

ASIAN DEVELOPMENT BANK

JFPR: VIE 34341

GRANT ASSISTANCE

(Financed by the Japan Fund For Poverty Reduction)

TO THE

SOCIALIST REPUBLIC OF VIET NAM

FOR

PROMOTING SILK INCOME FOR THE RURAL POOR

IN CENTRAL HIGHLANDS

October 2003

ABBREVIATIONS

ADB	–	Asian Development Bank
BME	–	benefit monitoring and evaluation
DARD	–	Department of Agriculture and Rural Development
DOI	–	Department of Investment
GENERALEXIM	–	The Viet Nam National General Export-Import Corporation
JICA	–	Japan International Cooperation Agency
JFPR	–	Japan Fund for Poverty Reduction
JSWSM	–	Japan Society for Wild Silk Moths
MARD	–	Ministry of Agriculture and Rural Development
MFI	–	microfinance institution
MKAE	–	Agriculture, Environment, and Natural Resources Division, MKRD
MOLISA	–	Ministry of Labor, War Invalids, and Social Affairs
NGO	–	nongovernment organization
PIM	–	project implementation manual
PMCU	–	project management cooperation unit
PPTA	–	project/program preparatory technical assistance
SEOD	–	Office of the Director General, SERD
VRM	–	Viet Nam Resident Mission

NOTES

- (i) The fiscal year (FY) of the Government ends on 31 December.
- (ii) In this report, “\$” refers to US dollars.

JAPAN FUND FOR POVERTY REDUCTION (JFPR)

JFPR Grant Proposal

I. Basic Data

Name of Proposed Activity	Promoting Silk Income for the Rural Poor in Central Highlands
Country	Viet Nam
Grant Amount Requested	\$620,000
Regional Project	No
Grant Type	• Capacity building

II. Grant Development Objectives and Expected Key Performance Indicators

<p>Grant Development Objectives: The objectives of the proposed project are to (i) support eri silk production for sustainable poverty reduction among poor and disadvantaged ethnic minority populations in the forest-rich central highlands; (ii) support the development of essential infrastructure for eri silk production and marketing in poor and remote areas; (iii) build the capacity of poor ethnic minority households through training and transfer of appropriate technology; (iv) link remote areas to new national and international markets; (v) diversify livelihoods; (vi) support a process of socially inclusive, participatory planning involving the poor, ethnic minorities, and female heads of households; and (vii) develop ways of setting up sustainable livelihoods, which will be replicated in the counterpart project.</p>
<p>Expected Key Performance Indicators: (i) at least 500 ethnic minority and women beneficiaries trained in eri silk production, (ii) at least 60-70 staff of Department of Agriculture and Rural Development (DARD), and 5-10 staff of Department of Investment (DOI) trained in three provinces, (iii) at least 20,000 kilograms of cocoons produced for marketing, (iv) at least 20,000 kilograms of yarn produced for national and international markets, and (v) expected increase in incomes of poor ethnic minority and women beneficiaries by at least \$450-500 per annum by end of the project.</p>

III. Grant Categories of Expenditure, Amounts, and Percentage of Expenditures

Category	Amount of Grant (\$)	Percentage of Expenditures
1. Civil Works	32,007	5
2. Facilities and Equipment	81,200	13
3. Training of Beneficiaries	32,200	5
4. Consulting Services	178,200	30
5. Project Management	134,900	22
6. Other Project Inputs (incl. revolving fund)	92,200	15
7. Poverty Impact Assessment and Audit	16,000	2
8. Contingencies	53,293	8
Total	620,000	100
Incremental Cost		

JAPAN FUND FOR POVERTY REDUCTION

**JFPR Grant Proposal
Background Information**

A. Other Data	
Date of Submission of Application	13 June 2003
Project Officer	Manoshi Mitra, Social Development Specialist
Project Officer's Division, E-mail, Phone	Agriculture, Environment, and Natural Resources Division, Mekong Department (MKAE), mmitra@adb.org , 632-6111/6991
Other Staff Who Will Need Access to Edit/Review the Report	Javed Mir, MKAE M. de Alwis, MKAE Vo Truc Dien, Viet Nam Resident Mission (VRM) Nguyen Nhat Tuyen, Consultant, VRM Lisa Kulp, Office of the Director General, Southeast Asia Department (SEOD)
Sector	Agriculture
Theme	Skills Development for Livelihood
Name of Associated ADB-Financed Operation	Forest for Livelihood Improvement in the Central Highlands Project
Executing Agency	Ministry of Agriculture and Rural Development, Government of Viet Nam
Grant Implementing Agency	Japan Society for Wild Silk Moths, Mr. N. Yoshida, Phone Number: 0467-23-5832 E-mail: hironobu2938@yahoo.co.jp

B. Details of the Proposed Grant**1. Description of Components, Monitorable Deliverables/Outcomes, and Implementation Timetable**

Component A	
Component Name	Deployment of Experts and Support Staff
Cost	\$316,393 (incl. contingencies)
Component Description	Eri silk experts from Japan will be deployed by the Japanese nongovernment organization (NGO), Japan Society for Wild Silk Moths. The NGO will be directly selected by ADB to provide the necessary services for project implementation. The experts will (i) supervise the setting up of three eri silk centers, one in each province; (ii) provide training and capacity building in eri silk production, dyeing, weaving, management, and quality control to local counterparts from DARD, DOI, local NGOs, and Viet Nam Women's Union, in the three provinces; (iii) oversee the setting up of the training programs; (iv) supervise the provision of infrastructure; (v) arrange the input supply chain; (vi) develop quality control mechanisms; and (vii) ensure the setting up of the revolving fund for cocoon purchase, and marketing arrangements. A

	local research agency will carry out baseline surveys and poverty impact assessment.
Monitorable Deliverables/Outputs	<ol style="list-style-type: none"> 1. At least 90 staff trained at province level 2. Training plans prepared and operational in all provinces for beneficiary training on a sustained basis 3. At least 500 eri silk producers fully trained and able to produce quality cocoon, preventing contamination and earning equitable incomes from eri silk production 4. Three eri silk centers fully functional 5. Mechanisms for revolving fund set up and fully operational 6. Input supply chain organized 7. Marketing links set up and monitored through marketing studies 8. Baseline study report, poverty impact assessment report
Implementation of Major Activities: Number of months from grant activities	Year 1-year 3. These activities will start from month 1 and go on for 36 months through to the end of the project period.
Component B	
Component Name	Training Stakeholders, Poor Beneficiaries, Women for Eri Silk Production; and Setting Up a Revolving Fund for Cocoon Purchase
Cost	\$124,400
Component Description	<p>Activities undertaken under the component will consist of</p> <ol style="list-style-type: none"> (i) a workshop with provincial and local government, mass organizations, NGOs for project start-up; (ii) identifying potential beneficiaries through a participatory approach; (iii) participatory activity planning, dissemination of project information to beneficiaries; (iv) forming groups of potential beneficiaries; (v) training poor beneficiaries, women in cocoon production, egg production, spinning, dyeing, and weaving; and (vi) setting up of a cocoon purchase fund with GENERALEXIM, a public sector corporation engaged in purchasing and marketing produce including silk. <p>The Project will start with a workshop to disseminate information on project design, methodology, and implementation schedule to the provincial and district people's committees of three districts and representatives of six communes of the three provinces. It will train staff of DARD at province and district levels along with chiefs of commune councils in project implementation. DARD staff along with commune members will work at community level to identify and organize potential beneficiaries from remote and poor communities in the central highlands of the provinces of Gia Lai, Dak Lak, and Kontum (Appendix 1). Potential beneficiaries particularly ethnic minority households, and rural</p>

	<p>poor women will be organized for eri silk production at commune, district, and provincial levels. At provincial level, an eri silk farmers' association will be formed. Using participatory approaches, activity plans will be drawn up for eri silk farmers' groups including training and skills building, supply of inputs and production, provision of financing, infrastructure requirements, and extension and marketing arrangements. At least 500 eri silk farmers will take part in training programs to be organized in provincial centers in Kontum and Dak Lak provinces to be followed by training programs in the three eri silk centers in the three provinces.</p> <p>A revolving fund for the purchase of cocoons will be set up with GENERALEXIM, which will be replenished with revenues earned from marketing eri silk cocoons and products.</p>
Monitorable Deliverables/Outputs	<ul style="list-style-type: none"> (i) At least 500 ethnic minority and women beneficiaries trained and engaged in eri silk production (ii) Ethnic minority and women eri silk producers organized in their own groups (iii) Three eri silk farmer associations formed and operational (iv) At least 500 eri silk home-based enterprises fully functional and supplying eri silk products to the market (v) At least 300-500 ethnic minority and women farmers formed in groups, able to obtain microcredit from microfinance institutions (MFIs) such as Viet Nam Bank for the Poor, Viet Nam Women's Union program.
Implementation of Major Activities: Number of months from grant activities	<p>Year 1-year 3. The activities will be implemented during the entire project period. The process of identifying and organizing beneficiaries will be undertaken for about 3 months, followed by the setting up of eri silk farmer groups at village and commune levels, and organizing an eri silk farmer association in each province. During these months, alongside the process of organizing the beneficiaries, activities will include training and skills building, infrastructure, and determining financing requirements. The revolving fund for the purchase of cocoons will be set up within the first 3 months and will operate during the project period and continue thereafter.</p>
Component C	
Component Name	Setting Up Eri Silk Centers, Providing Equipment and Facilities
Cost	\$113,207
Component Description	<p>Under this component, civil works and equipment for eri silk production and processing will be procured and made available for use by the producers and processors of silk. The project will support the setting up of three eri silk centers in the three provinces, with facilities and equipment for cocoon production, egg production, spinning, dyeing, and weaving.</p>
Monitorable	(i) At least 500 eri silk producers fully trained and provided

Deliverables/Outputs	with necessary equipment and inputs (ii) At least 10 kilograms of yarn each produced by women eri silk farmers per year (iii) Incomes of eri silk farmers increased by at least \$450-500 per annum
Implementation of Major Activities: Number of months from grant activities	Construction and acquisition of equipment will be implemented in year 1 of the project. Training and organization of production and marketing activities will go on through the project period and thereafter.
Component D	
Component Name	Project Management, External Audit, Baseline Survey, and Poverty Impact Assessment
Cost	\$66,000
Component description	A baseline survey will be carried out at the outset to create the database of the initial socioeconomic conditions of potential beneficiaries. After project completion, a poverty impact assessment will be carried out using the same criteria, to determine the extent of improvements brought about by the Project in terms of the economic status of beneficiaries, their capacity to engage in new livelihoods, skills levels, access to markets and information, etc.
Monitorable Deliverables/Outputs	Baseline survey report at the end of 3 months from inception. Poverty impact assessment report 3 months after closure of the Project.
Implementation of Major Activities: Number of months from grant activities	Activities will start from month 1 and continue until month 4 of Year 1 and then again during the last 3 months of year 3.

2. Financing Plan for Proposed Project to be Supported by JFPR

Financier	
JFPR	\$620,000
Government	\$55,000
Other Sources (communities)	\$65,000
Total	\$740,000

3. Genesis

The proposal originated with the Japanese NGO, Japan Society for Wild Silk Moths (JSWSM), which submitted the initial proposal to ADB for support from the JFPR. ADB staff took it up and the JFPR proposal was found suitable for ADB's preparatory project technical assistance in Viet Nam in the central highlands, Forests for Improved Livelihoods. The central region in Viet Nam is characterized by high levels of poverty, low human development indicators, and vulnerability to natural disasters. Ethnic minority communities form a significant proportion of the population of the region, and they are highly vulnerable to poverty on account of lack of adequate agricultural land, lack of irrigation, lack of access to inputs, extension services, and markets. The central region forms the geographic focus of ADB's poverty reduction objective in Viet Nam. Both the Poverty Reduction Partnership Agreement and the Country Strategy Program stress the need for concentrating the efforts of ADB in the central region, for improving livelihoods, access to social infrastructure and services, communications,

and markets. Diversification of livelihoods is a key element of livelihoods improvement and poverty reduction in the central highlands.

The proposed project is found to be appropriate with its objective of introducing alternative livelihoods through transfer of technology and setting up of the requisite infrastructure and capacity building for sustainable eri silk production in the region.

The JSWSM has been carrying out experiments to improve the quality of silk products. In Viet Nam it has worked for several years with eri silk producers in the northern mountain areas. The JSWSM has found that the cassava crop, which is extensively cultivated both in the northern and central regions of Viet Nam, is suited to silk worm raising. The hardy cassava is grown in the mountain and highland areas where water is scarce. Ethnic minority farmers grow cassava for consumption as well as for livestock. Local communities have experimented with cassava leaf-based silkworm production. Ethnic minority communities raise silk worms for consumption. The JSWSM aims to improve the productivity of ethnic minority communities by utilizing cassava leaf for silk production. The JSWSM is working with JICA to establish quality control mechanisms for the eri silk industry in Viet Nam. The proposed activity will be closely linked with this and will build on the systems set up by the JICA project, by increasing eri silk production and improving product quality through training, inspection, and marketing support.

4. Innovation

The proposed project has significant innovations in responding to the needs of ethnic minority communities in the central highlands. These communities, which are traditionally forest-dependent and engaged in shifting cultivation, have been losing access to forests and agricultural lands. Poverty levels are high, and the communities suffer from food shortages on account of inadequate crop production and reduced access to forest resources. The communities, particularly women, have rich traditions of cotton spinning and weaving. They also grow cassava and rear silkworm for consumption and sale. However, opportunities for value addition have been few. The area is characterized by rainfed agriculture on marginal soils subject to high levels of erosion. Infrastructure is poorly developed. Ethnic minority communities, particularly women, have high levels of illiteracy and poor health status. Access to markets is limited on account of poor communications, lack of adequate agricultural extension and training, and lack of opportunities to diversify livelihoods through the development of alternative activities. Low human capital formation, poverty, and lack of capacity have led to low levels of participation in decision making. The government is keen to promote livelihoods improvement through developing skills and new products, and improving communications and access to markets, among other measures. The proposed project is fully responsive to the needs of these ethnic minority communities, particularly women. It (i) aims at providing skills to such beneficiaries through training and capacity building; (ii) proposes to set up the infrastructure and equipment necessary to organize the production, supply, and marketing systems required for a viable industry to emerge; (iii) builds on existing crop production systems of ethnic minority communities, as well as their traditions of silkworm production and spinning and weaving; and (iv) adopts a participatory approach, to facilitate the full participation of ethnic minority households, particularly women, in decision making, planning, capacity building, and implementation. In this manner, the project will address the immediate needs of ethnic minority communities for improved incomes, and greater food security through alternative livelihoods development. It also aims to address the longer term need for skills formation, capacity building for sustainable livelihoods formation as well as participation in planning and decision making. It will thus help to reduce the social exclusion of ethnic minority communities and contribute to sustainable poverty reduction.

5. Sustainability

The following mechanisms will ensure the sustainability of the proposed project outputs: (i) participatory approach in identifying beneficiaries; (ii) organization of beneficiaries into producer groups for improved access to capacity building, input supplies, services and infrastructure, financing, quality improvements, and marketing, (iii) provision of a revolving fund for cocoon purchase, which will be continuously replenished through the sale of cocoons, yarn, and other products, (iv) provision of infrastructure and equipment necessary to start producing and marketing eri silk products; and (v) building local capacity for production, marketing, quality control, and management through training and skills development. The staff of DARDs in the three provinces, local NGOs, and communities are expected to be trained during the proposed project period to handle all aspects related to the production and marketing of eri silk. GENERALEXIM has plenty of experience in such work and the necessary expertise and infrastructure to undertake such activities in the central highlands. It will be entrusted with managing the revolving fund for cocoon purchases. The income derived from the sale of cocoons, yarn, and fabric will be used to replenish the revolving funds, leading to long-term financial sustainability. This will add to overall sustainability and continuity of the activities initiated under the project.

The ADB loan project Forest for Livelihoods Improvement in the Central Highlands will build on the successful livelihood activities developed under the JFPR project. The loan project design will include livelihood activities for ethnic minorities living in the central highlands, which can reduce poverty through sustainable livelihoods development and contribute to reducing dependence on forests. The JFPR project outputs thus have a strong chance of replication, as the capacity to engage in a viable eri silk industry will have been established and can serve as a base for further expansion under the loan project as well as under the government's development program for the region.

6. Participatory Approach

1. Briefly explain how local participation and control of decision making in the design and implementation of the grant activity have been and/or will be achieved.

- (i) The proposed project has been developed in consultation with local stakeholders in Viet Nam including the Government of Viet Nam, governments of the three provinces, local NGOs, and communities in the three provinces. A series of local workshops have been organized with participation of community representatives, women, commune council members, and representatives of provincial governments and the central Government. Consultations have been carried out regarding support for the proposed project, suitability of the proposed activity, identification of beneficiaries, likely impacts on local livelihoods and food production, available skill levels, and infrastructure constraints. The consultations have demonstrated a high level of commitment and interest among communities and government agencies for the proposed activities. The selection of pilot communes in the three provinces is based on consultations with communes and households regarding possibilities for constraints on eri silk production.
- (ii) The grant modality offers a significant opportunity to develop the required infrastructure and capacity to build a sustainable eri silk industry. Without the grant, opportunities to adopt a participatory planning approach, and support for developing skills of poor farmers, it would be difficult to target the poor ethnic minority communities for this activity. The proposed project itself has a

participatory design, based on facilitation of farmer mobilization and organization, formation of farmer groups and associations, skills building, and transfer of management functions over time to the farmer organizations themselves. The proposed project aims at socially inclusive development through the full participation of ethnic minority households, particularly women, in all activities including their equal membership in farmer organizations at all levels. Participatory monitoring of project impacts is expected to further improve project outcomes and accountability to the people.

2. Primary and other stakeholders (including any nongovernment organization [NGOs], especially Japanese NGOs) and brief description of their involvement.

Primary beneficiaries and other affected groups and relevant description	Other key stakeholders and brief description
<p>Ethnic minorities in the central highlands, particularly women, are expected to be the primary beneficiaries. Such communities are poor because of lack of adequate crop producing lands, reduced access to forests, low levels of education, and limited opportunities to diversify livelihoods. They are likely to benefit through skills building technology transfer, organization into producer organizations, improved access to finance and markets.</p>	<p>The JSWSM is an NGO set up by silk experts several years ago. This NGO is engaged in improving the quality of wild silk products for the international markets. It currently has ongoing projects in Viet Nam, Mongolia, and Ethiopia, involving poor farmers in technology transfer, infrastructure development, quality control, and marketing.</p> <p>Local NGOs include Craft Link, a Vietnamese NGO primarily involved in working with ethnic minorities in the northern mountain areas for silk production and marketing.</p> <p>The Government of Viet Nam will be involved through the MARD, which is the Executing Agency for the counterpart project. Provincial DARDs are likely to be involved in project organization and implementation. GENERALEXIM will be involved in the purchase and marketing of eri silk products in national and international markets.</p>

7. Coordination

Discussions have been held with JICA, which is already assisting a quality improvement project in Viet Nam. The Wild Silk Moths Association is involved in the JICA project, and the proposed project will be closely linked with it through setting and implementing quality control standards. The same international experts working on the JICA project are likely to assist capacity building and setting up the activity under the proposed JFPR project.

Discussions with the World Bank revealed that currently it is not involved in such activities in the central highlands, which are part of ADB's area of focus for poverty reduction.

8. **Detailed Cost Table.** Please find attached the JFPR fund flow arrangements and detailed cost estimates table including summary costs table (Appendixes 2 and 3).

C. Linkage to ADB Strategy and ADB-Financed Operations

Document	Document Number	Date of Last Discussion	Objective
Poverty Partnership Agreement	16-02	25 Feb 2002	Poverty reduction through sustainable growth, diversification of the rural economy

1. Linkage to Specific ADB-Financed Operation

Project Name	Forests for Livelihoods Improvement in the Central Highlands
Project Number	PPTA: VIE 34341-01
Date of Board Approval	Loan in the pipeline (standby for 2005)
Loan Amount	\$50 million (ADF)

2. Project's Development Objective

Poverty reduction and livelihoods improvement through participatory forest conservation

3. Project's Main Components

No.	Component Name	Brief Description
1.	Program component	1.1 Development of the enabling policy/institutional framework for effective and efficient implementation of the investment component
2.	Investment component	2.1 Proposal for integrated natural resource development and investment plan for the region 2.2 Investment proposals for the participating provinces 2.3 Investment proposals for ethnic minority food and livelihood security 2.4 A proposal for Global Environment Facility-eligible biodiversity conservation work

4. Rationale for Grant Funding versus ADB Lending

The proposed project is highly innovative in the activity to be supported, as well as the target groups. Eri silk production in the central highlands is a new activity and involvement of poor ethnic minority communities requires considerable support for training, capacity building, setting up the necessary linkages, infrastructure and equipment, and access to markets. The nature of the activities and the beneficiary groups are such that grant financing is essential to bring these communities up to a point where ADB's loan financing can be used to scale up the activities promoted under the proposed JFPR project. The use of participatory approaches and involvement of NGOs are important to build the long-term capacity of the beneficiaries to manage their own activities and add to their sustainability. The grant financing will enable the use of such approaches and facilitate the participation of NGOs in organizing and training the

beneficiaries. The successful activities built up under the grant project will be mainstreamed through the Forests for Livelihoods Improvement in the Central Highlands loan included in the CSPU (2003-2005).

D. Implementation of the Proposed Grant

Implementing Agency (IA)	MARD is the Executing Agency of the proposed project (Appendix 4). IAs are the DARDs in the three provinces. The JSWSM, the initial project proponent, is a well-reputed NGO set up by Japanese silk experts and has been engaged in implementing projects to develop eri silk among others in several countries around the world. Craft Link is a well-known Vietnamese NGO, which has a record of working with ethnic minority silk producers for several years. It has received funding from international aid agencies. It has the capacity to manage funds and provide accounts as required under ADB procedures. Eri silk farmer associations will be set up under the project and will be provided technical and financial support for production and marketing.
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1. Risks Affecting Grant Implementation

Type of Risk	Brief Description	Measure to Mitigate the Risk
Governance	Problems of corruption	ADB policies and guidelines on anti-corruption, governance, procurement of goods and services, consulting services, and accounting and auditing requirements will be strictly adhered to.
Infrastructure	Bad road condition, difficult transport	Infrastructure conditions are poor in these areas. However, under the proposed project, activities will be started in areas and communes with reasonable accessibility for successful implementation. ADB's projects for road construction in the central highlands are likely to improve communications. Risks will be reduced by local training, setting up of local supply and marketing networks, and use of existing marketing infrastructure of GENERALEXIM.
Safety	Mines in specific areas	NA

2. Monitoring and Evaluation

Key Performance Indicator	Reporting Mechanism	Plan and Timetable for M&E
1. At least 500 beneficiaries including ethnic minority women trained and engaged in eri silk production	Participatory poverty reduction impact assessments	Annual impact assessments by NGOs in partnership with beneficiaries
2. At least 70 staff trained	Participatory benefit monitoring and evaluation (BME)	Annual BME exercises
3. Amount of cocoon and yarn produced and sold	Participatory BME, records of production and sale, audited accounts	Annual BME exercises
4. Income improvements for poor farmers	Participatory BME	Annual BME

3. Estimated Disbursement Schedule

Fiscal Year (FY)	Amount (in \$)
Fiscal Year 2004	\$250,000
Fiscal Year 2005	\$220,000
Fiscal Year 2006	\$150,000
Fiscal Year 2007	0
Total	\$620,000

E. Clearances

The director general of relevant regional department endorses the cleared JFPR grant proposal to Government of Japan through Office of Cofinancing Operations (OCO).

Cleared by	Name/Division	Comments
1. Director general of the relevant regional department	Deputy Director General, Mekong Department	<ul style="list-style-type: none"> • Cleared <p>Comments: The proposal is supported by the department. It has been revised to take note of comments and suggestions made at the Staff Review Committee meeting.</p>
2. Director of the division in the relevant regional department	Director, MKAE	<ul style="list-style-type: none"> • Cleared <p>Comments: The proposal is supported by MKAE. It is a good proposal as it addresses poverty reduction in an area, which is the special target area of ADB for poverty reduction. It aims at diversifying livelihoods among ethnic minority communities who at present do not</p>

		have access to such opportunities.
3. Staff Review Committee members	1. Director General, MKRD 2. Deputy Director General, MKRD 3. Director General, Regional Sustainable Development Department	<ul style="list-style-type: none"> • Cleared Comments: Cleared for revision and submission
4. Other reviewers	1. J. Mir 2. Vo Truc Dien 3. Nguyen Nhat Tuyen, Consultant, VRM 4. S. Tanaka 5. J. A. van Ommen, Consultant 6. M. Araki 7. L. Kulp	<ul style="list-style-type: none"> • Cleared Comments: The proposed project is suitable for the needs of the area and of ethnic minority communities, and provides a good opportunity to develop diversified economic activities, which can improve their food security and incomes. Lessons derived from the grant project will be mainstreamed through the counterpart investment project.
5. Distribution list	L. Kulp, SEOD	

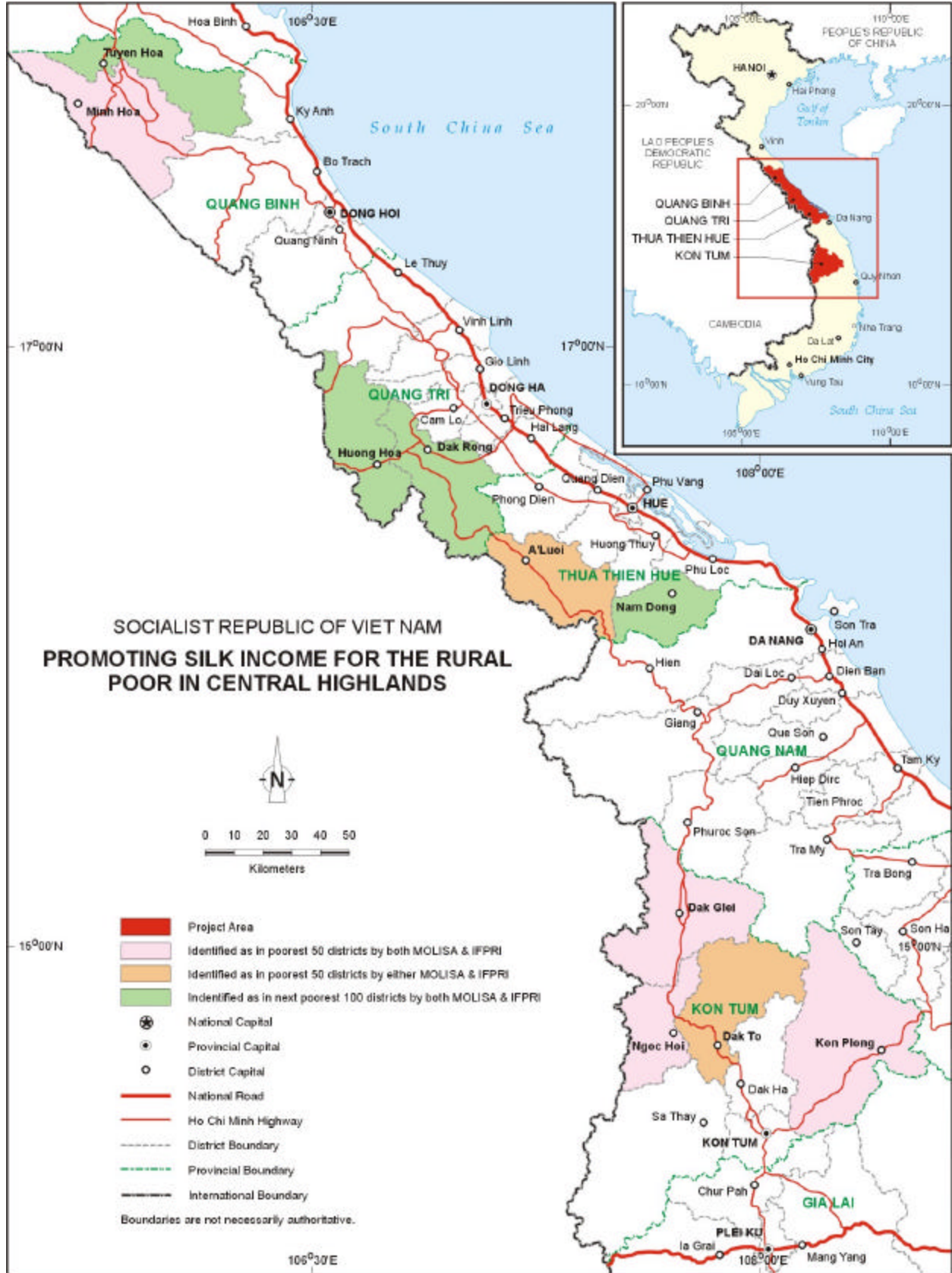
F. Checklist

<p>1. Does the application support activities that will assist the poorest and most vulnerable groups eligible for JFPR funding?</p> <ul style="list-style-type: none"> • Yes <p>Response is found in Background Information Section B.</p>
<p>2. Do the proposed activities fit within at least one of the following basic purposes of the JFPR?</p> <p>a. Support innovative social programs, which directly respond to the needs of poor and vulnerable groups in recipient countries and have high potential for ameliorating their destitute living conditions? Yes</p> <p>b. Provide relatively rapid, demonstrable benefits for affected populations through initiatives and mechanisms with positive prospects for sustainability over the long term? Yes</p> <p>c. Provide direct assistance to programs designed and implemented by local populations, civil society, and NGOs to facilitate their empowerment and enhance their participation in the development process? Yes</p> <ul style="list-style-type: none"> • Yes <p>Response is found in Background Information Section B4 and 6.</p>
<p>3. Are the proposed activities designed and expected to be implemented with full participation by local community groups and NGOs?</p> <ul style="list-style-type: none"> • Yes <p>Response is found in Section JFPR Grant Proposal and Background Information Section B4.</p>
<p>4. Do the activities support interventions that will have a catalytic effect or magnify the impact of ADB-financed operations?</p> <ul style="list-style-type: none"> • Yes

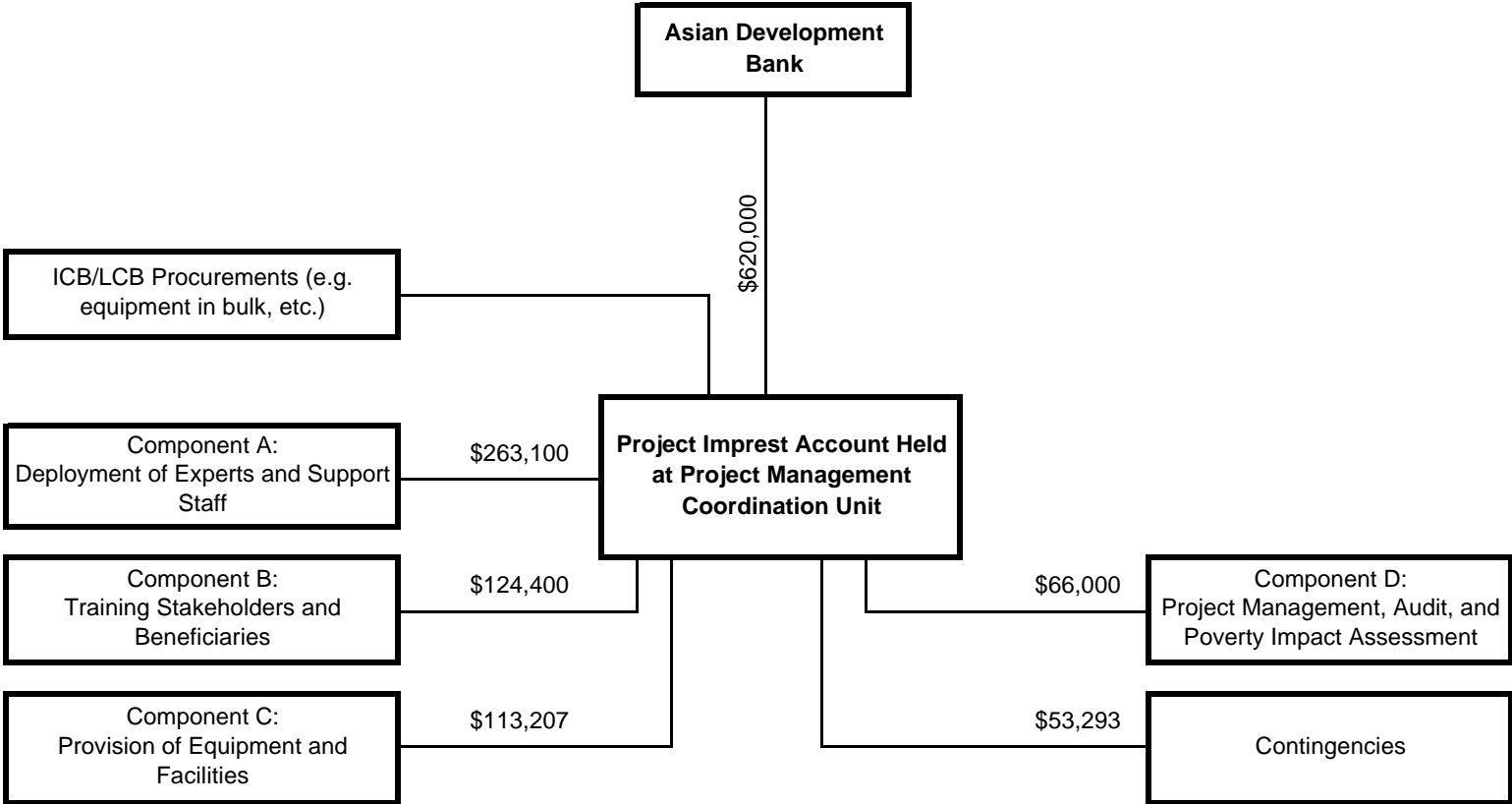
Response is found in Background Information Section B5.
5. Does the application identify methods to monitor and evaluate outcomes, implementation progress, and the impact of the grant on the beneficiaries? • Yes Response is found in Section D4.
6. Are Japanese NGOs participating in this JFPR activity? • Yes Response is found in Section C4.
7. Have Japanese aid agencies (e.g. JBIC, JICA, etc.) been consulted in the development of the JFPR application? • Yes Response is found in Section B7.
Please confirm statements 8-16 below.
8. Proposed JFPR activities are not eligible or cannot be funded under loans, or through other sources of funding available to ADB. • Confirmed
9. Proposed JFPR activities are not being used to prepare projects or supplement existing project preparation activities being funded through JSF or other project preparation fund. • Confirmed
10. The application does not include pilot activities that are not linked to ADB-funded operations in the pipeline or under implementation. • Confirmed
11. The application includes an exit strategy or a mechanism to ensure long-term sustainability. • Confirmed
12. The legal status, financial soundness, track record, and arrangements for use and accounting of grant funds have been checked for grants that are expected to be executed by community groups or NGOs. • Confirmed
13. Where funding of incremental costs (staff or consultants) for grant preparation and/or implementation is requested, a full justification is provided. • Not applicable
14. The grant will not include study tours or foreign training. • Confirmed
15. The application does not include support for academic training, research work, and core program activities of global/regional programs. • Confirmed
16. The director general and the director of the relevant regional department has endorsed the grant activity. • Confirmed

Appendixes

1. Map
2. JFPR Fund Flow
3. Detailed Cost Estimates
4. Implementation Arrangements



JFPR FUND FLOW



ICB = international competitive bidding, LCB = local competitive bidding.

DETAILED COST ESTIMATES

(\$)

Table A3.1: Cost Estimates by Component

Code	Supplies and Services Rendered	Unit	Quantity Units	Cost Per Unit	Total \$	JFPR	Contributions		
							Method of Procurement	Government	Private Sector/ Contributors
Component A-Deployment of Experts and Support Staff					308,100	263,100	LCB	45,000	
1.1	Civil Works								
1.2	Equipment, Furniture, and Furnishing								
1.3	Goods and Consumable Supplies								
1.4	Training, Workshops, Seminars								
1.5	Consulting Services								
1.5.1	International Experts			148,200	148,200	148,200			
1.5.2	Domestic Experts			30,000	30,000	30,000			
1.6	Management and Coordination of this Component								
1.6.1	Staff			28,900	73,900	28,900		45,000	
1.6.2	Travel and Per Diem			36,000	36,000	36,000			
1.6.3	Operational Costs			20,000	20,000	20,000			
1.7	Other Project Inputs (Specify: e.g. costs for NGOs, microfinance)								
Component B+C-Training, Setting Up Eri Silk Centers, and Providing Equipment, and Facilities					302,607	237,607	LCB		65,000
2.1	Civil Works								
2.1.1	Three eri silk centers, one in each province	sq m	100X3		32,007	32,007			
2.2	Equipment, Furniture, and Furnishing								
2.2.1	Sericulture equipment			12,200	12,200	12,200			
2.3	Goods and Consumable Supplies				213,400	173,400			40,000
2.3.1	Equipment for Cocoon Production			81,200					
2.3.2	Revolving Funds for Cocoon Purchase			92,200					
2.4	Training, Workshops, Seminars				45,000	20,000			25,000
2.5	Consulting Services								
2.6	Management and Coordination of this Component								
2.6.1	Staff								
2.6.2	Travel and Per Diem								
2.6.3	Operational Costs								
2.7	Other Project Inputs (Specify)								
Component D-Project Management, Audit, and Poverty Impact Assessment					76,000	66,000		10,000	
3.1	Equipment, Furniture, and Furnishing								
3.2	Goods and Consumable Supplies								
3.3	Training, Workshops, Seminars								
3.4.1	Poverty Impact Assessment								
3.5	Management and Coordination of this Component								
3.5.1	Staff	lump sum			10,000	10,000			
3.5.2	Travel and Per Diem								
3.5.3	Operational Costs								
3.6	External Audit				40,000	30,000		10,000	
	at \$2,000 per annum				15,000	15,000			
3.7	Other Project Inputs (Specify)				5,000	5,000			
	Components Subtotal (1-3)	year	3	2,000	6,000	6,000			
	D. Contingency (Maximum 10% of total JFPR Contribution)								
	Total Project Cost								
					Subtotal	686,707	566,707		65,000
					53,293	53,293	53,293		
					Total	740,000	620,000	55,000	65,000

Table A3.2: Summary Costs Table

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Project Inputs	Component A Deployment of Experts and Support Staff	Component B+C Training, Setting Up Eri Silk Centers, and Providing Equipment and Facilities	Component D Project Management, Audit, and Poverty Impact Assessment	Total (Input)	Percent
1. Civil Works (incl. technical surveys and designs, and supervision of constructions)		32,007		32,007	5.2%
2. Equipment, Hardware, and Material (e.g., power tools, wind turbines, pico/micro hydropower generators, postharvest and cold storage materials, communications, audiovisual equipment, furniture, etc.)		81,200		81,200	13.1%
3. Consumable Supplies (e.g., packaging material, hardware and tools for training purposes, training manuals and textbooks, basic training supplies, operations and management (O&M) basic kits, stationery, etc.)		92,200		92,200	14.9%
4. Training, Workshops, Seminars, Public Campaigns (e.g., resource persons, technical training specialists, community mobilizers and organizers, venue rental, travel, food and accommodation for participants, and other related costs)		32,200		32,200	5.2%
5. Consulting Services (e.g., for surveys, assessments, technical specialists, advisers, etc., including related costs such as travel, accommodation, and per diem)	178,200		10,000	188,200	30.4%
6. Project Management (including management of the Project Implementation Unit and the specific components, wages for staff, per diem for government staff and local volunteers, office equipment, rental, O&M, and recurrent costs)	84,900		50,000	134,900	0.0%
7. Other Project Inputs: External Audit			6,000	6,000	1.0%
8. Contingencies (0-10% of total estimated grant fund) Use of contingencies requires prior approval from ADB.	53,293			53,293	8.6%
Subtotal JFPR-financed	316,393	237,607	66,000	620,000	78.2%
Government Contribution (e.g., salaries for government counterparts; provision of project office; land acquisition for buildings and constructions, participation in workshops/meetings)	45,000		10,000	55,000	
Private Sector or Other Contributions (e.g., costs for O&M, livelihood skills development, infrastructure assistance, technology assistance, specialized material and equipment supply, etc.)					
Community's Contributions (e.g., participation in all training and community development, land development, and in kind labor contribution through food for work)		65,000		65,000	
Total Project Costs	361,393	302,607	76,000	740,000	

ADB = Asian Development Bank, JFPR = Japan Fund for Poverty Reduction, O&M = operation and maintenance.

IMPLEMENTATION ARRANGEMENTS

1. The Ministry of Agriculture and Rural Development (MARD) will be the Executing Agency (EA) for the Project/program Preparatory Technical Assistance (TA). MARD is also the EA for the project. Within MARD, the unit responsible for the TA will be the direct counterpart for the Japan Fund for Poverty Reduction (JFPR) project.
2. For coordination and management MARD will set up the national level the project steering committee with representation from the three provincial Departments of Agriculture and Rural Development (DARDs); Ministry of Industry; Ministry of Labor, War Invalids, Social Affairs (MOLISA); Ministry of Finance (MOF); Ministry of Planning (MPI); State Bank of Viet Nam; GENERALEXIM, Viet Nam Women's Union; and the Asian Development Bank (ADB). The steering committee will meet at least twice a year to discuss project implementation and linkages with the counterpart project.
3. A project management and coordination unit (PMCU) will be set up to manage project implementation. The PMCU will be located in Pleiku in Gia Lai Province. It will be headed by a full-time project director who will be selected by MARD in consultation with ADB. International consultants in eri silk production, dyeing and weaving, marketing, and coordination will provide training and capacity building to provincial staff and ethnic minority beneficiaries. The PMCU will oversee project implementation and coordinate the working of consultants and participating nongovernment organizations (NGOs). NGOs with technical expertise will be selected jointly by ADB and PMCU to provide technical training and capacity building services. The Japanese NGO, Japanese Society for Wild Silk Moths, will be directly selected by ADB to build capacity for eri silk production and provide technical and marketing support to the Project. In addition Vietnamese NGOs such as Craft link will be selected jointly by the PMCU and ADB to provide marketing and technical support, and backstopping. The PMCU will report on project progress to MARD and to ADB.
4. A JFPR Project Managing and Coordination Committee will be set up in the three provinces at provincial level. It will comprise representatives of Provincial Peoples' Committee, DARD, and Department of Industry. The Department of Finance (DOF), Department of Planning and Investment (DPI), DOLISA, provincial Women's Union, eri silk farmer association, PMCU, and ADB. The provincial committees will meet on a quarterly basis to review Project progress and address relevant issues.
5. An eri silk farmers association will be set up in each province to represent eri silk producer interests. The eri silk farmers associations will comprise representatives of beneficiary groups formed at village and commune level mainly of ethnic minority farmers. At least 40% of members will be ethnic minority women farmers. These associations will undertake and coordinate eri silk production, training, input supplies, quality control, marketing, and capacity building of grassroots beneficiary groups.
6. Implementing agencies (IAs) will consist of the three provincial DARDs, GENERALEXIM, eri silk farmer associations, and selected NGOs. DARD will coordinate and implement project activities related to beneficiary organization, training, setting up the production, inputs supply, quality control mechanisms, and marketing arrangements. GENERALEXIM will carry out purchase and marketing of cocoon and yarn and operate the cocoon purchase fund. Eri silk farmer households organized into groups will be trained and will engage in cocoon production, yarn production, and marketing. Provincial eri silk farmer associations will coordinate and implement training, production, input supply, and marketing.

7. PMCU in coordination with ADB will select an independent research institute or NGO to undertake a baseline survey and carry out independent participatory poverty reduction impact assessment.
8. Goods and Services to be Procured. Consistent with JFPR requirements, any procurement under the Project will be conducted under ADB's *Guidelines for Procurement*. The majority of the items are equipment, civil works, and consumable supplies. Local competitive bidding procedures will be used for these.
9. Project consultants to provide technical and other assistance will be hired by the Implementing Agencies using direct selection procedures in accordance with ADB's *Guidelines for the Recruitment of Consultants*. The Japanese NGO, Japanese Society for Wild Silk Moths, will be contracted directly by ADB to provide technical and managerial support to project implementation. The terms of reference for consulting services will be summarized in the project implementation manual (PIM) to be prepared prior to inception. The PIM will concretize in more detail the implementation and procurement arrangements.
10. The PMCU will submit quarterly progress reports to ADB. Annual audited project accounts to be submitted to ADB within 9 months of each fiscal year. A project completion report will be submitted by the PMCU within 3 months of project completion.