2,246.8	2,426.6	2,620.7	11,300.8	89.1	90.9	92.7	94.5	96.4	463.6
C. Other Operating Costs	8,576.1	10,502.8	14,631.7	19,442.1	20,373.5	73,526.3	396.6	458.7	603.6	757.4	749.6	2,965.9
Total Recurrent Costs	17,462.8	20,242.0	25,150.0	30,801.9	34,852.7	128,509.4	807.6	884.1	1,037.4	1,200.0	1,282.4	5,211.4
Total PROJECT COSTS	101,609.8	216,276.9	246,154.2	138,655.3	49,111.7	751,808.0	4,765.4	10,045.1	11,195.0	5,869.8	1,836.9	33,712.3

\a Includes social charges (33.5%). Income tax is considered as a personal responsibility but would be arranged centrally from the PCU.

Table 8: Expenditure Accounts Breakdown (USD'000)

	Base Cost			Physical Contingencies				Price Contingencies				Total Incl. Cont.			Base Costs + Price Cont. on Base Costs	Physical Cont. Plus Price Cont. on Physical		
	Local		Total	Local		Total	Local		Total	Local		Total	Total					
	For. Exch.	(Excl. Taxes)		Duties & Taxes	For. Exch.		(Excl. Taxes)	Duties & Taxes		For. Exch.	(Excl. Taxes)			Duties & Taxes			For. Exch.	(Excl. Taxes)
I. Investment Costs																		
A. Civil Works																		
Civil Works	1,820.0	6,370.0	910.0	9,100.0	-	-	-	-	0.2	0.7	0.1	1.0	1,820.2	6,370.7	910.1	9,101.0	9,101.0	-
B. Equipment and goods	94.5	189.0	31.5	315.0	4.7	9.5	1.6	15.8	2.6	5.2	0.9	8.6	101.8	203.6	33.9	339.3	323.2	16.2
C. Vehicles	108.0	72.0	180.0	360.0	-	-	-	-	1.1	0.7	1.8	3.6	109.1	72.7	181.8	363.6	363.6	-
D. Technical Assistance																		
International Technical Assistance	230.5	-	-	230.5	-	-	-	-	10.1	-	-	10.1	240.6	-	-	240.6	240.6	-
National Technical Assistance	-	2,218.5	-	2,218.5	-	-	-	-	-	-	-	-	-	2,218.5	-	2,218.5	2,218.5	-
Subtotal Technical Assistance	230.5	2,218.5	-	2,449.0	-	-	-	-	10.1	-	-	10.1	240.6	2,218.5	-	2,459.1	2,459.1	-
E. Training, Capacity Development and Kn	-	4,088.4	-	4,088.4	-	-	-	-	-	192.1	-	192.1	-	4,280.5	-	4,280.5	4,280.5	-
F. Research, Studies and Surveys	-	4,461.3	51.3	4,512.5	-	-	-	-	-	-	-	-	-	4,461.3	51.3	4,512.5	4,512.5	-
G. P-PC Investments Grants	-	3,600.0	-	3,600.0	-	-	-	-	-	-	-	-	-	3,600.0	-	3,600.0	3,600.0	-
H. CIG Investment & TA Service Grants	-	3,000.0	-	3,000.0	-	-	-	-	-	148.8	-	148.8	-	3,148.8	-	3,148.8	3,148.8	-
I. WSCG financing for on-lending	-	696.0	-	696.0	-	-	-	-	-	-	-	-	-	696.0	-	696.0	696.0	-
Total Investment Costs	2,253.0	24,695.2	1,172.8	28,120.9	4.7	9.5	1.6	15.8	14.0	347.4	2.8	364.2	2,271.7	25,052.0	1,177.1	28,500.8	28,484.7	16.2
II. Recurrent Costs																		
A. Salaries /a	-	1,691.9	-	1,691.9	-	-	-	-	-	90.0	-	90.0	-	1,781.9	-	1,781.9	1,781.9	-
B. Operation and Maintenance	84.0	294.0	42.0	420.0	4.2	14.7	2.1	21.0	4.5	15.8	2.3	22.6	92.7	324.5	46.4	463.6	441.5	22.1
C. Other Operating Costs	40.0	2,369.7	263.3	2,673.0	-	118.5	13.2	131.7	2.5	142.9	15.9	161.3	42.5	2,631.1	292.3	2,965.9	2,826.7	139.2
Total Recurrent Costs	124.0	4,355.6	305.3	4,784.9	4.2	133.2	15.3	152.7	7.0	248.7	18.1	273.9	135.2	4,737.6	338.7	5,211.4	5,050.2	161.3
Total	2,377.0	29,050.8	1,478.1	32,905.8	8.9	142.6	16.8	168.4	21.0	596.2	20.9	638.0	2,406.9	29,789.6	1,515.8	33,712.3	33,534.8	177.4

^a Includes social charges (33.5%). Income tax is considered as a personal responsibility but would be arranged centrally from the PCU.

Table 9: Components by Financiers (USD'000)

Socialist Republic of Viet Nam															
Ha Giang Commodity-oriented Poverty Reduction Programme (CPRP)															
Components by Financiers															
(US\$ '000)															
	IFAD Loan 1		IFAD Loan 2		GOV Taxes		GOV		Beneficiaries		Total		Local	Duties &	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	For. Exch.	(Excl. Taxes)	Taxes
A. Planning for sustainable, market-led development established															
1. Commodity-based investment planning institutionalized	212.1	79.9	43.2	16.3	10.0	3.8	-	-	-	-	265.3	0.8	-	255.3	10.0
2. MoSEDP processes supporting private sector investment at commune level implemented	2,452.5	48.4	1,284.0	25.3	304.9	6.0	1,030.8	20.3	-	-	5,072.2	15.0	155.8	4,611.5	304.9
3. Climate adapted technology tested and developed	596.8	41.9	768.2	53.9	60.6	4.2	-	-	-	-	1,425.5	4.2	33.1	1,331.8	60.6
Subtotal Planning for sustainable, market-led development established	3,261.4	48.2	2,095.4	31.0	375.5	5.6	1,030.8	15.2	-	-	6,763.0	20.1	189.0	6,198.6	375.5
B. Building pro-poor commodity investment															
1. Community development co-financed	3,849.1	27.3	4,357.6	30.9	908.3	6.4	2,613.2	18.5	2,384.4	16.9	14,112.6	41.9	1,800.0	11,404.3	908.3
2. Rural financial services enhanced	1,424.3	25.5	1,315.9	23.5	54.2	1.0	2,800.0	50.1	-	-	5,594.4	16.6	188.6	5,351.6	54.2
3. Public-Private Collaboration (P-PC) implemented	776.7	18.7	1,540.5	37.1	-	-	-	-	1,836.0	44.2	4,153.2	12.3	47.9	4,105.3	-
Subtotal Building pro-poor commodity investment	6,050.1	25.4	7,214.1	30.2	962.5	4.0	5,413.2	22.7	4,220.4	17.7	23,860.2	70.8	2,036.5	20,861.2	962.5
C. Programme Coordination	688.4	22.3	690.8	22.4	177.8	5.8	1,532.0	49.6	-	-	3,089.0	9.2	181.5	2,729.7	177.8
Total PROJECT COSTS	9,999.9	29.7	10,000.3	29.7	1,515.8	4.5	7,976.0	23.7	4,220.4	12.5	33,712.3	100.0	2,406.9	29,789.6	1,515.8

Table 10: Disbursement Accounts by Financiers (USD'000)

Socialist Republic of Viet Nam															
Ha Giang Commodity-oriented Poverty Reduction Programme (CPRP)															
Disbursement Accounts by Financiers															
(US\$ '000)															
	IFAD Loan 1		IFAD Loan 2		GOV Taxes		GOV		Beneficiaries		Total		For. Exch.	Local (Excl. Taxes)	Duties & Taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%			
A. Civil Works															
Civil Works	2,430.0	26.7	2,430.0	26.7	910.1	10.0	2,520.9	27.7	810.0	8.9	9,101.0	27.0	1,820.2	6,370.7	910.1
Subtotal Civil Works	2,430.0	26.7	2,430.0	26.7	910.1	10.0	2,520.9	27.7	810.0	8.9	9,101.0	27.0	1,820.2	6,370.7	910.1
B. Equipment and Goods	244.6	72.1	60.8	17.9	33.9	10.0	-	-	-	-	339.3	1.0	101.8	203.6	33.9
C. Vehicles	181.8	50.0	-	-	181.8	50.0	-	-	-	-	363.6	1.1	109.1	72.7	181.8
D. Technical Assistance	1,371.9	55.8	1,087.2	44.2	-	-	-	-	-	-	2,459.1	7.3	240.6	2,218.5	-
E. Training	1,889.7	44.1	2,390.7	55.9	-	-	-	-	-	-	4,280.5	12.7	-	4,280.5	-
F. Research and Studies	818.3	18.1	843.0	18.7	51.3	1.1	2,800.0	62.0	-	-	4,512.5	13.4	-	4,461.3	51.3
G. WSCG Financing for on-lending	464.0	66.7	232.0	33.3	-	-	-	-	-	-	696.0	2.1	-	696.0	-
H. P-PC Grants	1,101.1	16.3	2,237.3	33.2	-	-	-	-	3,410.4	50.5	6,748.8	20.0	-	6,748.8	-
I. Public Infrastructure Investment Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
J. Recurrent Costs	1,498.5	43.7	719.2	21.0	338.7	9.9	873.1	25.5	-	-	3,429.5	10.2	135.2	2,955.6	338.7
K. Salaries	-	-	-	-	-	-	1,781.9	100.0	-	-	1,781.9	5.3	-	1,781.9	-
Total PROJECT COSTS	9,999.9	29.7	10,000.3	29.7	1,515.8	4.5	7,976.0	23.7	4,220.4	12.5	33,712.3	100.0	2,406.9	29,789.6	1,515.8

Table 11: Expenditure Accounts by Financiers (USD'000)

Socialist Republic of Viet Nam																																	
Ha Giang Commodity-oriented Poverty Reduction Programme (CPRP)																																	
Expenditure Accounts by Financiers																																	
(VND Billion)													(US\$ '000)																				
	IFAD Loan 1		IFAD Loan 2		GOV Taxes		GOV		Beneficiaries			Total	For. Exch.	Local (Excl. Taxes)	Duties & Taxes	IFAD Loan 1		IFAD Loan 2		GOV Taxes		GOV		Beneficiaries			Total	For. Exch.	Local (Excl. Taxes)	Duties & Taxes			
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%				Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%				Amount	%	Amount
I. Investment Costs																																	
A. Civil Works																																	
Civil Works	51.0	26.7	51.0	26.7	19.1	10.0	53.0	27.7	17.0	8.9	191.2	25.4	38.2	133.8	19.1	2,430.0	26.7	2,430.0	26.7	910.1	10.0	2,520.9	27.7	810.0	8.9	9,101.0	27.0	1,820.2	6,370.7	910.1			
B. Equipment and goods	5.4	69.7	1.6	20.3	0.8	10.0	-	-	-	-	7.7	1.0	2.3	4.6	0.8	244.6	72.1	60.8	17.9	33.9	10.0	-	-	-	-	339.3	1.0	101.8	203.6	33.9			
C. Vehicles	3.9	50.0	-	-	3.9	50.0	-	-	-	-	7.9	1.0	2.4	1.6	3.9	181.8	50.0	-	-	181.8	50.0	-	-	-	-	363.6	1.1	109.1	72.7	181.8			
D. Technical Assistance																																	
International Technical Assistance	2.4	41.5	3.4	58.5	-	-	-	-	-	-	5.7	0.8	5.7	-	-	107.9	44.8	132.7	55.2	-	-	-	-	-	-	240.6	0.7	240.6	-	-			
National Technical Assistance	26.5	57.0	20.0	43.0	-	-	-	-	-	-	46.6	6.2	-	46.6	-	1,264.0	57.0	954.5	43.0	-	-	-	-	-	-	2,218.5	6.6	-	2,218.5	-			
Subtotal Technical Assistance	28.9	55.3	23.4	44.7	-	-	-	-	-	-	52.3	7.0	5.7	46.6	-	1,371.9	55.8	1,067.2	44.2	-	-	-	-	-	-	2,459.1	7.3	240.6	2,218.5	-			
E. Training, Capacity Development and Knowledge Products	42.8	41.6	60.2	58.4	-	-	-	-	-	-	103.0	13.7	-	103.0	-	1,889.7	44.1	2,390.7	55.9	-	-	-	-	-	-	4,280.5	12.7	-	4,280.5	-			
F. Research, Studies and Surveys	17.2	18.1	17.7	18.7	1.1	1.1	58.8	62.0	-	-	94.8	12.6	-	93.7	1.1	818.3	18.1	843.0	18.7	51.3	1.1	2,800.0	62.0	-	-	4,512.5	13.4	-	4,461.3	51.3			
G. P-PC Investments Grants	12.3	16.3	24.7	32.7	-	-	-	-	38.6	51.0	75.6	10.1	-	75.6	-	588.0	16.3	1,176.0	32.7	-	-	-	-	1,836.0	51.0	3,600.0	10.7	-	3,600.0	-			
H. CIG Investment & TA Service Grants	11.6	15.2	26.5	34.8	-	-	-	-	38.1	50.0	76.2	10.1	-	76.2	-	513.1	16.3	1,061.3	33.7	-	-	-	-	1,574.4	50.0	3,148.8	9.3	-	3,148.8	-			
I. WSCG financing for on-lending	9.7	66.7	4.9	33.3	-	-	-	-	-	-	14.6	1.9	-	14.6	-	464.0	66.7	232.0	33.3	-	-	-	-	-	-	696.0	2.1	-	696.0	-			
Total Investment Costs	183.0	29.4	209.9	33.7	24.9	4.0	111.8	17.9	93.7	15.0	623.3	82.9	48.7	549.7	24.9	8,501.4	29.8	9,281.1	32.6	1,177.1	4.1	5,320.9	18.7	4,220.4	14.8	28,500.8	84.5	2,271.7	25,052.0	1,177.1			
II. Recurrent Costs																																	
A. Salaries /a	-	-	-	-	-	-	43.7	100.0	-	-	43.7	5.8	-	43.7	-	-	-	-	-	-	-	-	-	-	-	1,781.9	100.0	-	1,781.9	5.3	-	1,781.9	-
B. Operation and Maintenance	8.3	73.4	1.9	16.6	1.1	10.0	-	-	-	-	11.3	1.5	2.3	7.9	1.1	344.3	74.3	72.9	15.7	46.4	10.0	-	-	-	-	463.6	1.4	92.7	324.5	46.4			
C. Other Operating Costs	27.3	37.1	16.6	22.5	7.2	9.9	22.4	30.5	-	-	73.5	9.8	1.1	65.2	7.2	1,154.2	38.9	646.2	21.8	292.3	9.9	873.1	29.4	-	-	2,965.9	8.8	42.5	2,631.1	292.3			
Total Recurrent Costs	35.6	27.7	18.4	14.4	8.4	6.5	66.1	51.4	-	-	128.5	17.1	3.3	116.8	8.4	1,498.5	28.8	719.2	13.8	338.7	6.5	2,655.1	50.9	-	-	5,211.4	15.5	135.2	4,737.6	338.7			
Total PROJECT COSTS	218.6	29.1	228.4	30.4	33.3	4.4	177.9	23.7	93.7	12.5	751.8	100.0	52.0	666.6	33.3	9,999.9	29.7	10,000.3	29.7	1,515.8	4.5	7,976.0	23.7	4,220.4	12.5	33,712.3	100.0	2,406.9	29,789.6	1,515.8			

/a Includes social charges (33.5%). Income tax is considered as a personal responsibility but would be arranged centrally from the PCU.

Table 12: Local/Foreign/Taxes by Financiers (USD'000)

Socialist Republic of Viet Nam												
Ha Giang Commodity-oriented Poverty Reduction Programme (CPRP)												
Local/Foreign/Taxes by Financiers												
(US\$ '000)												
	IFAD Loan 1		IFAD Loan 2		GOV Taxes		GOV		Beneficiaries		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
I. Foreign	925.3	38.4	741.4	30.8	-	-	560.2	23.3	180.0	7.5	2,406.9	7.1
II. Local (Excl. Taxes)	9,074.5	30.5	9,258.9	31.1	0.0	-	7,415.8	24.9	4,040.4	13.6	29,789.6	88.4
III. Taxes	-	-	-	-	1,515.8	100.0	-	-	-	-	1,515.8	4.5
Total Project	9,999.9	29.7	10,000.3	29.7	1,515.8	4.5	7,976.0	23.7	4,220.4	12.5	33,712.3	100.0

Table 13: Inflation and Exchange Rates

	Up to Negotiation	Up to Project Start	2015	2016	2017	2018	2019
Inflation (in %'s) /a							
ALL							
Annual rates							
Local	0.0	0.0	8.0	8.0	8.0	8.0	8.0
Foreign	0.0	0.0	2.0	2.0	2.0	2.0	2.0
Compounded rates							
Local	0.0	0.0	4.0	12.3	21.3	31.0	41.5
Foreign	0.0	0.0	1.0	3.0	5.1	7.2	9.3
ZERO							
Annual rates							
Local	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Compounded rates							
Local	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (Local/Foreign) /b							
ALL							
Rates actually used	21,000.0	21,000.0	21,623.8	22,895.7	24,242.6	25,668.6	27,178.5
Constant purchasing parity rates	21,000.0	21,000.0	21,623.8	22,895.7	24,242.6	25,668.6	27,178.5
% deviation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ZERO							
Rates actually used	21,000.0	21,000.0	21,000.0	21,000.0	21,000.0	21,000.0	21,000.0
Constant purchasing parity rates	21,000.0	21,000.0	21,000.0	21,000.0	21,000.0	21,000.0	21,000.0
% deviation	0.0	0.0	0.0	0.0	0.0	0.0	0.0

\a Yearly values are within Each Project Year

\b Yearly values are at Project Year Midpoints

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 Table 1.1. Output 1.1: Commodity-based investment planning institutionalized
Detailed Costs

	Unit	Quantities					Total	Unit Cost (VND Million)	Unit Cost (US\$)	Base Cost (US\$ '000)					Total
		2015	2016	2017	2018	2019				2015	2016	2017	2018	2019	
I. Investment Costs															
A. Strategic investment plans (SIPs)															
SIP preparation	lumpsum									100.0	-	-	-	-	100.0
Training on spreadsheet applications - provincial /a	course	1	-	-	-	-	1	210,0	10.000	10.0	-	-	-	-	10.0
Training on specific commodity chain analysis software - provincial /b	course	1	-	-	-	-	1	210,0	10.000	10.0	-	-	-	-	10.0
SIP analysis training - provincial /c	course	1	-	-	-	-	1	157,5	7.500	7.5	-	-	-	-	7.5
Training on spreadsheet applications - district /d	course	1	-	-	-	-	1	210,0	10.000	10.0	-	-	-	-	10.0
SIP analysis training - district /e	course	1	-	-	-	-	1	157,5	7.500	7.5	-	-	-	-	7.5
Refresher training on spreadsheet applications - provincial /f	course	-	1	1	-	-	2	105,0	5.000	-	5.0	5.0	-	-	10.0
Refresher training on SIP analysis - provincial /g	course	-	1	1	-	-	2	105,0	5.000	-	5.0	5.0	-	-	10.0
Refresher training on specific commodity chain analysis software - provincial /h	course	-	1	1	-	-	2	105,0	5.000	-	5.0	5.0	-	-	10.0
Refresher training on spreadsheet applications - district /i	course	-	1	1	-	-	2	105,0	5.000	-	5.0	5.0	-	-	10.0
Refresher training on SIP - district /j	course	-	1	1	-	-	2	105,0	5.000	-	5.0	5.0	-	-	10.0
Other training	lumpsum									30.0	20.0	10.0	6.0	-	66.0
Total										175.0	45.0	35.0	6.0	-	261.0

- \a one-week course for 20 DARD, DPI and DOF staff and 5 Business Linkage Facilitators (provincial or Hanoi based).
 \b one-week course for 20 DARD, DPI and DOF staff and 5 Business Linkage Facilitators (provincial or Hanoi based).
 \c one-week course for 20 DARD, DPI and DOF staff and 5 Business Linkage Facilitators at provincial level.
 \d one-week course for 20 staff from 5 districts, supported by Business Linkage Facilitators.
 \e one-week course for 20 staff from 5 districts, supported by Business Linkage Facilitators.
 \f one-week course for 20 DARD, DPI and DOF staff and 5 Business Linkage Facilitators (provincial or Hanoi based).
 \g one-week course for 20 DARD, DPI and DOF staff and 5 Business Linkage Facilitators at provincial level.
 \h one-week course for 20 DARD, DPI and DOF staff and 5 Business Linkage Facilitators (provincial or Hanoi based).
 \i one-week course for 20 staff from 5 districts, supported by Business Linkage Facilitators.
 \j one-week course for 20 staff from 5 districts, supported by Business Linkage Facilitators.

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 Table 1.2.1. Activity 1.2.1: Public sector market economy skills strengthened
Detailed Costs

	Unit	Quantities					Total	Unit Cost (VND Million)	Unit Cost (US\$)	Base Cost (US\$ '000)					Total
		2015	2016	2017	2018	2019				2015	2016	2017	2018	2019	
I. Investment Costs															
A. Market economy training services															
Market economy training contract /a	lumpsum									120.0	60.0	60.0	60.0	-	300.0
B. Capacity development /b															
Training of DPI and other Trainers in market economy management /c	course	1	-	-	-	-	1	126,0	6.000	6.0	-	-	-	-	6.0
District level market economy training /d	course	2	3	5	-	-	10	63,0	3.000	6.0	9.0	15.0	-	-	30.0
Commune level market economy training /e	course	10	20	78	82	-	190	84,0	4.000	40.0	80.0	312.0	328.0	-	760.0
Subtotal Capacity development										52.0	89.0	327.0	328.0	-	796.0
Total										172.0	149.0	387.0	388.0	-	1,096.0

\a Performance based multi-year contract, renewed annually. Provider to be selected through competitive bidding.

\b Includes per diem, travel and material costs.

\c One-week course for 20 participants - at provincial level.

\d One-week course for 20 participants.

\e One-week course for 30 participants - at district level.

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Table 1.2.2. Activity 1.2.2: Market-oriented socio-economic development planning implemented provincially
Detailed Costs

Unit	Quantities						Unit Cost (VND Million)	Unit Cost (US\$)	Base Cost (US\$ '000)					
	2015	2016	2017	2018	2019	Total			2015	2016	2017	2018	2019	Total
I. Investment Costs														
A. Assessment of Climate Change impact and development of CCA and CBDRM approaches														
District mapping of CC vulnerability /a	lumpsum					1	73,5	3,500	40.0	-	-	40.0	-	80.0
Formation of CC Integration Technical Advisory Group (TAG)	lumpsum	1	-	-	-	-	73,5	3,500	3.5	-	-	-	-	3.5
Review existing methodologies for commune-level CC planning	pers-month	2	-	-	-	-	63,0	3,000	6.0	-	-	-	-	6.0
Technical workshops for CC integration into SEDP at commune and district levels	w/shop	2	-	-	-	-	31,5	1,500	3.0	-	-	-	-	3.0
Development of CBDRM-based methodology for commune-level SEDP planning	pers-month	3	-	-	-	-	63,0	3,000	9.0	-	-	-	-	9.0
Testing and evaluation of commune-level, CBDRM-based methodology	pers-month	2	-	-	-	-	63,0	3,000	6.0	-	-	-	-	6.0
Programme district-level diagnostic of ongoing adaptation/down-scaling of provincial-level medium-term climate change impact scenarios & identification of vulnerable areas, production systems and populations	pers-month	6	-	-	-	-	63,0	3,000	18.0	-	-	-	-	18.0
Development of District-level zoning methodology, based on commune CC planning	pers-month	1	-	-	-	-	63,0	3,000	3.0	-	-	-	-	3.0
Piloting and updating of commune-level, CBDRM-based methodology	pers-month	3	-	-	-	-	63,0	3,000	9.0	-	-	-	-	9.0
CC Integration TAG progress reviews (meetings/field visits)	each	1	-	-	-	-	21,0	1,000	1.0	-	-	-	-	1.0
Development of Programme district-level methodology for integration into sectoral SEDPs of commune and district vulnerability mapping and zoning piloting and updating of commune-level, CBDRM-based methodology	pers-month	-	3	-	-	-	63,0	3,000	-	9.0	-	-	-	9.0
Key stakeholder progress review & evaluation workshop	w/shop	1	1	1	1	1	63,0	3,000	3.0	3.0	3.0	3.0	3.0	15.0
Subtotal Assessment of Climate Change impact and development of CCA and CBDRM approaches									101.5	12.0	3.0	43.0	3.0	162.5
B. Dissemination of results in integration of CC into annual SEDP planning process														
NGO facilitation of CBA and CBDRM into Programme district planning /b	lumpsum					6	157,5	7,500	60.0	50.0	30.0	-	-	140.0
Training of trainers	course	2	4	-	-	-	157,5	7,500	15.0	30.0	-	-	-	45.0
Dissemination - publications, brochures, newspaper, radio programs, etc	per-annum	-	1	1	1	1	31,5	1,500	-	1.5	1.5	1.5	1.5	6.0
Cross-visits, District & Commune staff	each	5	5	5	5	5	42,0	2,000	10.0	10.0	10.0	10.0	10.0	50.0
Field visits/study tours for DPI planning staff	each	1	1	1	1	1	73,5	3,500	3.5	3.5	3.5	3.5	3.5	17.5
Publication of results (web-based publication, journals)	lumpsum	-	1	1	1	1	10,5	500	-	0.5	0.5	0.5	0.5	2.0
Subtotal Dissemination of results in integration of CC into annual SEDP planning process									88.5	95.5	45.5	15.5	15.5	260.5
C. Training of Trainers in MoSEDP Planning														
International TA	pers-month	1	0.5	-	-	-	483,0	23,000	23.0	11.5	-	-	-	34.5
National TA	pers-month	2	2	2	-	-	31,5	1,500	3.0	3.0	3.0	-	-	9.0
Training sessions	course	2	2	2	-	-	123,6	5,885	11.8	11.8	11.8	-	-	35.3
Subtotal Training of Trainers in MoSEDP Planning									37.8	26.3	14.8	-	-	78.8
D. Core Programme Commune & Village Participatory SEDP with CC integration in Programme communes														
Promotional campaign/awareness raising for local officials & groups	per-annum	5	25	-	-	-	105,0	5,000	25.0	125.0	-	-	-	150.0
Training of commune & village staff/facilitators	course	5	25	-	-	-	5,3	250	1.3	6.3	-	-	-	7.5
Training of District staff	course	2	3	-	-	-	10,5	500	1.0	1.5	-	-	-	2.5
Village/commune participatory vulnerability mapping & scenario development	w/shop	5	30	30	30	30	20,2	960	4.8	28.8	28.8	28.8	28.8	120.0
Subtotal Core Programme Commune & Village Participatory SEDP with CC integration in Programme communes									32.1	161.6	28.8	28.8	28.8	280.0

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Table 1.2.2 contd.

E. MoSEDP Mobilization and Capacity Building															
1. MoSEDP commune capacity building training															
Training sessions - initial	course	10	20	78	82	-	190	44,5	2.120	21.2	42.4	165.4	173.8	-	402.8
Training sessions - follow-up	course	-	10	20	78	82	190	17,3	825	-	8.3	16.5	64.4	67.7	156.8
Subtotal MoSEDP commune capacity building training										21.2	50.7	181.9	238.2	67.7	559.6
2. MoSEDP district capacity building training															
Training sessions - initial	course	2	3	5	-	-	10	84,8	4.040	8.1	12.1	20.2	-	-	40.4
Training sessions - follow-up	course	-	2	3	5	-	10	33,1	1.575	-	3.2	4.7	7.9	-	15.8
Subtotal MoSEDP district capacity building training										8.1	15.3	24.9	7.9	-	56.2
Subtotal MoSEDP Mobilization and Capacity Building										29.3	65.9	206.8	246.1	67.7	615.7
F. District Field Programme Support Vehicles (Double-cabin 4x4) /c	no	5	-	-	-	-	5	756,0	36.000	180.0	-	-	-	-	180.0
Total Investment Costs										469.1	361.2	298.9	333.4	115.0	1,577.5
II. Recurrent Costs															
A. MOSEDP meetings															
District level /d	meeting	2	5	10	10	10	37	4,0	190	0.4	1.0	1.9	1.9	1.9	7.0
Commune level /e	meeting	20	30	105	190	190	535	2,1	100	2.0	3.0	10.5	19.0	19.0	53.5
Village level /f	meeting	200	300	1,050	1,900	1,900	5,350	3,2	150	30.0	45.0	157.5	285.0	285.0	802.5
Subtotal MOSEDP meetings										32.4	49.0	169.9	305.9	305.9	863.0
B. District Vehicle O&M /g	per-annum	5	5	5	5	5	25	189,0	9.000	45.0	45.0	45.0	45.0	45.0	225.0
C. Drivers	pers-month	60	60	60	60	60	300	10,5	500	30.0	30.0	30.0	30.0	30.0	150.0
D. Operational support to DPI /h	per-annum	1	1	1	1	1	5	315,0	15.000	15.0	15.0	15.0	15.0	15.0	75.0
E. Operational support to Districts /i	per-annum	5	5	5	5	5	25	210,0	10.000	50.0	50.0	50.0	50.0	50.0	250.0
F. Operational support to Communes /j	per-annum	30	30	30	30	30	150	71,4	3.400	102.0	102.0	102.0	102.0	102.0	510.0
Total Recurrent Costs										274.4	291.0	411.9	547.9	547.9	2,073.0
Total										743.5	652.2	710.8	881.3	662.9	3,650.5

\a Delivered through NGO contract under B. below.

\b incl. systematization of process & results and development of training materials & methodological guides.

\c Used also by District Value Chain and Market Development Officers and District M&E/KM officers.

\d 1-day meeting for 38 participants from communes (avg. 19 communes x 2 participants/commune).

\e 1-day meeting for 25 participants.

\f 3-day meeting for 50 people.

\g The unit cost covers the annual O&M costs of the vehicle including petrol, insurance, spare parts, servicing, repairing and parking.

\h Covers salary support, field allowances and transportation for 5 part time staff.

\i Covers salary support, field allowances and transportation.

\j Covers salary support, field allowances and transportation.

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Table 1.2.3. Output 1.3: Climate adapted technology tested and developed

Detailed Costs

I. Investment Costs

A. Adaptive Research Programme

	Unit	Quantities					Total	Unit Cost		Base Cost (US\$ '000)					Total
		2015	2016	2017	2018	2019		(VND Million)	(US\$)	2015	2016	2017	2018	2019	
Stakeholder workshops (by sub-sector)	w/shop	3	-	-	3	-	6	63,0	3.000	9.0	-	-	9.0	-	18.0
Formation of Adaptation Technical Advisory Group (TAG)	each	1	-	-	-	-	1	63,0	3.000	3.0	-	-	-	-	3.0
Formation of end-user reference/stakeholder group	each	1	-	-	-	-	1	105,0	5.000	5.0	-	-	-	-	5.0
Analysis of agricultural, livestock and forestry systems and development of economic models	contract	3	-	-	3	-	6	105,0	5.000	15.0	-	-	15.0	-	30.0
Adaptive agriculture, livestock and forestry research programme	per-annum	1	1	1	1	1	5	1.050,0	50.000	50.0	50.0	50.0	50.0	50.0	250.0
Smallholder forage development programme	lumpsum									150.0	100.0	100.0	50.0	50.0	450.0
Renew able energy technologies	per-annum	1	1	1	1	1	5	420,0	20.000	20.0	20.0	20.0	20.0	20.0	100.0
Independent evaluation of the applied research programme	per-annum	1	1	1	1	1	5	31,5	1.500	1.5	1.5	1.5	1.5	1.5	7.5
Adaptation TAG progress reviews (meetings/field visits)	each	2	2	2	2	2	10	21,0	1.000	2.0	2.0	2.0	2.0	2.0	10.0
End-user reference/stakeholder group evaluation workshop	w/shop	1	1	1	1	1	5	52,5	2.500	2.5	2.5	2.5	2.5	2.5	12.5
Subtotal Adaptive Research Programme										258.0	176.0	176.0	150.0	126.0	886.0

Subtotal Adaptive Research Programme

B. Participatory Action Research (Programme communes)

Community meeting to explain PAR, build relations	meeting	30	-	-	-	-	30	5,3	250	7.5	-	-	-	-	7.5
Community-Scientist Planning of PAR research agenda	w/shop	30	30	30	30	30	150	21,0	1.000	30.0	30.0	30.0	30.0	30.0	150.0
PAR research	lumpsum									15.0	30.0	30.0	30.0	30.0	135.0
Community-Scientist reflection on and evaluation of research process/results	w/shop	-	30	30	30	30	120	21,0	1.000	-	30.0	30.0	30.0	30.0	120.0
Subtotal Participatory Action Research (Programme communes)										52.5	90.0	90.0	90.0	90.0	412.5

Total Investment Costs

II. Recurrent Costs

Operational support to DONRE /a	per-annum	1	1	1	1	1	5	315,0	15.000	15.0	15.0	15.0	15.0	15.0	75.0
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Total Recurrent Costs

Total

Total Recurrent Costs										15.0	15.0	15.0	15.0	15.0	75.0
Total										325.5	281.0	281.0	255.0	231.0	1,373.5

^a Covers salary support, field allowances and transportation for 5 part time staff.

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Table 2.1. Output 2.1: Community development co-financed

Detailed Costs

	Unit	Quantities					Total	Unit Cost		Base Cost (US\$ '000)					Total
		2015	2016	2017	2018	2019		(VND Million)	(US\$)	2015	2016	2017	2018	2019	
I. Investment Costs /a															
A. Community infrastructure developed															
Community infrastructure grants /b	lumpsum	-	30	30	-	-	60	3,150,0	150,000	-	4,500.0	4,500.0	-	-	9,000.0
Design and supervision (10%)	lumpsum	-	30	30	-	-	60	315,0	15,000	-	450.0	450.0	-	-	900.0
Subtotal Community infrastructure developed										-	4,950.0	4,950.0	-	-	9,900.0
B. Youth-targeted vocational training programme															
Youth-targeted vocational training programmes /c	per-annum	10	25	25	-	-	60	201,6	9,600	96.0	240.0	240.0	-	-	576.0
C. Common Interest Groups (CIG) established															
Training course for Business Linkage Facilitators /d	w/shop	1	-	-	-	-	1	42,0	2,000	2.0	-	-	-	-	2.0
Training allocation for District Value Chain and Market Development Officers /e	lumpsum	5	5	5	5	5	25	21,0	1,000	5.0	5.0	5.0	5.0	5.0	25.0
CIG member farm/business management training course /f	course	5	10	10	10	-	35	42,0	2,000	10.0	20.0	20.0	20.0	-	70.0
Competitive co-financing for CIGs /g	unit	20	80	100	100	-	300	105,0	5,000	100.0	400.0	500.0	500.0	-	1,500.0
Co-financing contribution by CIGs	unit	20	80	100	100	-	300	105,0	5,000	100.0	400.0	500.0	500.0	-	1,500.0
FU management of farmer-to-farmer advisory services /h	lumpsum									20.0	20.0	20.0	20.0	20.0	100.0
Subtotal Common Interest Groups (CIG) established										237.0	845.0	1,045.0	1,045.0	25.0	3,197.0
Total Investment Costs										333.0	6,035.0	6,235.0	1,045.0	25.0	13,673.0
II. Recurrent Costs															
A. Operational support to DARD /i															
A. Operational support to DARD /i	per-annum	1	1	1	1	1	5	315,0	15,000	15.0	15.0	15.0	15.0	15.0	75.0
B. Common Interest Groups (CIG) established															
District Value Chain and Market Development Officers	pers-month	50	60	60	60	60	290	12,6	600	30.0	36.0	36.0	36.0	36.0	174.0
Total Recurrent Costs										45.0	51.0	51.0	51.0	51.0	249.0
Total										378.0	6,086.0	6,286.0	1,096.0	76.0	13,922.0

/a Operational costs linked to this component are budgeted under the Programme Management component.

/b USD 300,000 per commune, phased over two years. Financing: IFAD 60%; Beneficiaries 10%; GOV 30%.

/c 3-month technical training to support local infrastructure works; 30 students, VND 6.7m per student, USD 9,600 per course; 2 courses per commune over three years.

/d Two-week training workshop for 5 district-based Business Linkage Facilitators, organised at province by CPRP staff, including field visits.

Budgets covers accommodation and travel of trainees, DSA, and travel costs to field work.

/e Annual budget of USD 1,000 for each district-based Business Linkage Facilitator to cover costs of organising trainings for CIGs in the villages.

/f 3 day course at district level for 40 farmers incl. accommodation.

/g Competitive grants budgeted at maximum level of USD 5,000 per group.

If the average amount will be below this maximum, the number of benefiting groups can increase.

/h Support/supervision fee, USD 50 per contract.

/i Covers salary support, field allowances and transportation for 5 part time staff.

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Table 2.2. Output 2.2: Rural financial services enhanced

Detailed Costs	Unit	Quantities					Total	Unit Cost	Unit Cost (US\$)	Base Cost (US\$ '000)					Total
		2015	2016	2017	2018	2019		(VND Million)		2015	2016	2017	2018	2019	
I. Investment Costs															
A. WU Capacity Development															
National TA for WU /a	pers-month	6	3	3	-	-	12	42,0	2.000	12.0	6.0	6.0	-	-	24.0
Local study tour /b	lumpsum	1	-	-	-	-	1	157,5	7.500	7.5	-	-	-	-	7.5
Training courses for WU in SCG methodology /c	w/shop	1	-	-	-	-	1	113,4	5.400	5.4	-	-	-	-	5.4
Accounting course /d	w/shop	1	-	-	-	-	1	52,5	2.500	2.5	-	-	-	-	2.5
Refresher course WU's SCG staff /e	w/shop	-	-	1	-	-	1	52,5	2.500	-	-	2.5	-	-	2.5
Printing of SCG accounting material and manuals	lumpsum	1	1	-	-	-	2	52,5	2.500	2.5	2.5	-	-	-	5.0
Loan management software	set	1	-	-	-	-	1	420,0	20.000	20.0	-	-	-	-	20.0
Equipment for provincial WU /f	set	1	-	-	-	-	1	105,0	5.000	5.0	-	-	-	-	5.0
Equipment for WU district offices /g	set	5	-	-	-	-	5	63,0	3.000	15.0	-	-	-	-	15.0
4-WD vehicle for WU	unit	1	-	-	-	-	1	1.260,0	60.000	60.0	-	-	-	-	60.0
Subtotal WU Capacity Development										129.9	8.5	8.5	-	-	146.9
B. Establishment of new SCGs															
Village mobilisation meetings /h	w/shop	116	116	116	-	-	348	2,1	100	11.6	11.6	11.6	-	-	34.8
Printing of information leaflets /i	lumpsum	1	-	-	-	-	1	105,0	5.000	5.0	-	-	-	-	5.0
Training of group leaders /j	w/shop	5	5	5	-	-	15	37,8	1.800	9.0	9.0	9.0	-	-	27.0
Follow-up courses for group leaders /k	w/shop	-	5	5	5	-	15	37,8	1.800	-	9.0	9.0	9.0	-	27.0
Training of SCG members /l	w/shop	116	116	116	-	-	348	0,5	25	2.9	2.9	2.9	-	-	8.7
Business start-up course for SCG members /m	w/shop	-	30	30	30	30	120	15,8	750	-	22.5	22.5	22.5	22.5	90.0
Seed on-lending capital for WU /n	lumpsum	116	116	116	-	-	348	42,0	2.000	232.0	232.0	232.0	-	-	696.0
Subtotal Establishment of new SCGs										260.5	287.0	287.0	31.5	22.5	888.5
C. Pre-Transformation Support to WU /o	lumpsum	-	-	1	1	1	3	1.050,0	50.000	-	-	50.0	50.0	50.0	150.0
D. Leveraging Finance for Agro-projects															
1. Provincial agro-finance workshops /p	lumpsum	1	-	1	-	1	3	210,0	10.000	10.0	-	10.0	-	10.0	30.0
2. International TA to support CPRP rural finance operations /q	lumpsum	1	1	1	1	1	5	630,0	30.000	30.0	30.0	30.0	30.0	30.0	150.0
3. Land allocation															
Red book allocation	lumpsum									1,000.0	1,000.0	1,000.0	1,000.0	-	4,000.0
Subtotal Leveraging Finance for Agro-projects										1,040.0	1,030.0	1,040.0	1,030.0	40.0	4,180.0
Total Investment Costs										1,430.4	1,325.5	1,385.5	1,111.5	112.5	5,365.4

Table 2.2 contd.

II. Recurrent Costs

A. WU Capacity Development

Operational support to WU /r	lumpsum										40.0	40.0	30.0	20.0	-	130.0
WU motorbike operation /s	lumpsum	1	1	1	1	1	5	210,0	10,000		10.0	10.0	10.0	10.0	10.0	50.0
Total Recurrent Costs											<u>50.0</u>	<u>50.0</u>	<u>40.0</u>	<u>30.0</u>	<u>10.0</u>	<u>180.0</u>
Total											1,480.4	1,375.5	1,425.5	1,141.5	122.5	5,545.4

\a Unit cost of local TA in SCG promotion includes the fee, travel and DSAs.

\b Study tour to IFAD-supported provinces in Southern Viet Nam, WU's SCG-related staff from all levels, 25 persons, 7-day tour; lumpsum includes bus rental.

\c One week course at provincial level for SCG-related staff in province and 5 districts plus 5 commune WU leaders, total 30 persons; allocation covers travel, lunches/teas, venue and training material. Course facilitated by national TA.

\d SCG-related course for WU accounting staff, 6 participants: one province-level Accountant and 6 district-level accountants, one week at provincial capital; covers travel, lunches/teas, venue and training material. Course facilitated by national TA.

\e 3-day refresher course at provincial level for SCG-related staff in province and 5 districts plus 5 commune WU leaders, total 30 persons; covers travel, lunches/teas, venue and training material. Course facilitated by national TA.

\f For SCG unit in WU provincial office, a set covering photocopier, computers, printers, calculators, furniture etc.

\g For SCG units in 5 WU district offices, a set covering 2 computers, a printer, cabinets, calculators, and minor office equipment.

\h 1-day mobilisation meeting in each in each village, in which an SCG will be established. Costs cover the expenses of the WU district and commune staff.

\i 10,000 information leaflets on SCGs to be printed at USD 5,000, to be distributed in village mobilisation meetings.

\j 3-day courses at district level for all group leaders, around 25 per course, before group member training. Budget covers travel, lunches, teas, venues etc. Trainers from the WU.

\k 3-day refresher courses at district level for all group leaders, around 25 per course, before group member training. Budget covers travel, lunches, teas, venues etc. Trainers from the WU.

\l Basic course at group level on SCG methodology and small business management. As provided by the WU staff, the only programme costs related to DSAs of the travelling WU staff, based on government rates.

\m 2-day business developm. courses at commune level, one per commune/year, each covering 30 trainees, tot. 3,600 members, incl. travel, accomm., meals, trainers fees and venues; trainers both from the WU and from local institutions (subject matter specialis

\n Allocation based on standard sum of USD 2,000 of CPRP funds for on-lending per established group, but actual allocation to be based on the performance of each group.

\o Allocation to support the transformation of the WU S&C scheme first into a Social Fund and probably after the project period into a registered microfinance institution. Actual support activities to be defined later as the process progresses.

\p 1-day workshops for about 100 participants representing financial institutions, agricultural and agro-industrial companies, donor institutions, producers etc.

\q Annual one-month of international TA support for all the rural finance and competitive grant activities of CPRP, including fees, travel and DSA

\r Support to cover operational costs and allowances, of WU's SCG-related staff at provincial level and 5 districts, based on government rates and regulations.

\s Allowance for 2 motorbikes for each 5 WU district offices for implementation of the SCG activities.

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Table 2.3. Output 2.3: Public-Private Collaboration (P-PC) implemented

Detailed Costs

Unit	Quantities						Unit Cost (VND Million)	Unit Cost (US\$)	Base Cost (US\$ '000)							
	2015	2016	2017	2018	2019	Total			2015	2016	2017	2018	2019	Total		
I. Investment Costs /a																
A. Value Chain Development Support																
International TA	pers-month	0.5	0.5	0.5	0.5	-	2	483,0	23.000	11.5	11.5	11.5	11.5	-	46.0	
National TA	pers-month	4	4	4	4	-	16	63,0	3.000	12.0	12.0	12.0	12.0	-	48.0	
Entrepreneur briefings on co-financed value chain investment	each	1	2	2	2	-	7	21,0	1.000	1.0	2.0	2.0	2.0	-	7.0	
Subtotal Value Chain Development Support											24.5	25.5	25.5	25.5	-	101.0
B. Co-financing value chain investments																
P-PC Investments /b	lumpsum									500.0	700.0	1,200.0	1,200.0	-	3,600.0	
Design and Supervision	lumpsum									60.0	90.0	150.0	150.0	-	450.0	
Subtotal Co-financing value chain investments											560.0	790.0	1,350.0	1,350.0	-	4,050.0
Total											584.5	815.5	1,375.5	1,375.5	-	4,151.0

^a Operational costs linked to this component are budgeted under the Programme Management component.

^b Grants up to USD 100,000 per enterprise.

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Ha Giang Commodity-oriented Poverty Reduction Programme (CPRP)

Table 3. Programme Coordination

Detailed Costs

Unit	Quantities						Unit Cost	Unit Cost (US\$)	Base Cost (US\$ '000)					Total	
	2015	2016	2017	2018	2019	Total	(VND Million)		2015	2016	2017	2018	2019		
I. Investment Costs															
A. Vehicles (4x4)	no	2	-	-	-	-	2	1,260.0	60.000	120.0	-	-	-	-	120.0
B. Office equipment /a															
Province level	set	1	-	-	-	-	1	1,470.0	70.000	70.0	-	-	-	-	70.0
District level	set	10	-	-	-	-	10	42.0	2.000	20.0	-	-	-	-	20.0
Commune level	set	20	30	-	-	-	50	31.5	1.500	30.0	45.0	-	-	-	75.0
Subtotal Office equipment										120.0	45.0	-	-	-	165.0
C. Upgrading accounting/MIS	lumpsum									10.0	-	-	-	-	10.0
D. Technical Assistance, Studies and Workshops															
PIM preparation	lumpsum									10.0	-	-	-	-	10.0
Start-up workshop	w/shop	1	-	-	-	-	1	157.5	7.500	7.5	-	-	-	-	7.5
Annual review and planning workshop	w/shop	-	1	1	1	1	4	84.0	4.000	-	4.0	4.0	4.0	4.0	16.0
Knowledge Management-Publications	per-annum									-	5.0	5.0	5.0	5.0	20.0
PCU staff training /b	lumpsum									40.0	20.0	-	-	-	60.0
Baseline Survey /c	lumpsum	1	-	-	-	-	1	630.0	30.000	30.0	-	-	-	-	30.0
Ad-hoc Studies and Assistances	lumpsum	-	1	1	-	-	2	210.0	10.000	-	10.0	10.0	-	-	20.0
Mid-term Review	lumpsum	-	-	1	-	-	1	420.0	20.000	-	-	20.0	-	-	20.0
Final Impact Survey	lumpsum	-	-	-	-	1	1	420.0	20.000	-	-	-	-	20.0	20.0
Subtotal Technical Assistance, Studies and Workshops										87.5	39.0	39.0	9.0	29.0	203.5
E. Office refurbishment	lumpsum									100.0	-	-	-	-	100.0
F. Study tours	lumpsum	1	1	1	1	1	5	420.0	20.000	20.0	20.0	20.0	20.0	20.0	100.0
Total Investment Costs										457.5	104.0	59.0	29.0	49.0	698.5
II. Recurrent Costs															
A. Salaries															
1. Province level															
Director	pers-month	12	12	12	12	24	72	21.0	1.000	12.0	12.0	12.0	12.0	24.0	72.0
Deputy Director/Procurement Manager	pers-month	12	12	12	12	24	72	21.0	1.000	12.0	12.0	12.0	12.0	24.0	72.0
Financial Manager	pers-month	12	12	12	12	24	72	18.9	900	10.8	10.8	10.8	10.8	21.6	64.8
Procurement Specialist	pers-month	12	12	12	12	12	60	14.7	700	8.4	8.4	8.4	8.4	8.4	42.0
Accountant	pers-month	36	36	36	36	48	192	10.5	500	18.0	18.0	18.0	18.0	24.0	96.0
MoSEDP Coordinator	pers-month	12	12	12	12	12	60	15.8	750	9.0	9.0	9.0	9.0	9.0	45.0
Value Chain Coordinator	pers-month	12	12	12	12	12	60	15.8	750	9.0	9.0	9.0	9.0	9.0	45.0
Rural Finance Programme Coordinator	pers-month	12	12	12	12	12	60	15.8	750	9.0	9.0	9.0	9.0	9.0	45.0
Value Chain Specialist	pers-month	12	12	12	12	12	60	13.7	650	7.8	7.8	7.8	7.8	7.8	39.0
Rural Finance Specialist	pers-month	12	12	12	12	12	60	13.7	650	7.8	7.8	7.8	7.8	7.8	39.0
Community Infrastructure Engineer	pers-month	24	24	24	24	24	120	13.7	650	15.6	15.6	15.6	15.6	15.6	78.0
Capacity Development/Training Officer	pers-month	12	12	12	12	12	60	13.7	650	7.8	7.8	7.8	7.8	7.8	39.0
Monitoring and Evaluation/KM Manager	pers-month	12	12	12	12	24	72	15.8	750	9.0	9.0	9.0	9.0	18.0	54.0
Monitoring and Evaluation Officer	pers-month	24	24	24	24	24	120	13.7	650	15.6	15.6	15.6	15.6	15.6	78.0
Knowledge Management Officer	pers-month	12	12	12	12	12	60	13.7	650	7.8	7.8	7.8	7.8	7.8	39.0
Cashier	pers-month	12	12	12	12	12	60	6.3	300	3.6	3.6	3.6	3.6	3.6	18.0
Translator	pers-month	12	12	12	12	24	72	15.8	750	9.0	9.0	9.0	9.0	18.0	54.0
Admin Support Staff	pers-month	24	24	24	24	36	132	6.3	300	7.2	7.2	7.2	7.2	10.8	39.6
Driver	pers-month	24	24	24	24	48	144	10.5	500	12.0	12.0	12.0	12.0	24.0	72.0
Subtotal Province level										191.4	191.4	191.4	191.4	265.8	1,031.4

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Table 3 contd.

2. District level															
Allow ance for Chairperson	pers-month	60	60	60	60	60	300	3,2	150	9.0	9.0	9.0	9.0	9.0	45.0
Salary for Vice-Chairperson (full time) /d	pers-month	24	24	24	24	24	120	12,6	600	14.4	14.4	14.4	14.4	14.4	72.0
Monitoring and Evaluation Officer/KM	pers-month	36	36	36	36	36	180	13,7	650	23.4	23.4	23.4	23.4	23.4	117.0
Subtotal District level										46.8	46.8	46.8	46.8	46.8	234.0
3. Commune level															
Allow ance for Chairperson /e	pers-month	30	30	30	30	30	150	3,2	150	4.5	4.5	4.5	4.5	4.5	22.5
Allow ance for Accountant /f	pers-month	30	30	30	30	30	150	4,2	200	6.0	6.0	6.0	6.0	6.0	30.0
Subtotal Commune level										10.5	10.5	10.5	10.5	10.5	52.5
Subtotal Salaries										248.7	248.7	248.7	248.7	323.1	1,317.9
B. DSA (local travel)	lumpsum	1	1	1	1	1	5	210,0	10.000	10.0	10.0	10.0	10.0	10.0	50.0
C. Operation and Maintenance															
1. Province level															
Vehicle O&M/g	per-annum	2	2	2	2	2	10	189,0	9.000	18.0	18.0	18.0	18.0	18.0	90.0
Office equipment O&M	per-annum	1	1	1	1	1	5	126,0	6.000	6.0	6.0	6.0	6.0	6.0	30.0
Subtotal Province level										24.0	24.0	24.0	24.0	24.0	120.0
D. Other Operating Costs															
1. Province level															
Office Utilities	per-annum	1	1	1	1	1	5	126,0	6.000	6.0	6.0	6.0	6.0	6.0	30.0
International travel	per-annum	-	1	1	1	1	4	210,0	10.000	-	10.0	10.0	10.0	10.0	40.0
Banking Services	per-annum	1	1	1	1	1	5	75,6	3.600	3.6	3.6	3.6	3.6	3.6	18.0
Audit	per-annum	1	1	1	1	1	5	420,0	20.000	20.0	20.0	20.0	20.0	20.0	100.0
Telecommunication	per-annum	1	1	1	1	1	5	189,0	9.000	9.0	9.0	9.0	9.0	9.0	45.0
Stationery	per-annum	1	1	1	1	1	5	126,0	6.000	6.0	6.0	6.0	6.0	6.0	30.0
PSC meetings	per-annum	1	1	1	1	1	5	42,0	2.000	2.0	2.0	2.0	2.0	2.0	10.0
Other /h	per-annum	1	1	1	1	1	5	315,0	15.000	15.0	15.0	15.0	15.0	15.0	75.0
Subtotal Province level										61.6	71.6	71.6	71.6	71.6	348.0
2. District level	per-annum	10	10	10	10	10	50	50,4	2.400	24.0	24.0	24.0	24.0	24.0	120.0
3. Commune level	per-annum	20	40	50	50	50	210	25,2	1.200	24.0	48.0	60.0	60.0	60.0	252.0
Subtotal Other Operating Costs										109.6	143.6	155.6	155.6	155.6	720.0
Total Recurrent Costs										392.3	426.3	438.3	438.3	512.7	2,207.9
Total										849.8	530.3	497.3	467.3	561.7	2,906.4

\a For computers, printers, copy machines and furniture.

\b Including intensive English courses.

\c Including RIMS (IFAD monitoring system).

\d Hoang Su Phi and Xi Man.

\e 30% of salary.

\f 50% of salary.

\g The unit cost covers the annual O&M costs of the vehicle including petrol, insurance, spare parts, servicing, repairing and parking.

\h Includes copying service, media, web, representation, etc.

Appendix 10: Economic and Financial Analysis

A. Introduction

1. This Appendix describes the assumptions and results of the economic and financial analyses (EFA) of the Programme. The financial analysis (FA) was undertaken on the basis of representative models for crop, livestock and forestry production and related processing enterprises to assess the impact of Programme interventions on net farm/enterprise income, as well as on the financial sustainability of the farms and enterprises that are likely to be supported by the Programme. The main objective of the economic analysis (EA) was to establish whether the Programme is justified from the point of view of the national economy. However, it should be noted that the CPRP does not lend itself to the traditional EA of development projects, as it is demand- and market-driven and it is not possible to determine ex-ante for which types of eligible commodities and economic activities farmers and enterprises will request Programme support – and which technologies and business practices they will actually choose. It should be emphasized that numerous potential Programme benefits have been identified that have not been quantified in monetary terms (see Annex Tables A-1–A-4). A sensitivity analysis has been conducted to assess the impact of changes in main parameters affecting the economic outcome of the Programme as a result of the risks that have been identified in the Programme's risk analysis. Furthermore, the distribution of benefits and the Programme's poverty and employment impact, as well as the Programme's expected impact on government finances, has been examined. The findings of the analyses are summarized below. More details are provided in the FEA Annex Tables in the Programme Life File.

2. The FEA is linked to the Programme's Logical Framework and its outcome indicators related to increased income, productivity and profitability. It is therefore expected that the FEA will be periodically updated as an integral part of the Programme's M&E System and as an input into the Programme evaluation at mid-term and completion stage. Decisions on Programme support to investments in farming systems, enterprises and community infrastructures will be based on sound FEA, specifically as part of the preparation of strategic investment plans (SIPs) as well as on the investment proposals that are required for the application for competitive business grants (CBGs). Details for incorporating FEA in Programme implementation will be provided in the Programme Implementation Manual. Consequently, adequate financial and human resources for FEA during implementation have been included in the Programme design.

B. Programme Area and Beneficiaries

3. The Programme will primarily support development in 30 communes³⁵ in five of the 10 districts of Ha Giang (Bắc Quang, Hoàng Su Phì, Quang Bình, Vị Xuyên and Xín Mần). These districts have been selected because of their production/processing potential, access to rural infrastructure and markets and because they form the hubs of nascent rural industries in Ha Giang (e.g. tea, timber, fruits/vegetables, livestock, medicinal plants, spices) whose commodity chains reach into remote upland communities within these districts as well as into other districts. The selected communes have a total population of around 102,000 people (20,392 households, 58 percent of which are classified as poor or non-poor), with ethnic minorities representing the majority of the population (58 percent). Commune selection has been based on (i) poverty rate; (ii) vulnerability to natural disaster; (iii) commitment of leadership; (iv) potential for development of pro-poor value chains; and (v) level of on-going support projects, ensuring a balance between those that are market-linked and other, more remote communes that can be linked through value chain development. The primary Programme beneficiaries within these communes comprise: (a) rural poor households with land and labour, including household enterprises; (b) unskilled employed rural people; (c) rural people lacking production land but having business acumen and desire; and (d) key farmers who have the skills to promote commercial agricultural production. The Programme will specifically focus on poor women and women-headed households, assisting them to participate in the commercial activities supported by the Programme. It is expected that at least 10,000 poor and near-poor households in the targeted

³⁵ See Appendix 2, Annex 1: Programme commune details.

communes would directly benefit from the Programme, as well as a large number of household in other districts that are integrated in the supported commodity chains.

4. Other key Programme beneficiaries include: (i) government officials from all districts and communes in Ha Giang empowered to support market-led growth; and (ii) private market and value chain agri-businesses that find common interest in promoting viable pro-poor products and services. It is expected that the Programme support to an enhanced climate-smart Market-oriented Socio-economic Development Planning (MoSEDP) at district and commune level (including community-based adaptation and disaster risk management planning) would benefit the total rural population in Ha Giang (approximately 648,000 people) in the form of reduced vulnerability and increased resilience to shocks, especially those associated with climate change.

C. Programme Benefits

5. The Programme is expected to generate substantial net incremental benefits for poor farmers and rural entrepreneurs engaged in the supported commodity chains throughout the province. The primary benefits from the Programme would come from: (i) increased crop, forest and livestock productivity and production, resulting from improved access to better and more affordable inputs and their application, as well as climate-smart agriculture technologies; (ii) increased proportion of marketed farm produce, resulting from improved market linkages and outlets; (iii) reduced losses during production, processing and transportation of produce through innovative technology and improved rural infrastructure; (iv) enhanced value addition along the value chain and improved quality of products resulting in higher producer prices; (v) enhanced access to longer-term credit and to co-financing; (vi) increased employment either for hired or family labour for both on-farm and off-farm activities; and (vii) increased tax revenues.

6. It is expected that by the end of the Programme at least 10,000 poor and near-poor households supported by the Programme would have at least 30 percent increase in income. These include 4,500 CIG members, 5,220 SCG members as well as households that will benefit from P-PC investments, enterprise-based vocational training and farm-based extension provided by the Programme. Furthermore, up to 20,400 households³⁶ in the 30 Programme communes would benefit from community infrastructure investments, including 11,800 poor and near poor households (58 percent).

7. The increased income and employment would result in increased demand for goods and services in the rural areas in Ha Giang, which is expected to generate additional income and employment effects, and further increase government tax revenues. The increased agricultural output will increase national production, and thereby contribute to growth in overall GDP and national food security. In addition, foreign exchange earnings/savings are expected from increases in exports (mainly tea, timber, medicinal plants and spices) and a reduction in imports (mainly timber).

8. Major *institutional benefits* expected from the Programme are: (i) at least 300 common interest groups (CIG) and 348 newly established savings and credit groups (SCG) as well as farmers' cooperatives supported by the Programme are effectively serving their members; (ii) Commodity-based investment planning is institutionalized in DARD, DPI and DOF and staff capacity at provincial and district level is built for preparation of strategic investment plans (SIPs) and market economy management; and (iii) all districts and communes are planning and implementing participatory annual climate-smart SEDPs for market-oriented and demand-driven rural development public investment.

9. The main *social and environmental benefits* expected from the Programme are: (i) reduced vulnerability and increased resilience to climate-change and disaster impacts, resulting from the implementation of climate-smart MoSEDP at district and commune level; (ii) increased

³⁶ See Table A-6 below. This is based on the assumption that each HH in the Programme communes would benefit, directly or indirectly, from at least one of the infrastructure investments. It should be noted that, based on the assumptions presented in Appendix 10, in total around 6,500 HH would benefit from rural roads (93 of the 292 villages in the Programme communes) and around 14,800 HH from irrigation development. These numbers cannot be added up as many farmers will benefit from roads as well as irrigation schemes

participation of women and the poor in decision making at local level; (iii) reduced environmental degradation and conserved natural resource base for sustainable livelihoods of present and future generations; and (iv) environmentally friendly agronomic practices, energy-efficient processing and safe disposal of agro-industrial waste products. An overview of the potential Programme benefits is provided in Annex Tables A-1–A-4.

D. Financial analysis

10. The financial analysis (FA) is based on illustrative models for annual crops (5), tree crops and forestry (5), animal production (6) and processing enterprises (6) which have been identified for the main commodity chains that are likely to be supported by the Programme. The commodity chains have been selected on the basis of a preliminary analysis of the market demand, constraints, opportunities and their potential to contribute to poverty reduction in Ha Giang. Data have been compiled by the Ha Giang PPB from two main sources: (a) Value chain studies prepared in 2013 for tea, timber and cattle; and (b) additional field surveys covering the other commodity chains carried out since the first design mission in November 2013. For each model, three budgets have been prepared: (i) the “present-without programme” (P) scenario; (ii) the “future-without programme” (FWOP) scenario; and (iii) the “future-with programme” (FWP) scenario (P and FWOP scenarios may be the same in some cases). Cost-benefit analyses have been prepared for perennial crops, forestry and processing enterprises. Tables 1–4 below summarize the main financial parameters. Detailed enterprise budgets are presented in the Financial and Economic Analysis Annex in the Programme Life File.

11. The FA shows the potential for significant increases in net profits, return to labour and return on investment resulting from the Programme. As the annual budgets include depreciation (if applicable) they also show the financial sustainability of the production and processing enterprises analysed in terms of their ability to recover investment costs. While net profits and return to labour increase considerably, the higher investment costs may result in a reduced return on the capital invested for some models (although still substantial), compared to the without Programme scenario. It should be noted that, in the FA, family labour has been quantified but not valued. However, the calculation of return to family labour (net profit/no. of family labour days) provides an indication of the ability of a household to pay for hired labour instead of using family labour (in case family labour is not available, e.g. because of household size or health reasons)³⁷.

12. Decisions on Programme support to investments in farming systems and enterprises will be based on sound FA, specifically for (i) investment proposals that are required for accessing Public – Private Collaboration (P-PC) competitive business grants (CBGs); and (ii) business plans for investments by common interest groups (CIGs) and by Savings and Credit Group (SCG) members. The financial enterprise budgets prepared together with the PPB and DARD staff provide the basis for the Economic Analysis of the Programme. Furthermore, it is envisaged that the templates developed will provide the building blocks for a thorough value chain analysis for the main value chains to be supported by the Programme, as well as for the above mentioned FA that will be carried out during implementation (after some modification as required).

13. Specifically, the one-page enterprise budget templates provide main elements for the planning and assessment of the financial viability of enterprises (production and processing), as it: (i) compares the Present (P), Future Without Programme (FWOP) and Future With Programme (FWP) scenarios; (ii) provides a brief overview of the production system including the key production parameters; (iii) calculates main financial performance measures; and (iv) calculates the investment costs including required working capital (if applicable) and annual depreciation. The enterprise budget will be part of the investment proposal required for the application for competitive business grants under the Programme. It will be complemented by (i) a financing plan; (ii) cash flow analysis; and (iii) multi-periodic cost-benefit analysis (as appropriate). It should be noted that several staff from the PPB and DARD have been

³⁷ If the return to family labour is above the cost of hired labour, households could pay for hired labour instead of using family labour and still make a profit.

extensively engaged in the design of the templates and trained on-the-job during the final design mission in their application. It is envisaged that the templates will be refined as required and provide the basis for further capacity building in FA for relevant staff from DARD, DPI and DOF during Programme implementation. Furthermore, the templates will provide the main data required for detailed value chain analysis³⁸ to be carried out as part of the preparation of strategic investment plans (SIPs).

Table 1: Crop Production Models – Annual Crops Overview of Financial Analysis

Per hectare and production period		Rice		Maize	Vegetables	
		Local	Hybrid		Cabbage	Rau Day
Production period		4 months	4 months	4 months	3.5 months	3 months
Gross Margin (VND'000) /a	WOP	19,533	8,785	3,023	67,475	48,550
	WP	25,425	9,600	5,658	107,038	62,883
	Increment	5,893	815	2,635	39,563	14,333
		30%	9%	87%	59%	30%
Net Profit (VND'000) /b	WOP	19,533	8,785	3,023	67,475	48,550
	WP	25,425	9,600	5,658	103,738	59,583
	Increment	5,893	815	2,635	36,263	11,033
		30%	9%	87%	54%	23%
Return to Family Labour /c - per person day (VND'000)	WOP	260	117	50	206	148
	WP	339	128	94	337	337
	Increment	79	11	44	131	189
		30%	9%	87%	63%	127%
Return to Total Labour /d - per person day (VND'000)	WOP	147	105	81	206	148
	WP	170	108	98	308	177
	Increment	23	3	16	101	28
		16%	3%	20%	49%	19%
Return on Investment /e (per production period)	WOP	56.8%	24.1%	10.6%	299.6%	314.2%
	WP	64.1%	21.7%	17.7%	257.7%	195.9%
	Increment	7.2%	-2.4%	7.0%	-41.9%	-118.3%

WOP = without Programme; WP = with Programme.

/a Output - Total Variable Costs (incl. Hired Labour)

/b Gross Margin - Interest Charges - Taxes - Depreciation

/c Net Profit / number of family labour days

/d (Net Profit + cost of hired labour) / total number of labour days (hired and family)

/e (Revenue - Total Cost [incl. Depreciation]) / Total Cost.

³⁸ A specific value chain analysis software may be used for this purpose and the costs of software and related training of relevant staff has been included in the Programme budget.

Table 2: Livestock Production Models Overview of Financial Analysis

Period: One Year		Pig Breeding - Crossbred	Pig Fattening		Cattle Breeding	Cattle Fattening	Buffalo Breeding
			Crossbred	Black Pig			
Unit Cycles per year		Sow 1	Porker 3	Porker 4	Cow 1	Animal 3	Cow 1
Gross Margin (VND'000) /a	WOP	1,311	796	162	13,980	13,132	3,453
	WP	7,270	2,342	1,563	17,067	19,360	6,071
	Increment	5,959 455%	1,546 194%	1,401 867%	3,087 22%	6,228 47%	2,619 76%
Net Profit (VND'000) /b	WOP	311	684	49	13,280	12,857	2,852.5
	WP	4,370	1,962	1,394	15,317	19,060	4,988.0
	Increment	4,059 1305%	1,278 187%	1,345 2752%	2,037 15%	6,203 48%	2,136 75%
Return to Family Labour /c - per person day (VND'000)	WOP	10	101	7	146	190	39
	WP	137	291	207	168	282	68
	Increment	127 1225%	189 187%	199 2752%	22 15%	92 48%	29 75%
Return to Total Labour /d - per person day (VND'000)	WOP	10	101	7	146	190	39
	WP	137	291	207	168	282	68
	Increment	127 1225%	189 187%	199 2752%	22 15%	92 48%	29 75%
Return on Investment /e (per cycle)	WOP	2.6%	6.8%	0.4%	258.5%	16.0%	25.7%
	WP	22.8%	17.3%	8.0%	187.7%	22.7%	39.9%
	Increment	20.3%	10.5%	7.6%	-70.8%	6.7%	14.2%

la - le See footnotes Table 1.

Table 3: Crop Production Models – Perennial Crops and Forestry Overview of Financial Analysis

Per hectare and production period		Tea /e			Orange /f	Timber /g
		Lowland	Upland	Upland-organic		
Production period		1 year	1 year	1 year	1 year	7-8 years
Gross Margin (VND'000) /a	WOP	5,615	9,181	9,181	36,325	21,454
	WP	21,926	12,590	42,850	110,222	78,172
	Increment	16,312 291%	3,409 37%	33,670 367%	73,897 203%	56,718 264%
Net Profit (VND'000) /b	WOP	1,990	7,031	7,031	33,106	18,235
	WP	18,301	9,940	40,200	107,002	74,953
	Increment	16,312 820%	2,909 41%	33,170 472%	73,897 223%	56,718 311%
Return to Family Labour /c - per person day (VND'000)	WOP	45	51	51	255	289
	WP	166	63	271	637	377
	Increment	121 268%	11 22%	220 427%	382 150%	88 30%
Return to Total Labour /d - per person day (VND'000)	WOP	45	45	45	241	186
	WP	150	150	150	515	210
	Increment	105 231%	105 231%	105 231%	274 114%	24 13%
Internal Rate of Return (20 years)	WOP	-3.9%	8.0%	8.0%	20.6%	6.6%
	WP	10.0%	8.0%	33.6%	26.1%	18.3%
	Increment	#DIV/0!	-65%	-65%	5.5%	11.7%

WOP = without Programme; WP = with Programme.

la Output - Total Variable Costs (incl. Hired Labour)

lb Gross Margin - Interest Charges - Taxes - Depreciation

lc Net Profit / number of family labour days

ld (Net Profit + cost of hired labour) / total number of labour days (hired and family)

le At full development - year 6-20

lf Average year 4-10

lg Over production cycle: WOP - 7 years; WP - 8 years

Table 4: Processing Enterprise Models Overview of Financial Analysis

Period: 1 year		Timber				Tea	
		Wood Chips	Wood Peel	Raw Sawn Timber	Sawn Timber	Small Unit Semi-processing	Factory Processing
Gross Margin (VND'000) /a	WOP	2,455,000	1,354,568	727,200	1,675,986	253,961	6,534,572
	WP	4,043,987	3,832,855	1,250,376	3,531,394	650,716	10,517,641
	Increment	1,588,987 65%	2,478,287 183%	523,176 72%	1,855,409 111%	396,755 156%	3,983,069 61%
Net Profit (VND'000) /b	WOP	1,226,591	842,180	324,436	412,152	161,171	4,678,959
	WP	2,248,123	2,552,655	681,740	1,799,581	383,580	7,376,041
	Increment	1,021,532 83%	1,710,475 203%	357,303 110%	1,387,429 337%	222,409 138%	2,697,083 58%
Return to Family Labour /c - per person day (VND'000)	WOP	na	Na	na	na	306	Na
	WP	na	Na	na	na	715	Na
	Increment					409 134%	
Return to Total Labour /d - per person day (VND'000)	WOP	541	495	269	373	306	771
	WP	616	587	297	826	419	788
	Increment	76 14%	91 18%	28 10%	453 121%	112 37%	17 2%
Internal Rate of Return (20 years)	WOP	72.6%	62.0%	35.5%	9.6%	33.7%	48.1%
	WP	114.9%	151.3%	82.1%	37.2%	52.9%	57.8%
	Increment	42.3%	89.2%	46.6%	27.6%	19.1%	9.7%

1a - 1d See footnotes Table 3.

E. Economic Analysis

14. As stated above, given the demand- and market-driven nature of the Programme it is not possible to determine ex-ante the types of investments that will be made by farmers and entrepreneurs within the eligible commodity chains and which community infrastructures will be implemented. However, an attempt was made to quantify the economic benefits expected from *Component 2: Building pro-poor commodity investment* and its three Sub-components, namely: *2.1 Community development co-financed; 2.2 Rural financial services enhanced; and 2.3 Public-private collaboration implemented*. While benefits under 2.2 and 2.3 have been derived from the models presented above, several representative models for irrigation scheme and rural road rehabilitation/construction have been prepared to estimate the economic benefits from Sub-component 2.1 (see Annex Tables A-5 and A-6 and Programme Life File FEA Annex B).

15. The benefits from the institutional support and capacity development under *Component 1: Capacity building for market-led development* have not been quantified separately as (i) this component would contribute to realizing the outcomes expected from Component 2; and (ii) it is difficult to quantify in economic terms additional benefits resulting from the activities supported, specifically (i) *market-oriented socio-economic development planning*, (ii) *community based adaptation and disaster risk management planning*, and (iii) *the development of climate adapted technology*. No economic benefits have been calculated for *Component 3: Programme coordination* which is a precondition for the implementation of Components 1 and 2. However, the economic costs of all Programme components have been included in the overall Programme EA.

16. **Economic costs and assumptions made.** The financial Programme costs have been converted to economic costs, which exclude taxes and duties and price contingencies, using the COSTAB software (see FEA Annex D). The analysis was carried out for a 20-year period, including the five-year Programme implementation period. The economic analysis was undertaken in 2014 constant prices, and a discount rate of 12 percent was used. The Vietnamese Dong (VND) was used as the unit of account and the official exchange rate of VND 21,000 to USD 1.0 (April 2014) was applied when converting to USD.

17. **Economic benefits.** The estimated economic benefits from the farm, enterprise and infrastructure investments were derived from the FA presented above by valuing the physical input and output quantities in terms of their respective economic prices. The FEA Annex C

provides details of programme outreach assumptions and parameters for the economic analysis which are summarized below.

18. **Development of community infrastructure (CIF).** It has been assumed that 50 percent of CIF investment will be for road construction/rehabilitation and the road budget will be distributed as follows: 25 percent upland-construction; 25 percent upland-rehabilitation; 25 percent lowland-construction; 25 percent lowland-rehabilitation. An overview of the expected benefits is provided in Table A-3 while Table A-8 presents the specific assumptions with regard to (a) increases in cropped area, productivity, producer prices, marketed output, and (b) reductions in losses. On the basis of NTP cost norms for construction/rehabilitation of a village to commune centre road (4 m width – concrete), the economic internal rate of return (EIRR) over a useful life of 10 years (or 20 years – see figures in brackets) ranges from 15.5 percent (20.9 percent) for upland road construction to 42.3 percent (44.3 percent) for lowland road rehabilitation. Furthermore, it has been assumed that 30 percent of available funds for CIF will be spent on irrigation scheme establishment/rehabilitation for local rice production and distributed as follows: 50% upland irrigation scheme rehabilitation (EIRR=29 percent); 25 percent lowland irrigation scheme rehabilitation (EIRR=72 percent); 25 percent lowland irrigation scheme construction (EIRR=16 percent). Details are provided in Table A-7. The remaining 20 percent of the CIF budget are expected to be used for other community investments, including protective forests, water and sanitation, markets and storage facilities. While such investments would all have significant economic benefits, given the uncertainty with regard to the type of investment requested and a lack of data, no attempt has been made to quantify the benefits from these investments in monetary terms. However, as can be seen from Table A-4, the potential benefits from commune protected forest areas are numerous and some benefits may be easily quantified, e.g. resulting from sustainable use of timber and non-timber forest products (NTFPs) as well as from watershed protection, including the payment for environmental services which already takes place in Ha Giang (e.g. in the form of hydro-power operator in neighbouring Tuyen Quang paying Ha Giang farmers - through the Ha Giang Provincial Government - VND 100,000 – 200,000 per ha and year for forest establishment/management along the river). It should be noted that EA will be a key element in the feasibility study required for each community infrastructure financed by the Programme.

19. **Support to Common Interest Groups (CIGs).** It is not possible to predict which types of CIGs will request Programme support and which ones will actually receive funding. However, Table A-9 provides an indication of the likely distribution of CIGs based on the outcome of the District Consultation Workshops in February 2014. For the expected CIG investment of USD 3 million (including 50 percent grant) by 300 CIGs, based on the available farm and enterprise budgets and conservative assumptions regarding returns on investment, an average EIRR of 18.2 percent per CIG investment has been assumed over a 20-year period. Taking into account a phased Programme support and other costs directly related to the establishment of CIGs, the EIRR of support to CIGs under Sub-component 2.1 amounts to 16.7 percent.

20. **Support to Savings and Credit Groups (SCGs).** The economic benefits from this activity have been calculated on the basis of the following assumptions: (i) The WU would provide USD 2,000 on-lending capital received from the Programme per SCG to a total of 348 groups; (ii) The average loans size is USD 500 and the average loan period 12 months; (iii) Interest rate is 0.9% per month with a grace period of 3 months; (iv) Loan recovery rate is 98%. In many provinces in Viet Nam, 100 percent in-time recovery by SCGs is reached, including Ha Giang in the past. It is assumed that the total volume of loans disbursed per cycle will remain constant, even if the loan recovery rate of previous cycles is below 100 percent. This is a conservative assumption as SCGs would be expected to maintain a minimum annual saving rate growth of 10 percent; (v) 70 percent of the loans will be used for small stock (pigs, chicken) while 30 percent will be for crop production; (vi) Return on investment per annum has been estimated at 30 percent for small stock and 35 percent for crops, which is a rather conservative assumption given the representative enterprise budgets and experience from other projects in Vietnam (interest payment already included in budgets); (vii) All interest earned is used for, and fully covers, group and WU operational costs. Therefore, no additional costs for operation of the SCG on-lending programme have been added; (viii) A loan disbursement efficiency rate of

90 percent has been assumed, i.e. the rate of the available funds that are actually disbursed at any given time. Taking into account the cost of establishment of new SCGs, the EIRR of the SCG support amounts to 22.3 percent over 20 years.

21. **Issuance of forest land Red Books.** To support poor household access to credit from financial institutions, the Programme would, on a cost-sharing basis with GoV (IFAD 30 percent /Government 70 percent), finance DoNRE to complete the issuance of forest land Red Books to 12,000 mainly poor and near poor households in Hoàng Su Phì, Bac Quang and Xín Man districts. Beneficiary households would be able to use the Red Books as collateral for bank loans and it is assumed that farmers would invest in improved forest production, resulting in an average increase of annual Gross Margin (GM) per ha of 50 percent of the increase that has been estimated possible under improved forest production - after first production cycle (see Timber Production Enterprise Models). Based on a phasing of Red Book issuance over four years and assuming that the incremental GM will only be realized after the first production cycle, the EIRR for a 20-year period has been calculated at 18.3 percent.

22. **Co-financing of Public-Private Collaboration (P-PC).** The P-PC investments actually co-financed by the Programme will depend on the selection of lead agri-business enterprises and household enterprises on the basis of investment proposals required for the application for competitive business grants. The tea and timber processing enterprise models presented above which represent commodity chains that are likely to be supported - and in which a number of successful enterprises already operate in Ha Giang - show high profitability in the with-Programme scenario. Based on this analysis, it has been assumed that the average ERR of investments in P-PC is 25.3 percent over a 20-year period (see FEA Annex C). Taking into account a phased Programme implementation and related value chain development support costs, the EIRR of support to P-PC amounts to 21.8 percent.

23. **Economic viability and sensitivity analysis.** The EIRR of the Programme for the base case is 16.4 percent. The net present value (NPV), discounted at 12 percent is VND 162.06 billion (USD 7.717 million). Table 5 presents the main risks that have been identified in the Programme's risk analysis and may affect the economic outcome of the Programme. A sensitivity analysis has been conducted to assess the potential impact of these risks resulting in (a) reduced benefits; (b) increased costs; and/or (c) delayed benefits.

Table 5: Overview of Main Programme Risks affecting Programme Economic Outcome

Risk category	Risk	Likelihood/severity	Potential impact reflected in sensitivity analysis		
			Reduced benefits	Increased costs	Delayed benefits
Economy and Market Risks	External shocks to macro economy.	M/H	X	X	X
	Increase cost of inputs.	L/H	X	X	
	Reduced producer prices.	L/H	X		
	Reduced demand.	L/H	X		
Institutional Risks	Provincial government cannot integrate commune level NTP funding into the MoSEDP process (due to lack of MPI direction).	M/M	X		X
	Community infrastructure investments are not directed to areas of highest financial and economic benefit.	M/M	X		
	Lack of effective inter-institutional cooperation & dialogue on development issues.	M/M		X	X
	Inadequate skills base amongst local service providers.	H/H	X		X
	Financial service providers unwilling to support Programme investments.	M/H	X		X
Climate Risks	Climate-change and disaster impacts.	M/H	X		X

L = low; M = medium; H = high.

See Main Report Tables 1, 13 and 14 for additional risks identified and risk mitigation measures included in Programme design.

24. An increase in Programme costs by 10 percent will reduce the EIRR to 14.9 percent, while a decrease in overall Programme benefits by 20 percent will result in an EIRR of 12.9 percent. A one-year delay in benefits reduces the EIRR to 14.0 percent and a two-year delay to 12.0 percent. The switching values show that the Programme will remain economically viable if benefits decreased by 25 percent or Programme costs increased by 33 percent. Table 6 below provides an overview of the various scenarios of the sensitivity analysis.

Table 6: Programme Economic Outcome and Sensitivity Analysis

Scenario			EIRR
Base Case			16.4%
Changes			
Programme Costs	Incremental Benefits	Benefits delayed by	
+ 10%			14.9%
+ 20%			13.5%
	- 20%		12.9%
	- 40%		8.9%
+ 10%	- 10%		13.2%
+ 20%	- 20%		10.3%
Base Case		1 year	14.0%
		2 years	12.0%
		3 years	10.3%
	- 20%	1 year	10.0%
		2 years	8.5%
		3 years	7.2%
Switching Values ^a			
Costs	+ 33%		
Benefits	- 25%		

^a Percent change in cost and/or benefit streams to obtain an EIRR of 12 percent, i.e., economic viability threshold.

F. Benefit Distribution, Poverty and Employment Impact

25. While the Programme will primarily target poor and near-poor smallholder farmers and household enterprises, non-poor farmers and household enterprises as well as the enterprises engaged in the P-PC and service providers will also benefit considerably from the Programme. It is expected that at least 10,000 poor and near-poor households in targeted communes will move out of poverty which is reflected in the PDO indicator stating that these households have at least 30% increase in income by the end of the Programme (inflation adjusted and disaggregated by gender and ethnicity).

26. The number of beneficiaries by Programme intervention included in the EA and the estimated benefits that may be realized by each beneficiary group (in terms of share of total net present value) have been presented in Table 7.

27. As a consequence of increased agricultural and other economic activities resulting from the Programme, employment directly related to the farms and enterprises which are supported by the Programme is expected to rise considerably. In addition, substantial employment will be generated for related activities that are not captured in the farm and enterprise models, e.g. handling incremental production, processing and marketing as well as during Programme implementation for construction works. Additional employment-related benefits include (i) increased and "fair work" on and off-farm employment opportunities; (ii) improved skills of workforce; and (iii) increased workplace safety (through various certification schemes).

Table 7: Estimated Benefit Distribution

	Poor and near-poor households	Non-poor households	Household enterprises	Large enterprises	Total
2.1.1 Community infrastructure developed					
Estimated no. of beneficiaries /a	11,832	8,568	not estimated	not estimated	20,400
NPV (USD'000 at 12%) /f	2,983	2,160			5,143
Share of total NPV /g	58%	42%			
2.1.3 CIGs established					
Estimated no. of beneficiaries /b	2,250	2,250			4,500
NPV (USD'000 at 12%) /f	428	428			855
Share of total NPV /g	50%	50%			
2.2.2 Support to SCGs					
Estimated no. of beneficiaries /c	3,654	1,566			5,220
NPV (USD'000 at 12%) /f	313	134			448
Share of total NPV /g	70%	30%			
2.2.4 Red book allocation					
Estimated no. of beneficiaries /d	8,400	3,600			12,000
NPV (USD'000 at 12%) /f	1,895	812			2,707
Share of total NPV /g	70%	30%			
2.3 P-PC Investments					
Estimated no. of beneficiaries /e	1,411	2,117	18	19	3,565
NPV (USD'000 at 12%) /f	not estimated	not estimated	not estimated	not estimated	2,087
Share of total NPV /g	not estimated	not estimated	not estimated	not estimated	

\a Based on Annex 1: Programme commune details.

\b It is assumed that at least 50% of CIG members will be poor or near-poor.

\c It is assumed that at least 70% of SCG members will be poor or near-poor.

\d It is assumed that at least 70% of beneficiaries will be poor or near-poor.

\e See assumptions in Table A-6 Programme Grants Details. Investment supported by P-PC shall benefit at least one rural household per USD 500 of co-financing, e.g. average P-PC co-financing of USD 75,000 per large enterprise should provide direct tangible benefits to a minimum of 150 rural households including 60 (40%) poor, women headed or minority households.

\f Including grants and cost of other directly related Programme costs.

\g It is assumed that the average poor/near poor household will benefit to the same extent as the average non-poor household.

Note: Impact on income of poor on-farm labourers not included.

G. Impact on Government Budget

29. During the Programme implementation period of five years, the Provincial Government's incremental costs resulting from the Programme would amount to around VND 177.9 billion (USD 7.98 million), representing the costs of: (i) salaries of Programme staff (VND 43.68 billion/USD 1.78 million); (ii) 30% of community infrastructure investments as NTP-NRD contribution (VND 53.0 billion/USD 2.52 million); (iii) 70% of costs of Red Book issuance (VND 58.8 billion/USD 2.8 million); (iv) cost of district/commune meetings and O&M (VND 22.4 billion/USD 873,000). It should be noted that Government's contribution to Programme costs in the form of taxes (VND 33.3 billion/USD 1.52 million) are actually no incremental costs as the Programme expenditures which are taxed would not have been incurred without the Programme.

30. It is expected that in the medium- to long-term, the Programme would have a substantial positive fiscal impact, mainly due to: (a) increased output, income, and employment in rural areas resulting in increased tax revenues, and (b) multiplier effects due to increased economic activities in rural areas, resulting in increased demand for goods and services, which is expected to generate additional income and employment effects. Furthermore, substantial foreign exchange earnings can be expected, resulting from an increase in exports and a reduction in imports.

H. Conclusions

31. On the basis of conservative assumptions, and given the fact that many potential benefits that are expected from the Programme have not been quantified in economic terms, the Programme can be justified on economic grounds. It should be kept in mind that not all potential economic benefits (for example, environmental benefits; other direct and indirect benefits of community infrastructure; and additional direct benefits from Component 1) have been included in the analysis. Furthermore, the likely multiplier effects mentioned above have not been quantified. Therefore, it is safe to assume that the estimated economic benefits are on the low side of the potential economic returns that can be expected when the Programme is implemented.

Appendix 10 Annex Tables

- Table A-1: Overview of Potential Programme Benefits by Value Chain Actor
- Table A-2: Overview of Potential Programme Impacts on Communities, Economy, Government Budget, Institutions, Labour Market and the Environment
- Table A-3: Overview of Potential Programme Benefits from Rehabilitation/Construction of Rural Roads
- Table A-4: Overview of Potential Programme Benefits from Commune Protected Forest Areas and other Commune Forests (establishment and re-forestation)
- Table A-5: Programme Grants Overview
- Table A-6: Programme Grants Details
- Table A-7: Community Infrastructure - Summary of Cost Benefit Analysis of Irrigation Schemes
- Table A-8: Community Infrastructure - Summary of Cost-Benefit Analysis of Rural Roads
- Table A-9: Potential CIGs listed at the District Consultation Workshops in February 2014

Financial and Economic and Analysis

Annexes in the Programme Life File

- Annex A: Financial Crop, Forest and Livestock Budgets (Production and Processing)
- Annex B: Community Infrastructure Models
- Annex C: Programme Outreach Assumptions and Parameters for Economic Analysis
- Annex D: Economic Programme Costs
- Annex E: Programme Economic Analysis and Sensitivity Analysis

Table A-1: Overview of Potential Programme Benefits by Value Chain Actor

Value Chain Actor	Main Potential Benefits
Input Suppliers /a	<ul style="list-style-type: none"> Increased market/demand for goods; Reduced transaction costs. <p>⇒ Increased value addition and income.</p>
Service Providers/b	<ul style="list-style-type: none"> Increased market/demand for services /d; Reduced transaction costs. <p>⇒ Increased income.</p>
Producers (incl. individuals, CIGs, SCGs, cooperatives)	<ul style="list-style-type: none"> Improved access to inputs, services, markets and information; Reduced climate risks due to climate-smart agricultural technologies and practices; Increased production and/or productivity - reduced cost per unit of output; Reduced losses; Improved product quality/increased producer prices; Enhanced market opportunities and increased proportion of marketed farm output; Economies of scale and strengthened position in market (e.g. cooperatives, contracts); Enhanced access to longer-term credit and co-financing; Reduced transaction costs. <p>⇒ Increased productivity, value addition and income.</p>
Processors (incl. individuals, CIGs, cooperatives, enterprises)	<ul style="list-style-type: none"> Improved access to inputs, services, markets and information; Increased output and/or productivity/reduced cost per unit of output; Reduced losses; Improved product quality/increased output prices; Enhanced market opportunities and increased volumes processed and marketed; Enhanced access to longer-term credit and co-financing; Reduced transaction costs. <p>⇒ Increased productivity, value addition and income.</p>
Traders (incl. collectors, transporters) /c	<ul style="list-style-type: none"> Increased supply of products; Enhanced market opportunities and increased volumes traded; Reduced transaction costs. <p>⇒ Increased income.</p>
Marketers (wholesalers, retailers, exporters)	<ul style="list-style-type: none"> Increased supply of products; Enhanced market opportunities and increased volumes marketed; Reduced transaction costs. <p>⇒ Increased income.</p>
Consumers	<ul style="list-style-type: none"> Reduced consumer prices; Increased availability of commodities of better quality; Improved food safety.

\a E.g. equipment, seeds, fertilizer and agro-chemicals (not directly targeted by Programme).

\b E.g. technical/advisory, business development, financial and veterinary services. Not strictly value chain actors but part of enabling environment.

\c May also act higher up in the value chain.

\d Including increased demand as a result of improved quality of the services.

Table A-2: Overview of Potential Programme Impacts on Communities, Economy, Government Budget, Institutions, Labour Market and the Environment

	Main Potential Impacts
Rural Communities	<ul style="list-style-type: none"> Reduced poverty; Reduced vulnerability and increased resilience to climate change and disaster impacts; Improved access to markets and services; Increased participation of women and the poor in decision making at local level.
Rural/National Economy	<ul style="list-style-type: none"> Increased output, income and employment, resulting in increased demand for goods and services and generating additional income and employment effects; Foreign exchange earnings/savings. /a
Government Budget	<ul style="list-style-type: none"> Incremental tax revenues from increased economic activities; Increased Provincial recurrent budget for staff and O&M (Programme life only).
Institutions	<ul style="list-style-type: none"> Improved capacity, efficiency and effectiveness.
Labour Market	<ul style="list-style-type: none"> Increased and "fair work" on and off-farm employment opportunities; Improved skills of workforce; Increased workplace safety (through various certification schemes).
Environment	<ul style="list-style-type: none"> Reduced environmental degradation and conserved natural resource base for sustainable livelihoods of present and future generations. Environmentally friendly agronomic practices, energy-efficient processing and safe disposal of agro-industrial waste products.

\a Resulting from an increase in exports and/or a reduction in imports.

Table A-3: Overview of Potential Programme Benefits from Rehabilitation/Construction of Rural Roads

Benefits	Resulting from
Benefits quantified for the economic analysis	
Changed patterns of production/increased area	Introduction/expansion of higher value crops (e.g. fruits, vegetables, organic tea) which become financially viable due to improved market access and reduced losses.
Increased agricultural productivity	Increased availability and reduced cost of inputs. Increased access to support services, including extension.
Increased marketed output	Better access to markets due to improved accessibility throughout the year.
Increased producer prices	(i) Reduced transport costs; and (ii) higher quality of produce due to timely transportation, reduced losses during transport and access to improved varieties.
Reduced losses (on-farm before transport and during transport) /a	Reduced transport time and accessibility throughout the year.
Benefits <u>not</u> quantified for the economic analysis	
Increased profits for vehicle operators	Reduction in vehicle operation and maintenance costs. Time savings. Opportunities for increased business (volumes transported).
Social benefits	Increased access to potable water, sanitation (/b), health and other social services, and information.

^a Community infrastructure/CIG investments in improved storage would also contribute to this benefit.

^b Through community infrastructure development.

Table A-4: Overview of Potential Programme Benefits from Commune Protected Forest Areas and other Commune Forests (establishment and re-forestation)

Forest Resource	Main Potential Benefits
Direct Use Values	
Timber	<ul style="list-style-type: none"> Long-term increased and sustainable supplies of – and income from – timber and NTFPs (e.g. fuelwood, resins, fibre, honey, medicine, spices, forage).
Non-timber forest products (NTFPs)	
Recreation/tourism	<ul style="list-style-type: none"> Preservation of habitats for recreational, educational, scientific, cultural and spiritual uses.
Educational/scientific use	
Cultural/spiritual use	
Indirect Use Values	
Watershed protection	<ul style="list-style-type: none"> Improved/stabilised regular yield of water in streams and groundwater leading to reduced flooding and a more regular supply and improved quality of drinking water. Avoided/reduced erosion and siltation resulting in (i) less damage to physical and irrigation infrastructures and hence reduced costs of maintenance/repair; and (ii) increased hydropower capacities; (iii) opportunity for payments for environment services. Avoided/reduced degradation of soils and improved soil water retention leading to increased agricultural productivity.
Micro-climatic regulation	<ul style="list-style-type: none"> Possible positive impact on micro-climate (temperature, wind, rainfall patterns).
Carbon storage	<ul style="list-style-type: none"> Sequestration of carbon dioxide, thereby contributing to reducing climate change.
Capital asset	<ul style="list-style-type: none"> Security.
Option Values (Future Direct and Indirect Use Values)	
Biodiversity	<ul style="list-style-type: none"> Maintained biodiversity which is a national and global concern.
Conserved habitats	<ul style="list-style-type: none"> Secured future use of habitats.
Non-Use Values	
Culture/heritage/habitats	<ul style="list-style-type: none"> Satisfaction local people derive from preserving an environment for future generations (bequest value).
Habitats/biodiversity	<ul style="list-style-type: none"> Satisfaction people unrelated to present or future use derive from knowing that an environment is preserved (existence value).

Table A-5: Programme Grants Overview

Type	Purpose	Beneficiaries	(i) Total grant amount (ii) Estimated Total investment	(i) Max. grant (ii) Beneficiary contribution (iii) Government contribution	Estimated avg. amount per beneficiary household	Estimated total no. of beneficiary households
Public Infrastructure Investment grants	Competitive grants for infrastructure investments considered to provide public good benefits essential to commodity chain development and/or climate change adaptation or disaster risk management. /a	All 30 Programme communes (101,800 people, 20,400 households).	(i) USD 5.4 million (VND 113.4 bn) (ii) USD 9 million (VND 189 bn)	(i) USD180,000 per commune (up to 60% of total investment) - individual investment item not to exceed USD120,000 (grant amount). (ii) Beneficiary contribution min 10%. (iii) Government contribution 30%.	USD 265 (VND 5.6 million)	Up to 20,400
Common Interest Group (CIG) grants	Competitive grants for investment/service contracts focusing on on innovative production, climate adaptation, risk reduction or value addition investments linked to profitable commodity chains identified through the SIP process and incorporated into local All supported investment projects/service contracts must be able to show long-term viability after the initial CPRP assistance. In particular, CIG grants must be closely linked to VC development under Output 2.3.	CIGs engaged in sustainable, climate-smart commodity-based production systems (production or processing). Min. 10 members per CIG (estimated average 15). Min. 30% poor, min. 30% female members.	(i) USD1.5 million (VND 31.5 bn) (ii) USD3.0 million (VND 63 bn)	(i) Max. USD 5,000 (VND 105 million) per CIG (up to 50% of total cost of each investment). (ii) Beneficiary contribution min. 50% including min. 20% in-cash.	USD 333 (VND 7 million)	4,500
Public-Private Collaboration (P-PC) co-financing	Co-financing of investments that generate incremental markets for raw material and value addition, leading to increased income and job opportunities among rural households, particularly poor households. The Programme would identify commodities that have investment potential and which are in compliance with the Ha Giang provincial SEDP. /c	(A) Large enterprises (B) Household enterprises (At least 40% of the total number of households benefiting from P-PC supported value chain investments should be represented by poor, near poor or women-headed households).	(i) USD1.764 million (VND 37 bn) (ii) USD 3.6 million (VND 75.6 bn)	(i) (A) 100,000 USD /d (B) 30,000 USD (ii) (A) + (B) Beneficiary contribution min. 51%	NA	NA

/a Investments could include, *inter alia*: disaster-proof roads for market access; secondary or tertiary irrigation structures; market infrastructures; storage facilities; erosion protection and soil management measures, incl. community re-afforestation or commune protected forest area establishment/rehabilitation; sanitation and waste management; renewable energy; and fresh water supply.

/b A part of each CIG grant could be used by the group for procurement of technical support services, including farmer-to-farmer support coordinated by the Farmers' Union, and other service providers, to support the effective implementation of the grant-financed projects.

/c The selected commodities would be chosen based on having strong potential for: (i) export and/or import substitution; (ii) involving rural households to undertake investments and thereby expanding their production/income and creating incremental jobs; and (iii) engaging poor farm households. P-PC investments would be awarded on a competitive basis for capital investments in civil works, equipment (processing, packaging, energy generation or environment protection), transportation and marketing, related directly to the core activity of the investor. Up to 30% of P-PC grants would be available for the purchase of supporting services (business development services, legal, technical, marketing, standards, farmer extension, etc.) for the planned commodity chain

/d In cases where the potential export/import substitution and social impact of the proposed programme is extremely high and/ or the investment is pivotal for developing the respective commodity in Ha Giang, the maximum P-PC grant could, subject to IFAD's no objection, be up to USD 200,000.

Table A-6: Programme Grants Details

Type	Total amount		Beneficiary unit	No. of beneficiary units /c	Max. grant per beneficiary unit /d		Min. grant per beneficiary unit		Estimated avg. grant per beneficiary unit		Max. % grant of total investment	% Beneficiary contribution of total investment	% Government contribution of total investment	Total investment (incl. grant and beneficiary/ government contribution)		Avg. no. of households per beneficiary unit	Estimated total no. of beneficiary households	Estimated avg. grant amount per beneficiary household	
	USD	VND bn			USD	VND m	USD	VND m	USD	VND m				USD	VND bn			USD	VND m
Public Infrastructure Investment grants	5,400,000	113.4	Commune	30	180,000	3,780	na	na	180,000	3,780	60	10	30	9,000,000	189	680	20,400	265	5.6
CIG grants	1,500,000	31.5	CIG	300	5,000	105	na	na	5,000	105	50	50		3,000,000	63	15	4,500	333	7.0
P-PC co-financing	1,764,000	37.0												3,600,000	75.6				
Large enterprises/a 80%	1,411,200	29.6	Enterprise	19	100,000	2,100	15,000	315	75,000	1,575	49	51		2,880,000	60.5	150	2,822	na	na
HH enterprises /a 20%	352,800	7.4	Enterprise	18	30,000	630	5,000	105	20,000	420	49	51		720,000	15.1	40	706	na	na
Seed capital for Women Union (WU) /b	696,000	14.6	SCG	348	2,000	42	na	na	2,000	42	na	na	na	na	na	15	5,220	133	2.8
Total	9,360,000	197																	

la Estimated share. Investment supported by P-PC shall benefit at least one rural household per USD 500 of co-financing, e.g. average P-PC co-financing of USD 75,000 per large enterprise should provide direct tangible benefits to a minimum of 150 rural households including 60 (40%) poor, women headed or minority households.

lb For on-lending to SCGs.

lc For P-PC enterprises: estimated based on assumed share of type of enterprise and average grant amount per enterprise, rounded.

ld The maximum P-PC co-financing for large enterprises may be USD 200,000, in cases where the potential export/import substitution and social impact of the proposed investment is extremely high and/or the investment is pivotal for developing the respective commodity in Ha Giang (subject to IFAD's no objection).

Table A-7: Community Infrastructure - Summary of Cost Benefit Analysis of Irrigation Schemes

	Lowland		Upland	
	New	Rehabilitated	New	Rehabilitated
Scheme area (ha)	30	30	10	10
Number of farmers cultivating land	300	300	250	250
Average area per farmer (m2)	1,000	1,000	400	400
Investment cost per ha (VND'000)	150,000	35,000	300,000	84,000
(USD)	7,143	1,667	14,286	4,000
Investment cost per scheme (VND'000)	4,500,000	1,050,000	3,000,000	840,000
(USD)	214,286	50,000	142,857	40,000
Cropping intensity before	100%	150%	100%	150%
after	200%	200%	200%	200%
Crop: Local Rice				
Gross margin per ha /a before (VND'000)	10,500	15,750	10,500	15,750
after	50,850	50,850	50,850	50,850
increment	40,350	35,100	40,350	35,100
Gross margin (GM) per scheme /a before (VND'000)	315,000	472,500	105,000	157,500
after	1,525,500	1,525,500	508,500	508,500
increment	1,210,500	1,053,000	403,500	351,000
Incremental GM per ha minus cost of O&M and depreciation/b	25,350	31,600	25,350	31,600
Production per scheme /a before (MT)	105.0	189.0	35.0	63.0
after	260.4	323.4	86.8	107.8
increment	155.4	134.4	51.8	44.8
Economic Internal Rate of Return /c	16%	72%	2%	29%
Crop: Hybrid Rice				
Gross margin per ha /a before (VND'000)	2,085	3,128	2,085	3,128
after	19,200	19,200	19,200	19,200
increment	17,115	16,073	17,115	16,073
Gross margin (GM) per scheme /a before (VND'000)	62,550	93,825	20,850	31,275
after	576,000	576,000	192,000	192,000
increment	513,450	482,175	171,150	160,725
Incremental GM per ha minus cost of O&M and depreciation/b	2,115	12,573	-12,885	7,673
Production per scheme /a before (MT)	126.0	189.0	42.0	63.0
after	323.4	323.4	107.8	107.8
increment	197.4	134.4	65.8	44.8
Economic Internal Rate of Return /c	-7%	29%	NA	7%

\a Both crops.

\b O&M: 5% of investment cost p.a.; depreciation based on useful life of 20 years (5% p.a.)

\c Economic costs and family labour valued at opportunity cost.

Table A-8: Community Infrastructure - Summary of Cost-Benefit Analysis of Rural Roads

Road type:	Village to commune centre, 4.0 m width - concrete				
Road length:	5 km				
No. of villages reached:	4				
Village population reached:	<u>households</u>	<u>people</u>			
	280	1,400			
Costs	Lowland		Upland		
	VND million	USD	VND million	USD	
Construction cost per km: /a	1,070	50,961	1,353	64,416	
Construction cost per road:	5,351	254,805	6,764	322,078	
Construction cost per household reached:	19.1	910	24.2	1,150	
Production affected by infrastructure (upland and lowland)	Before	After	Change		
Tea					
Total Area (ha)	40	40	0	0.0%	
Avg. yield per ha and year (MT)	4.5	4.5	0	0.0%	
Losses (on-farm and during transport) (%)	20%	5%	-15%	-75.0%	
Marketed output after losses (MT)	144	171	27	18.8%	
Avg. price per unit of output (VND'000)	5,000	5,500	500	10.0%	
Total revenue of marketed output (VND'000)	720,000	940,500	220,500	30.6%	
Timber					
Total Area (ha)	100	100	0	0.0%	
Avg. yield per ha and year (m3)	14.3	14.3	0	0.0%	
Losses (on-farm and during transport) (%)	0%	0%	-0%	0.0%	
Marketed output after losses (m3)	1,429	1,429	0	0.0%	
Avg. price per unit of output (VND'000)	500	550	50	10.0%	
Total revenue of marketed output (VND'000)	714,286	785,714	71,429	10.0%	
Vegetables					
Total Area (ha)	5	10	5	100.0%	
Avg. yield per ha and year (MT)	8.0	8.0	0	0.0%	
Losses (on-farm and during transport) (%)	10%	5%	-5%	-50.0%	
Marketed output after losses (MT)	36.0	76.0	40	111.1%	
Avg. price per unit of output (VND'000)	8,000	9,000	1,000	12.5%	
Total revenue of marketed output (VND'000)	288,000	684,000	396,000	137.5%	
Oranges					
Total Area (ha)	20	20	0	0.0%	
Avg. yield per ha and year (MT)	12.0	15.0	3	25.0%	
Losses (on-farm and during transport) (%)	10%	5%	-5%	-50.0%	
Marketed output after losses (MT)	216.0	285.0	69	31.9%	
Avg. price per unit of output (VND'000)	12,000	13,000	1,000	8.3%	
Total revenue of marketed output (VND'000)	2,592,000	3,705,000	1,113,000	42.9%	
Cost-benefit analysis	Period of analysis	Lowland		Upland	
		NPV /a (VND'000)	ERR	NPV /a (VND'000)	ERR
- Road construction	10 years	2,323,024	22.7%	893,639	15.5%
	15 years	4,257,994	26.1%	2,787,617	19.7%
	20 years	5,355,948	26.8%	3,862,312	20.9%
- Road rehabilitation (costs: 60% of construction costs)	10 years	4,488,625	42.3%	3,630,994	32.6%
	15 years	6,485,701	44.0%	5,603,474	34.9%
	20 years	7,618,895	44.3%	6,722,713	35.4%

la At 12 % discount rate.

Table A-9: Potential CIGs listed at the District Consultation Workshops in February 2014

	Total		District				
			Hoàng Su Phi	Xín Mần	Quang Bình	Bắc Quang	Vị Xuyên
Crop Production and Forestry	525	58%	185	108	43	76	113
Maize	153	17%	43	60	9	11	30
Rice	41	5%	-	12	8	-	21
Peanut	12	1%	-	-	8	4	-
Soybean	45	5%	43	2	-	-	-
Tea	77	9%	32	8	5	17	15
Vegetables	42	5%	34	8	-	-	-
Fruit trees (citrus, plum)	39	4%	-	8	9	22	-
Forestry seedlings	4	0.4%	-	-	4	-	-
Productive forest	55	6%	-	-	-	22	33
Cardamom	47	5%	33	-	-	-	14
Medicinal plants	10	1%	-	10	-	-	-
Livestock Production	362	40%	64	107	26	24	141
Poultry production+A9	8	1%	-	-	8	-	-
Black pigs fattening	87	10%	27	-	-	-	60
Crossbred pigs fattening	92	10%	-	80	7	5	-
Crossbred pigs breeding	4	0%	-	-	4	-	-
Goat breeding/fattening	65	7%	26	8	4	3	24
Cattle breeding/fattening	17	2%	11	-	-	-	6
Buffalo breeding/fattening	71	8%	-	16	-	10	45
Aquaculture	18	2%	-	3	3	6	6
Off-farm activities	16	2%	-	-	12	-	4
Tourism cultural village	10	1%	-	-	6	-	4
Tourism in hydropower reservoir	1	0.1%	-	-	1	-	-
Weaving/embroidery	4	0.4%	-	-	4	-	-
Rattan weaving	1	0.1%	-	-	1	-	-
Total CIGs	903	100%	249	215	81	100	258

Appendix 11: Draft Programme implementation manual

1. A Programme Implementation Manual (PIM) comprising guidelines for financial management, small scale infrastructure implementation, AWPB, M&E, Programme management, etc. was developed under the DPPB. The IFAD Country Office has also developed a series of standard manuals for the operation of community grants and for project/programme co-financing of public and private goods and services.
2. Based on the existing PIM, and the IFAD Country manuals, the PCO will update this document and submit it to IFAD for review prior to Programme start up. The revised PIM will have the following main chapters.
3. PIM Table of Contents:
 - Capacity building for market-led development
 - Terms of Reference, manuals and training programs for key technical areas including climate adapted participatory planning, participatory action research, business, knowledge management database, farm and risk management, community-based adaptation, community-based disaster risk mitigation, and outcome-based contracts.
 - Terms of reference for the delivery of vocational skills training at village and enterprise level;
 - Building pro-poor commodity investment
 - Community development co-financed
 - Community infrastructure co-financing: IFAD Country manual to be updated to accommodate CAB and CBDRM inclusion in investment planning processes;
 - Public – Private Collaboration (P-PC) implemented
 - An IFAD Country office manual on P-PC co-financing, presently under development. will form the basis of the CPRP P-PC manual
 - Savings and Credit Groups established and transformed into a Pro-women Development Fund (PIM note prepared at Appraisal);
 - Programme Management
 - Financial Management and Disbursement Manual
 - Procurement Manual and Procurement Plan
 - Monitoring and Evaluation Manual
 - Terms of Reference for Key Staff and Consultant Positions

Appendix 12: Compliance with IFAD policies

1. Key IFAD policies that have guided the design of the CPRP are found in the COSOP 2012-2017. In summary, these are:

- a. Focus of Investment. The CPRP will continue to focus on market-led innovations for smallholder agriculture; pilot activities such as farmer group formation and empowerment, decentralized service delivery, productivity improvement and market integration and pro-poor value chain development; with a greater emphasis on up-scaling pilots through local-level institutional and policy reforms. The policy reform element will be carried forward by the IFAD country office, drawing from the rich experience of its multi-located projects across a range of ecological zones.
- b. The CPRP is compliant with all three strategic objectives elaborated in the COSOP.
 - i. SO1: Enable poor rural provinces to carry out market-led, pro-poor rural Development. This objective is satisfied through the provincial approach using the market-oriented SEDP and the Value Chain Approach.
 - ii. SO2: Improve access of poor rural people – particularly women – to commodity and labour markets. This objective is satisfied through the targeting methodology, ensuring representation of the poor in planning forums and a range of pro-poor engagement products, particularly those involving provision of rural financial services.
 - iii. SO3: Enhance the capacity of poor rural households to adapt to CC. This objective is satisfied through the outcome employed to finance CC adaptation.
- c. Opportunities for Innovation and Up-Scaling. Innovations already piloted in the fields of rural finance, SEDP, private sector engagement and market and value chain development will be up-scaled through the Programme. New innovations involving CBA, CBDRM, outcome-based contracts and climate adapted agriculture will be commenced.
- d. The nature of the proposed primary target group will be poor rural households, composed mainly of subsistence farmers, wage labourers, landless people and market-participant smallholder farmers. The target group will also include “near poor” households, which are an income group increasingly vulnerable to shocks, especially those associated with climate risk. This group will include a large percentage of under-privileged ethnic minorities. Finally, specific provisions will be made to ensure the full participation of women and youth. All of these target group characteristics are consistent with IFAD policy.

2. Compliance with IFAD Strategic Framework (SF). For many small farmers and livestock producers, agriculture can provide a robust pathway out of poverty. But small-scale agriculture must be market-oriented to capture the opportunities afforded by growing demand for agricultural products. It needs to be more productive and sustainable and to become more resilient to a changing climate. Finally, it needs to be integrated into dynamic rural spaces where rural-urban linkages play an ever greater role, and where non-farm activities within and around agricultural value chains increasingly provide employment and entrepreneurial opportunities for many poor rural people.

3. At the programme and project level, the SF emphasis includes increased efforts on:

- a. Enhancing environmental sustainability and resilience in small-scale agriculture;
- b. Supporting the development of technologies for sustainable intensification of small-scale agriculture; and,
- c. Increasing the capacity of financial institutions to provide a broad range of inclusive services to poor rural people.

4. In terms of thematic engagement, the SF requires continued Programme focus on:

- a. Natural resources – land, water, energy and biodiversity;

- b. CC adaptation and mitigation;
- c. Improved agricultural technologies and effective production services;
- d. A broad range of inclusive financial services;
- e. Integration of poor rural people within value chains;
- f. Rural enterprise development and non-farm employment opportunities;
- g. Technical and vocational skills development; and,
- h. Support to rural producers' organizations.

Appendix 13: Contents of the Programme Life File

Aide memoire from Preparation Mission

Aide memoire from Final Design Mission

Economic and Financial Analysis Annexes

A: Financial Crop, Forest and Livestock Budgets (Production and Processing)

B: Community Infrastructure Models

C: Programme Outreach Assumptions and Parameters for Economic Analysis

D: Economic Programme Costs

E: Programme Economic Analysis and Sensitivity Analysis

Report on Productive Forest Timber Products Value Chain – Ha Giang province

Report on Tea Value Chain – Ha Giang province

Report on Cattle Value Chain – Ha Giang province Thematic Report on Rural Industry

Thematic Report on Analysis of Agro-forestry Production Status

Thematic report on Building New Rural Areas

Thematic report on the Cooperative Economy

Thematic report on Enterprise Development Status

Thematic report on Rural Credit and Finance

Thematic report on Rural Industrial Status

Thematic report on Land Statistical Results

Thematic report on Poverty Status 2006 - 2012

The development of yellow cattle population in four rocky upland districts of Ha Giang province

Socio-economic Development Phase 2006 – 2020

Report on Wooden Products Value Chain – Ha Giang province

Ha Giang Initial Design Report

Technical Support Mission for Programme Inception in Ha Giang Province

Environment and Social Review Note

Costab file containing all detailed and summary Programme cost tables