

Grant Assistance

JFPR: VIE 39142

Grant Assistance to the Socialist Republic of Viet Nam for Community-Based Agricultural Extension and Training in Mountainous Districts (Financed by the Japan Fund for Poverty Reduction)

August 2005

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 30 June 2005)

Currency Unit	–	dong (D)
D1,000	=	\$0.0631
\$1.00	=	D15,842

ABBREVIATIONS

ADB	–	Asian Development Bank
AEC	–	agriculture extension center
ASTP	–	Agriculture Science and Technology Project
CECI	–	Centre d' Etude et de Cooperation Internationale (Canadian Centre for International Studies and Cooperation)
CSP	–	country strategy and program
DAEC	–	district agriculture extension center
ILMCP	–	Improved Livelihoods for Mountainous Communities Project
JFPR	–	Japan Fund for Poverty Reduction
JICA	–	Japan International Cooperation Agency
MARD	–	Ministry of Agriculture and Rural Development
NAEC	–	National Agriculture Extension Center
NGO	–	nongovernment organization
PAEC	–	provincial agriculture extension center
PCC	–	provincial coordinating committee
PPC	–	provincial people's committee
PRA	–	participatory rural appraisal
PSU	–	project support unit
SARP	–	semiannual review and planning

NOTE

In this report, "\$" refers to US dollars.

This report was prepared by M. Otsuka, Mekong Department.

JAPAN FUND FOR POVERTY REDUCTION (JFPR)

JFPR Grant Proposal

I. Basic Data

Name of Proposed Activity	Community-Based Agricultural Extension and Training in Mountainous Districts
Country	Viet Nam
Grant Amount Requested	\$900,000
Project Duration	3 years
Regional Grant	<input type="radio"/> Yes / <input checked="" type="radio"/> No
Grant Type	<input checked="" type="radio"/> Project / <input type="radio"/> Capacity building

II. Grant Development Objectives and Expected Key Performance Indicators

<p>Grant Development Objectives:</p> <ul style="list-style-type: none"> • Contribute to food security and income generation through improved cultivation of food and cash crops, and production of small livestock by increasing dissemination of agricultural science and technology. • Establish a grassroots farmer-to-farmer learning network. • Increase capacity of local agricultural extension agents and commune-based extension workers in appropriate cultivation techniques and participatory and pro-poor extension.
<p>Expected Key Performance Indicators:</p> <ol style="list-style-type: none"> 1. 35% increase in per capita food supply 2. 100% increase in the number of farmers applying improved production techniques 3. 30% increase in yield of rice crops 4. 100% of households participating in agricultural extension activities 5. 10,000 households organized into farmer groups <p>Improvement of capacity and knowledge among local agriculture extension agents and workers, and expansion of farmer-to-farmer learning networks will be monitored as well.</p>

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

Category	Amount of Grant Allocated in \$	Percentage of Expenditures
1. Small-Scale Civil Works	12,000	1
2. Equipment and Materials	45,000	5
3. Supplies	104,800	12
4. Training and Seminars	373,100	41
5. Consulting Services	103,900	12
6. Project Management	195,200	22
7. Contingency	66,000	7
Total	900,000	100
Incremental Cost		Not applicable

JAPAN FUND FOR POVERTY REDUCTION

JFPR Grant Proposal Background Information

A. Other Data

Date of Submission of Application	June 2005
Project Officer	Masahiro Otsuka, Principal Project Economist
Project Officer's Division, E-mail, Phone	Agriculture, Environment, and Natural Resources Division, motsuka@adb.org, (63-2) 632-6485
Other Staff Who Will Need Access to Edit/Review the Report	H. Gunatilake (MKAE), C. Hnanguie (MKOC), Y. Uehara (MKOC), I. Simbolon (RSES)
Targeting Classification	Targeted intervention
Sector	Agriculture and natural resources
Themes	Sustainable economic growth, and inclusive social development
Was JFPR seed money used to prepare this grant proposal?	Yes [X] No []
Have Staff Review Committee comments been reflected in the proposal?	Yes [X] No []
Name of Associated ADB-Financed Operation	Proposed loan for the Agriculture Science and Technology Project scheduled for 2006
Executing Agency	National Agriculture Extension Center of the Ministry of Agriculture and Rural Development
Grant Implementing Agencies	Canadian Centre for International Studies and Cooperation in Hanoi, Block P, La Thanh Hotel, 218 Doi Can, Hanoi, Viet Nam. Bernard Wyler, Field Team Leader

B. Details of the Proposed Grant

1. Description of the Components, Monitorable Deliverables/Outcomes, and Implementation Timetable

Component A	
Component Name	Community-based programs for agriculture and income-generating activities
Cost (\$)	\$195,200
Component Description	Community-based programs will improve information access and knowledge on advanced agriculture and technology. Entry-point activities comprising demonstration models for key food and cash crops and small livestock will be supported in a majority (70%) of villages throughout the project districts. Selection criteria for villages for dry season crops include access to irrigation water. Communities will form farmer groups of 20–30 farmers and be trained on improved cultivation techniques and other technical subjects for food and cash crops (e.g., bean, groundnut, mushroom) and livestock for income generation. While not providing direct credit to farmers, the Project will improve linkages between farmer groups and existing credit programs, e.g., Vietnam Bank for Agriculture and Rural Development, Bank for Social Policy, women's unions, farmers unions, and the small livestock credit. Demonstration sites for participatory irrigation management models will be established in

	each district for the rehabilitation and efficient use of irrigation systems. Using the participatory irrigation management approach, a few microirrigation management models (<10 hectares) will be developed with farmer groups. As no new construction or land acquisition will be required, no resettlement is involved. Special consideration will be given to the needs of ethnic minorities and women under the Project. Each village in each project commune will be supported with a demonstration model selected by the community from a list of appropriate crops. Farmers from other villages in the commune will be brought to see the demonstration results, and the farmer group with the demonstration model will visit other models to compare their experiences.
Monitorable Deliverables/Outputs	35% increase in per capita food supply 500 demonstration models 10,000 participating farmers 30% increase in yield of rice crops 100% increase in number of farmers applying improved techniques 70% increase in number of farmers cultivating improved varieties 50% increase in number of farmers marketing surplus products
Implementation of Major Activities: Number of months for grant activities	Formation of farmer groups and extension services to farmer group members; establishment of demonstration models; survey of credit programs and needs; dissemination of credit options; information on loan application and business planning; exchange visits within the project area and northern central region for farmer groups and farmer leaders; detailed project manuals and guidelines for replication of the project approach to other districts and provinces 36 months.

Component B	
Component Name	Capacity building for local agricultural extension staff and workers
Cost (\$)	\$130,700
Component Description	Component B will support the primary project activities under component A. Capacity-building support and trainers training programs on participatory approaches, technical knowledge, and extension management will be provided for agricultural extension staff of district and provincial agencies. Additional qualified local staff will be engaged in each project district to expand the outreach of agriculture extension centers (AECs). District AECs will prepare operational plans in line with extension activities, based on community and farmer group plans, to support target groups using improved practices adopted under the Project. The decentralized approach will focus implementation support in communes and villages through district AECs. Decentralized, field-based support to district implementing partners is a key factor for success.
Monitorable Deliverables/Outputs	100% increase in number of households participating in/benefiting from AEC activities (by gender) Increase in the number of district and commune extension workers regularly organizing training activities
Implementation of Major Activities: Number of months for grant activities	Recruitment and training of local extension staff and workers Establishment of decentralized field-based systems, including regular planning, monitoring, and reporting under AEC supervision supported by the implementing nongovernment organization (NGO). 36 months

Component C	
Component Name	Development of farmer-to-farmer extension network
Cost (\$)	\$175,200
Component Description	Farmer-to-farmer extension networks (local extension workers and farmer exchanges) will be developed through consultations and training activities for farm households on group process and management, household enterprise development, farm demonstration, crop diversification, and community development. Expansion of farmer-to-farmer extension networks will contribute to wider dissemination of knowledge and information on agricultural science and technology among communities in remote and mountainous districts.
Monitorable Deliverables/Outputs	Participation of 10,000 household members of farmer groups At least 50% of households represented by women members of farmer groups Expansion of farmer-to-farmer networks among communities of project districts
Implementation of Major Activities: Number of months for grant activities	Preparation of training materials; provision of training programs (including gender training); exchange visits within project area and northern central region for farmer groups and farmer leaders 36 months

Component D	
Component Name	Participatory planning and evaluation with farmer groups
Cost (\$)	\$107,700
Component Description	This component will ensure the participation of project beneficiaries and other key stakeholders in planning, monitoring, and evaluation. Semiannual participatory review and planning (SARP) workshops with farmer groups and partners at village, commune, district, and project levels will be organized in the project provinces. The Project will organize participatory rural appraisal (PRA) surveys at project inception. Through PRAs and SARP workshops in successive years, farmer groups will identify preferences for demonstration models and set production and training targets. These will be combined to become the basis for annual project work plans and enable AECs to provide responsive and targeted support.
Monitorable Deliverables/Outputs	500 farmer group leaders organizing PRA and SARP exercises 30,000 households participating in SARP workshops (gender disaggregated by household representative)
Implementation of Major Activities: Number of months for grant activities	PRA survey; 6-monthly participatory review and planning workshops; training for partners, extension agents, group leaders in participatory approaches 36 months

Component E	
Component Name	Project Management Support
Cost (\$)	\$291,200
Component Description	Implementation and technical assistance (TA) will be provided for the Project. Under the guidance of the National Agriculture Extension Center (NAEC), the Executing Agency, the Canadian Centre for International Studies and Cooperation (CECI) will support province and district AECs to implement project activities.

	A project coordination committee (PCC) made up of key provincial agencies will approve annual work plans and meet every 6 months to review project progress. Independent monitoring and evaluation will be carried out by Asian Development Bank (ADB) consultants.
Monitorable Deliverables/Outputs	Plans and reports submitted on time Activities implemented according to schedule Project coordination committees meet every 6 months.
Implementation of Major Activities: Number of months for grant activities	Establish offices and recruit staff; prepare annual work plans, semiannual reports, and baseline and impact surveys; mobilize field staff 36 months

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

Financier	Amount (\$)
JFPR	900,000
Government	80,000
Total	980,000

3. Genesis

1. This JFPR Project was conceived to complement the proposed Agriculture Science and Technology Project (ASTP), currently being formulated by ADB. In line with the Government's medium- to long-term strategies as presented in its Comprehensive Poverty Reduction and Growth Strategy (May 2002), the ASTP aims to increase agricultural income and contribute to reduced rural poverty by strengthening the country's agriculture science and technology (AST) system (research, extension, and education). In conjunction with the ASTP, the JFPR Project will provide (i) increased opportunities for grassroots application of AST for poverty reduction in the mountainous districts of Thanh Hoa and Nghe An provinces, and (ii) important feedback and lessons learned on the effectiveness of pro-poor approaches and participatory planning techniques for community-based extension and training. These new approaches and techniques will be introduced and replicated in new districts based on the practical experience of CECI, a Canadian NGO, which worked successfully in other districts of Thanh Hoa province.

2. ADB and CECI jointly developed the JFPR Project, drawing primarily on CECI's experience with the Improved Livelihoods for Mountainous Communities Project (ILMCP) financed by the Canadian International Development Agency in two remote mountainous districts of Thanh Hoa province. The ILMCP provides a strong rationale for the JFPR Project as it has been highly successful in assisting poor, mountainous, ethnic minority communities to rapidly and widely achieve food security through capacity building of local extension workers and establishment of community-based extension systems. As a result, farmers have been able to sustainably increase their food crop production and go from net deficit to surplus production in a relatively short period. The ILMCP also supported several cash crop and small livestock income-generating activities for farmers. More than 6,000 households increased their incomes by 30% or more through the activities. These include mostly ethnic minority communities representing the poorest in the two districts.

4. Innovation

3. Based on CECI's practical experience, the JFPR Project will use a combination of (i) community-based extension system with commune workers, (ii) capacity building for local extension staff, and (iii) development of individual farmer-to-farmer learning networks. This combined and integrated approach to agricultural extension and training is still unique in Viet Nam where the state-managed system with guidance from the central government is predominant.

4. The ILMCP showed that community-based extension systems are highly effective in remote and mountainous areas for institutionalizing AST knowledge and information, and contributing to improved livelihoods of local communities. As they build on local practices and interpersonal relationships, community achievements in food security and income generation are expected to be highly sustainable.

5. The project approach is unique in targeting mountainous areas where ethnic minorities make up the majority of the population, incidence of poverty is high, and efforts for inclusive social development are strongly needed. The JFPR Project will be closely coordinated with the Government's national programs for socioeconomic development in the most disadvantaged communes through improvement of health and education facilities.

6. The linkage of the JFPR Project with the ASTP provides an effective alternative for pro-poor and community-based agricultural extension to disseminate AST knowledge and information on improved cultivation practices. The JFPR Project will also provide valuable feedback and lessons for the ASTP on pro-poor approaches and participatory planning techniques for community-based extension and training.

5. Sustainability

7. **Capacity Building of Local Officials.** Capacity building of local officials in planning and delivering agricultural extension services is critical for sustainable impact. At the project start-up, capacity of local extension agencies and the quality of their technical services will be assessed in detail. Based on the needs assessment, the Project will provide support to provincial agencies, and focus on district and commune capacity building particularly in participatory management.

8. The use of participatory approaches that involve key officials and line agencies will facilitate adoption of the Project by local agencies and beneficiaries. As in the case of the ILMCP, intensive and continuous application of collaborative and participatory techniques will be done under the JFPR Project so that provincial and district agencies will be able to fully adopt participatory approaches in a relatively short time despite a previous lack of exposure. This is expected to increase project effectiveness, both real and perceived, and appreciation of the value of participatory approaches.

9. Under the JFPR Project, devolution of project management responsibility to districts and communes will be also promoted so that primary responsibility will be eventually transferred to local organizations to support local ownership and demand-driven approaches. This strategy will ensure a long-term vision of how project approaches and methodologies will be incorporated into the existing system. In the two mountainous districts of Thanh Hoa Province, where the ILMCP was implemented, community management and decentralization are strongly

supported by district and commune officials. Activities will be planned under the JFPR Project to expose local extension agencies and beneficiaries to participatory models and market-based approaches. Training sessions and visits to innovative provinces and projects within the northern central region of Viet Nam will be carried out for this purpose.

10. Communities will be involved in developing their own plans and identifying options, which they will implement through producer and user groups. These groups lay the basis for effective farmer-to-farmer and community-managed learning networks. Following discussions and workshops with key stakeholders in the project area, the JFPR Project will enter into partnership agreements with provincial and district agencies, clearly stating the roles and responsibilities of different partners to the agreement, expected annual results, work plan, budget, financial and progress reporting mechanisms, and administrative policies. The ILMCP found this to be an effective tool for project management among committed and responsible agencies. This will promote standardized accounting practices and a transparent method for allocation of resources, which will lead to greater local ownership of project activities as well as increased management capacity and transparency.

11. **Building on Existing Initiatives and Linkages.** The JFPR Project incorporates all the key linkages and channels in the agricultural extension system in Viet Nam: at the central level, the JFPR Project is represented by the National Agriculture Extension Center (NAEC), which will also provide linkages to the ASTP and help ensure two-way feedback. At the provincial level, the AECs are primarily responsible for project implementation, and in the districts, the local AEC is the key agency. Commune extension workers will provide the interface among farmers, and between farmers and community organizations. While this system is called for in the agricultural extension policies in Viet Nam, such linkage has not been well developed, lacking clear and effective mechanisms for information exchange and interaction. The Project will strengthen the existing channels of the agricultural extension system for practical and effective exchange and transmission of information.

12. The agricultural extension system is also hindered by inefficiencies in channeling resources to target beneficiaries, inadequate resources for outreach to the poorest, and limited local implementation capacity. The Project will address these issues by building on community resources through development of farmer-to-farmer networks and producer and user groups to ensure long-term sustainability.

13. **Implementation through Local Administrations and Agencies.** Sustainable development requires an investment in social capital with a long-term perspective. Working with districts through local administrations and farmer networks, while at the same time improving their capacity for service delivery, means that even after the Project is completed, development agents will continue to carry on the necessary extension work. However, local AEC offices often face a shortage of human and financial resources. On average, AECs in mountainous districts of Nghe An and Thanh Hoa have insufficient human resources, having only one (salaried) professional staff for every 3,500 households. District AEC offices often lack modern equipment (e.g., computers, training tools, technical manuals) and village and commune extension workers have no facilities.

14. Before 2004, communes in Thanh Hoa Province had no extension staff, and a handful of district staff were responsible to meet all extension needs in the communes. Thanh Hoa Province currently provides \$190 annually to communes for extension support services. This fund can be provided to a number of extension workers managed by commune authorities.

Nghe An Province supports commune extension workers, who receive about \$6 per month to provide extension services.¹ Because these workers are usually selected from among the members of commune people's committees, they often lack professional extension skills and have other commune administrative duties.

15. An effective solution to the problem of limited resources can be to recruit and train local qualified individuals as additional extension agents working under the management of the district AEC, thus extending their human resources and outreach capacity. After the Project is completed, these extension agents will be skilled resources for their communities and may be hired by district or commune authorities to continue providing extension services. ADB will conduct dialogue with the provincial administrations during project implementation to increase provincial resources and budget for improved service delivery and outreach capacity.

16. In addition, support for developing farmer groups and farmer-to-farmer networks will enhance project sustainability in the field. Once farmer groups and networks become recognized within their communities, they can also influence other spheres of governance. In this way, the Project can help create different kinds of development agents, starting with small, flexible economic organizations (i.e., farmer groups) that provide services to their members and other farmers, and increase the accountability of local government. This contributes to inclusive social conditions for sustainable development in remote and mountainous areas where ethnic minorities constitute the majority of the population.

6. Participatory Approach

17. **Design.** The Project was designed in close coordination with key stakeholders from the concept stage. NAEC and other departments of MARD, and the AECs of Thanh Hoa and Nghe An Provinces, were consulted on initial drafts of the concept paper, and NAEC actively participated in meetings with provincial and district partners and field visits to potential project sites. Preliminary provincial coordination committees were formed in each project province to guide and advise the design phase, including selection of project districts, and review the main content of the project proposal. This committee will be formalized later as the official provincial coordination committee (PCC) for implementation. Field visits were carried out to a number of potential sites, and ethnic minorities and women farmers were interviewed. Based on the outcome of these meetings, comments and recommendations of stakeholders were incorporated in the detailed proposal.

18. Structured workshops with representatives from key stakeholders were organized in different potential project sites to present and review the JFPR Project in detail. Representatives from ethnic minority communities and district authorities participated. Information and data were collected in the communes, using participatory survey methods. The results were presented at provincial workshops for provincial authorities and other stakeholders. The result was verification of key project assumptions, collection of additional data, and identification of priority stakeholder issues.

19. **Implementation.** At project inception, the Project will organize participatory rural appraisal (PRA) surveys in the project communes. The PRA survey will provide staff and communities with a good opportunity to learn about the JFPR Project, working area, and communities involved. In addition to collecting baseline information, it will also allow

¹ In comparison, teachers and commune health workers receive monthly salaries of approximately \$40.

communities to identify their interests and priorities, and make initial plans for agriculture activities, including establishment of demonstration models.

20. The Project will inform the selected village communities about more project details and invite interested farm households to register their interest. Choice of crops will be determined based on consultation with project beneficiaries, usually including cereal crops like rice and maize, and leguminous crops and upland vegetables. For a demonstration site, an interested farmer group (20–30 farmers) with contiguous land of about 1 hectare will be selected and the need for repair and rehabilitation of small-scale irrigation schemes will be assessed. Cost sharing between the Project and participating farmers for procuring agricultural materials, land, and labor varies depending on the outcome of local consultations and assessments at project inception. The district AEC manages and administers these arrangements with assistance from the implementing NGO. The Project enters into an agreement with the AEC on the process, terms, and conditions, including training, monitoring, and other project activities. The steps will include the following.

- (i) A village meeting is conducted to determine interest in a demonstration model. Selection of crops for the demonstration model will be discussed and agreed between the AEC, participating farmer groups, and CECI. Each village receives support for one demonstration model. To ensure that each commune has diverse models from which farmers can learn, the AEC and villagers jointly identify models to be developed in the commune's villages.
- (ii) Interested farmers with adjoining plots of land are selected to participate in the model. Farmer groups are trained on how to plant, tend, and harvest the crop. This training lasts for 1–2 days and is held in the classroom; training lessons are implemented in the field.
- (iii) Necessary agricultural inputs including seeds and other inputs, if necessary, are delivered to the farmers by the project staff or by the demonstration group leader (elected by the group).
- (iv) Farmers meet weekly (or more frequently if necessary) in the field to evaluate results and participate in subsequent hands-on training. The model is also regularly monitored by the Project, AECs, and group leaders. Local television and radio personnel are invited to the training to document the model's progress and disseminate information.
- (v) Signs are posted by the demonstration model and other farmers are invited to compare crop development with nearby non-demonstration model development. Demonstration model participants are encouraged to discuss developments and results with other farmers.

21. At the end of the growing season, members and leaders of the community (village leaders, leaders of mass organizations, etc.) are invited to view the results. The AEC evaluates these results, which are presented at the semiannual review and planning (SARP) workshops. Possible self-monitoring by farmer groups will be considered at an early stage of project implementation and necessary training will be provided to farmers.

22. **Annual and Semiannual Reviews, and Planning Workshops.** Participation with communities and partners will be regularly structured throughout the Project through SARP workshops. Annual reviews and SARP workshops are mechanisms for participatory project management, involving provinces, districts, communes, community-based organizations, and households. The workshops provide a forum for iterative planning review of progress, and identification of lessons learned, which are then used for subsequent planning. CECI found this process (used in several countries including Viet Nam) to be very effective in developing the capacity of different project stakeholders. Stakeholders include government partners and community-based organizations, who will review and evaluate their own achievements, articulate desired expected outcomes, set targets, and prepare work plans.

23. The process begins with government agencies and then support is provided to community-based organizations to adapt these planning processes as they build up their planning and management capacity.

24. These workshops promote participatory project management by creating

- (i) a venue for beneficiary discussion of project performance, analysis of their own—and of other stakeholders’—performance and participation in decision-making;
- (ii) an opportunity for capacity building of project beneficiaries in result-based planning, development of indicators, data collection and compilation, analysis, decision-making, review, and reporting;
- (iii) a forum for exchange of performance information between beneficiaries and other project stakeholders; an accountability mechanism for stakeholders since past commitments are reviewed in the light of real results;
- (iv) a vehicle for the institutionalization of beneficiary participation in all aspects of future postproject extension; and
- (v) a process to ensure active participation of women and ethnic minorities.

7. Geographic Focus

25. The JFPR Project is proposed to cover four poor, mountainous districts in two provinces in the northern central region of Viet Nam: Quy Hop and Que Phong districts in Nghe An province, and Nhu Thanh and Thuong Xuan districts in Thanh Hoa province. The four project districts were selected from 21 mountainous districts of the two provinces (11 mountainous districts in Thanh Hoa and 10 mountainous districts in Nghe An) based on criteria discussed and agreed to by key provincial stakeholders. The criteria, organized in a simple matrix to facilitate the selection process and make it more objective (Appendix 1), include the following:

- (i) **District poverty rate and percent ethnic minorities.** Since the JFPR Project is targeting poor and ethnic minority areas, districts with higher poverty rates and larger ethnic minority populations are given higher priority.
- (ii) **Complementarities with other programs.** Ongoing and planned programs of the Government and other NGOs working in the mountainous districts of Thanh

Hoa and Nghe An provinces, are considered to avoid overlaps with similar JFPR project activities. However, the presence of project or program activities that complement but do not overlap may benefit the Project and may therefore be considered favorable.

- (iii) **Travel time between districts.** Both Thanh Hoa and Nghe An provinces are two of Viet Nam's largest provinces geographically. The distance between districts may affect monitoring and follow-up. Ideally, neighboring districts will be the easiest to monitor in terms of transportation time, as well as to create opportunities for farmer exchanges and sharing of experiences.
- (iv) **Capacity and commitment of district AECs to participate in and work with the Project.** District AEC offices must provide minimal office space for project staff based in each district, and assign counterpart staff to work with the Project.

26. **Focus on Ethnic Minority Participation.** Thanh Hoa and Nghe An provinces are in the northern central region of Viet Nam, which has high levels of poverty concentrated in mountainous areas. About 75–80% of the population in some mountainous districts is made up of ethnic minorities. In Thanh Hoa, the average poverty rate in mountainous districts was 32% in 2002 (with some districts as high as 56%), and the average rate in Nghe An was 19%.

Table 1. Average Food Poverty Rates 2002^a (%)

Item	Viet Nam	Thanh Hoa	Nghe An
Overall Food Poverty	10.9	18.0	14.7
Urban Areas	1.9	6.6	6.0
Rural Areas	13.6	16.5	13.3
Mountainous Areas	–	32.3	19.2
Kinh/Chinese Population	6.5	–	–
Ethnic Minorities	41.5	–	–

– = not available.

^a Rates represent food poverty standard used by the Ministry of Labour, Invalids and Social Affairs.

Sources: World Bank. 2004. *Economic Growth, Poverty and Household welfare in Vietnam 2004*. Hanoi; Thanh Hoa and Nghe An provincial departments of planning and investment, 2004.

27. Ethnic minority groups have the highest percentage of poverty in Viet Nam. Poverty reduction efforts now focus on identifying strategies to integrate them into sustainable market activities and to extend economic, social, and agricultural services to reach the groups. Currently, services are limited due to remoteness, language, and official attitudes that predetermine ethnic minorities as 'backward' without economic potential or capacity for self-sufficiency. Defining the project area as mountainous districts where ethnic minorities are the majority, and covering all mountainous communes of the selected districts, ensures that ethnic minorities have equitable access to project benefits. Representation of ethnic minorities in local government and agencies is also much higher than in lowland areas: in Thanh Hoa mountainous districts the majority of commune leaders are from ethnic minority communities in their jurisdictions and approximately 30% of district officials are from ethnic minorities—often in key decision-making positions—while only about 3% of provincial officials are from ethnic minority groups. Participatory surveys will verify government poverty statistics and further define the poverty and ethnic minority situation in districts and communes. Table 2 shows the main ethnic minority groups in Thanh Hoa and Nghe An and their population.

Table 2. Ethnic Minorities in Nghe An and Thanh Hoa Provinces

Nghe An			Thanh Hoa		
Ethnic Minority	Population	Percent of Provincial Population	Ethnic Minority	Population	Percent of Provincial Population
Thai	283,129	9.7	Muong	345,642	9.5
Tho	59,736	2.0	Thai	209,972	5.8
Kho Mu	28,687	1.0	Mong	14,067	0.4
H'Mong	27,640	0.9	Tho	9,645	0.3
O Du	324	<0.1	Dao	5,061	0.1
Others	1,534	0.1	Kho Mu	552	<0.1
Total Ethnic Minority Population	401,050	13.7	Others	1,493	<0.1
Total Provincial Population	2,931,127		Total Ethnic Minority Population	586,432	16.1
			Total Provincial Population	3,637,435	

< = less than.

Source: Committee on Ethnic Minorities and Mountainous Areas, Nghe An and Thanh Hoa provinces, 2004.

28. While the strategy of basing the Project in mountainous areas with majority ethnic minority populations is both a simple and straightforward way to ensure that the poor are properly targeted, the Project will also include the following measures to ensure ethnic minorities are adequately targeted:

- (i) Participatory and baseline surveys and evaluation will disaggregate information by ethnic group and gender.
- (ii) Participatory planning and review exercises will be held in each village, commune, and district of the Project, encouraging ethnic minorities and women to participate.
- (iii) Preference will be given to ethnic minorities for local staff recruited to work on the Project.
- (iv) Training materials and learning aids will be prepared with participation of local farmers from ethnic minorities so that they reflect their reality, are easy to read, and include artist illustrations representing the community.²
- (v) Attention will be focused on crop preferences for ethnic minority farming systems.
- (vi) Farmer groups will be formed to ensure access of ethnic minorities.

² Although semiliteracy is a problem in ethnic minority areas in Nghe An and Thanh Hoa provinces, literacy rates are high according to government statistics (97%) and much higher than in other highland areas, and thus do not pose the same constraint to training and adult education as in other ethnic minority communities.

29. **Initial Focus on Food Security.** A basic feature of poverty in mountainous areas is annual food deficits, where a majority of households produce enough food for only 3–6 months of the year; for the rest of the year households resort to several coping strategies including migrant labor in other provinces and cities. The Project will focus its efforts first on food security (improving crop yields and promoting high-yield varieties). This will be an entry-point activity that will meet their basic needs and rapidly build confidence among communities, encouraging participation in the Project's income-generating activities.

30. **Farmer-to-Farmer Network.** The Project will use a community-based approach that actively involves communities in the planning, implementation, and review of project activities; and increases their ownership of the Project. Communities participating in PRA surveys will identify key agricultural problems and priorities, and form producer and user groups for entry-point activities; each group will nominate its leaders from local innovative farmers. These farmer groups and their leaders will form the basis of a farmer-to-farmer learning network. Each village in each project commune will be supported with a demonstration model selected by the community from a list of appropriate crops identified by the Project, and after training on improved techniques. Farmers from other villages in the commune will be brought to see the demonstration results, and the demonstration model producer group will visit other demonstration models to compare experience.

31. The Project will organize a regular SARP process. Active involvement by commune, district, and provincial authorities will expose them to participatory processes and encourage a more responsive approach. Farmer group members and their leaders can also discuss problems and issues and agree on solutions with local authorities at these meetings. Participatory techniques that are group-based will be used for all training activities; this is appropriate and effective for disseminating knowledge and information in rural communities. Materials for training farmers and disseminating information will be developed in collaboration with farmers themselves, as well as local extension agents and staff so that they are designed with their users in mind. This will ensure materials are appropriate and meaningful to users and therefore more effective.

8. Project Beneficiaries

32. **Beneficiaries.** The JFPR Project will target mountainous communes, approximately 70% of all communes in the project districts. A participatory baseline survey will include wealth ranking to assist targeting poor households and ethnic minority communities in each village. Efforts will be made to target poor households for demonstration models, while demonstration models for some crops (especially food crops) require contiguous plots of land to ensure appropriate demonstration effects.³

33. Other project beneficiaries will include local extension workers, especially commune extension agents, who will receive a significant amount of capacity-building support under the Project (Table 3).

³ At the end of 2004, the Government adopted a new official poverty standard, which raises the poverty line in mountainous areas from \$5 per capita per month to \$13 per capita per month. Once provincial departments of labour, invalids, and social affairs complete its poverty surveys, the number of households officially classified as poor may increase significantly in mountainous districts.

Table 3. Key Beneficiaries and Stakeholders

Primary Beneficiaries and Other Affected Groups and Relevant Description	Other Key Stakeholders and Brief Description
<p>(i) Poor, ethnic minority communities in four mountainous districts in Thanh Hoa and Nghe An provinces</p> <p>(ii) Commune and district agriculture extension staff in the project area</p>	<p>National Agriculture Extension Center (NAEC) NAEC is the national-level agency responsible for agriculture extension. It has been closely involved at the project design stage and will sit on the two provincial project coordination committees.</p> <p>Canadian Centre for International Studies and Cooperation (CECI) CECI, the project Implementing Agency, is a Canadian nongovernment organization working in Viet Nam since 1991.</p> <p>Hanoi Agriculture University Given experience with the Improved Livelihoods for Mountainous Communities Project, Hanoi Agriculture University may be considered as one of the technical partners of CECI under the JFPR Project. The university's Agronomy Department is supported by technical assistance from the Japan International Cooperation Agency.</p> <p>Provincial Agriculture Extension Centres (PAECs), Thanh Hoa and Nghe An Provinces The two PAECs will be the main provincial agencies responsible for project implementation in the respective provinces. The PAECs will each designate a staff member for overall coordination and oversight of project activities in their respective provinces.</p> <p>Provincial People's Committees, Department of Agriculture and Rural Development, Farmers' Union, Women's Union These agencies in each province will be included in the project coordination committee that will meet twice a year.</p>

JFPR = Japan Fund for Poverty Reduction.
Source: Asian Development Bank Missions.

34. **Gender Aspects.** Women play an important role in farm production but have few opportunities to benefit from extension services. This is partly due to the severe lack of local AEC resources, but also because of gender attitudes and training techniques. To ensure active participation of women farmers, the Project will have a gender equality strategy focused on the areas indicated below:

- (i) **Development priorities.** These include the following:
 - (a) Increase women's access to opportunities and resources for contributing to the family's food security and income generation, such as skills development, technology, labor-saving devices, and market information.
 - (b) Empower men and women to share more equally in community-level decision-making and activities.
 - (c) Reduce women's drudgery workload in both household and farming tasks to enable them to spend more time participating in community and economic activities.

- (ii) **Strategy.** This includes the following:
 - (a) Mainstream gender in all project processes, components, and activities. Specific gender results will be attached to the reporting results and tracked through a set of indicators. Gender results will be reported to the steering committee twice per year.
 - (b) Promote greater awareness by all project partners of the different needs, views, and aspirations of women and men. Any gender awareness training will not be a one-off, stand-alone activity, but rather be included in all project-related training programs in a context-relevant manner.
 - (c) Include both women and men as participants and beneficiaries. Project management will actively seek to promote an equitable representation of women among project staff, trainers, trainees, group members, and group leaders.

- (iii) **Operational parameters.** These include the following:
 - (a) Provide gender-relevant training to all project staff and stakeholders.
 - (b) Include the Women's Union as a collaborative partner for project activities and support it through focused capacity-building interventions. In particular, the provincial women's union will be included in project planning in an advisory capacity as a member of the provincial steering committee, while commune and village women's union representatives can play more active roles (i.e., organization, communication, and training).
 - (c) Provide targeted capacity-building assistance to the AECs to enable them to better serve village residents. Women will be consulted through participatory techniques when determining agriculture technical support needs, and included in the AEC's network of informal extension agents, field demonstrators, and grassroots associates.
 - (d) During project surveys, collect information on gender relations among ethnic minorities in the project area.
 - (e) Make special efforts to recruit women staff, and target women as farmer and producer group leaders.

9. Environment

35. The Project will support a limited number of microirrigation demonstration models, which will be restricted to improvement of traditional irrigation works covering an area less than 10 hectares. Such works include concrete lining of canals to reduce water loss and do not involve new construction or negative environmental impacts. The basic criteria limiting selection of sites

to traditional systems less than 10 hectares effectively ensures that only suitable sites will be nominated. In addition, a simple environmental checklist adapted to microirrigation will be used to screen out any projects with potentially negative effects.

36. To promote improved soil conservation techniques, the Project will introduce training and demonstration sites for sloping area land techniques or SALT. This technique includes a range of simple, low-cost techniques farmers can use to prevent and control soil erosion when cultivating crops on hillsides, which is common in the project area.

37. Hybrid varieties of cereal crops and cash crops that will be promoted in the Project are susceptible to pests and disease, and therefore require measures to reduce pest-related losses. To ensure maximum yields, minimum costs, and environmental protection, the Project will provide training on the use of integrated pest management techniques for project participants. Integrated pest management is part of the regular national programs of MARD's Plant Protection Department. It involves a participatory learning approach that puts farmers at the center and in charge of their farm management, helping them identify a range of pest control methods and options, of which pesticide is only one. It is a key part of the demonstration model promoted by the Project and has been successful in the ILMCP, leading to over 50% reduction in the application of pesticides, lower costs to farmers, and significant increase in farmers' yields and incomes.

10. Coordination

38. Since the beginning of JFPR project formulation, close contact has been maintained by CECI with the Japan International Cooperation Agency (JICA) in Hanoi and other external funding agencies, including the World Bank. ADB missions provided briefings on the JFPR Project and its scope to these agencies in conjunction with the proposed loan for the ASTP. Under the country strategy and program (CSP) for Viet Nam, ADB clearly indicates its geographic focus is the central region. The poverty-focused activities of the World Bank (the Northern Mountains Poverty Reduction Project) and JICA (forestry and groundwater development projects) are concentrated in the mountainous provinces in the northern region. The activities of the Japan Bank for International Cooperation are mainly for the development of large transport and communications infrastructure in Viet Nam with its rural infrastructure project having nationwide coverage.

39. The JFPR provincial coordination committees and NAEC will ensure coordination and avoid overlap with other projects. ADB review missions will assist the JFPR project unit in facilitating this process of coordination.

11. Detailed Cost Table

40. Appendix 2 provides summary and detailed cost estimates.

C. Linkage to ADB Strategy and ADB-Financed Operations

1. Linkage to ADB Strategy

41. Poverty incidence has decreased rapidly in Viet Nam from 37% in 1998 to about 29% according to the 2002 Multipurpose Household Survey. However, pockets of severe poverty remain in rural areas where about 80% of poor people live. A large proportion of rural people also live near the poverty line and are highly vulnerable to natural disasters and other calamities

such as the outbreak of avian flu in February 2004. High incidence of poverty is concentrated in upland and mountainous areas—in particular, in the central highlands where a disproportionate number from ethnic minority populations live. Also the income gap between urban and rural areas is growing, and ensuring equitable growth will be a key challenge for the country. Given this background, sustainable growth in the agriculture sector is essential for reducing rural poverty.

42. The agriculture sector has grown at an average rate of about 4% per annum during the 1990s. The country has become the second largest rice exporter in the world and now exports large quantities of commercial crops, including coffee, rubber, tea, and pepper. However, to maintain the current pace of agricultural growth and disseminate benefits of commercialization to poorer areas, increased access to improved skills and knowledge and more effective use of AST is required. This will also ensure food security; promote agricultural diversification; and improve competitiveness in the trade of commercial crops, livestock, and aquaculture.

43. Government extension offices, especially those in remote mountainous areas, are underresourced, and existing staff are not able to update their technical skills and knowledge. Limited resources for agricultural extension require seeking alternative ways to provide services to farmers, but at the same time existing extension resources can be improved without lengthy and expensive retraining programs. In Thanh Hoa province, CECI has been able to contribute to both improved food security and income generation by mobilizing community resources and helping agricultural extension agents more effectively provide services using participatory, community-based approaches and appropriate, user-friendly technical information. In the ILMCP, CECI was able to set up a community-based extension system in two mountainous districts with majority (80%) ethnic minority population, at a time when commune-based extension staff did not exist in the AEC system. Through a network of farmer leaders, farmer groups, and community extension workers, CECI in collaboration with district AECs helped two thirds of farmers in the project area increase their food crop yields substantially, and increase their income by growing and selling cash crops.

44. Parts of the community-based approach to agriculture extension developed by CECI are not new to Viet Nam, but the full combination of elements and results are unique, particularly given that farmers in demonstration models in the ILMCP area consistently achieve high crop yields. The linkage of this JFPR Project with the upcoming ASTP is an opportunity to expand awareness of pro-poor and community-based approaches in Viet Nam's research and extension system, as well as provide an effective vehicle for disseminating technical knowledge on cultivation practices.

45. ADB's CSP for Viet Nam (2002–2004) and subsequent CSP updates identify strategic priorities to achieve the ultimate development goal of poverty reduction. The CSP aims to promote sustainable economic growth by accelerating growth and employment generation in rural areas. One of the primary means specified to promote rural development is through strengthening of agricultural research, extension, and market institutions to increase agricultural productivity and diversification. Another strategic priority to ensure inclusive social development aims to adopt an integrated, mainstreamed approach by incorporating poverty, gender, and ethnic dimensions into relevant areas of assistance. The JFPR Project has been formulated in line with these strategic priorities of CSP and will contribute to the CSP's goal.

Document	Document Number	Date of Last Discussion	Objectives
ADB. 2002. <i>Country Strategy and Program (2002–2004); Viet Nam.</i> Manila; and subsequent CSP updates	Sec. M140-01	17 January 2002	Sustainable economic growth, inclusive social development, good governance, focus on the central region, and crosscutting themes for environment and regional cooperation

2. Linkage to Specific ADB-Financed Operation

Project Name	Proposed Loan for Agriculture Science and Technology Project
Project Number	36304-VIE
Date of Board Approval	June 2006
Loan Amount (\$ million)	\$30 million

3. Development Objective of the Associated ADB-Financed Operation

46. The proposed ASTP aims to increase agricultural income and contribute to reducing rural poverty by strengthening the country's AST system (agricultural research, extension, and education) through provision of financial assistance for investment. The JFPR Project will complement the ASTP by providing an effective approach and increased opportunities for grassroots application of AST for poverty reduction in the mountainous districts of Thanh Hoa and Nghe An provinces, and provide important feedback and lessons learned on the effectiveness of pro-poor approaches and participatory planning techniques for community-based extension and training to the agricultural extension component of the ASTP. The JFPR Project will provide an effective alternative to promoting pro-poor service delivery in remote and mountainous districts in the central region of Viet Nam where the majority of village population belong to ethnic minority groups.

4. Main Components of the Associated ADB-Financed Operation:

No.	Component Name	Brief Description
1.	Strengthening of agriculture research linkages and capacity	<p>1.1 The ASTP will develop a fund for strengthening regional agricultural research institutes and implementing adaptive research and policymaking initiatives.</p> <p>1.2 The ASTP will strengthen capacity of research staff and facilities of central and regional research institutes.</p>
2.	Strengthening of grassroots extension capacity and modality	<p>2.1 The ASTP will provide comprehensive training programs through government agencies to equip potential extension service providers with necessary skills, techniques, and knowledge for effective service delivery in the five provinces of the central region, including two provinces proposed for JFPR funding. Overlapping of districts will be avoided by selecting project districts based on appropriate selection criteria and participation of NAEC in the JFPR project coordination committees.</p> <p>2.2 The ASTP will provide funds for improving key central and provincial facilities and equipment to strengthen public extension services.</p>

No.	Component Name	Brief Description
3.	Strengthening of rural-based technical and vocational training	<p>3.1 The ASTP will build human capacity and improve curriculum guides for eight targeted agricultural technical and vocational schools.</p> <p>3.2 The ASTP will improve the quality and technical capability of school graduates by providing financial assistance to upgrade school facilities and equipment for training.</p>

5. Rationale for Grant Funding versus ADB Lending

47. In Viet Nam, agricultural extension services and training programs for extension workers are being carried out under the direct management of the Government represented by NAEC of MARD. The PAECs are in charge of provincial extension service delivery. While the Government's policy for AST calls for the use of multiple extension services, involving private sector and civil society organizations, NGOs are currently not involved in agricultural research and extension service delivery. Provision of grant funding to support the expansion and replication of CECI's pro-poor service delivery will have effective demonstration effects for provincial and central staff for pro-poor extension and training and participatory approaches in collaboration with civil society organizations. This is expected to contribute to a favorable policy environment for more active involvement of NGOs in the agricultural extension services in future.

D. Implementation of the Proposed Grant

1. Project Organization

48. The NAEC of MARD will be the executing agency for the Project, acting as the national focal point. NAEC will support and facilitate the project activities, and provide feedback and linkage with the ADB's proposed ASTP as it will be a member of the project steering committee for ASTP. CECI, an international NGO, will act as the project Implementing Agency based on (i) its unique approach to the mountainous districts in Thanh Hoa under the ILMCP, (ii) deep understanding of the project area, and (iii) well-established relations with provincial and district agriculture agencies and authorities. Its proven skills and experience in remote and rural areas give CECI a unique appreciation of the local situation, key issues and concerns, and the dynamics between commune, district and provincial issues, especially in north central Viet Nam. Appendix 3 provides information on detailed project implementation arrangements and Appendix 4 includes outline terms of reference for the agencies involved in project implementation. The fund flow arrangements for the Project are described in Appendix 5.

2. Risks Affecting Grant Implementation

Type of Risk	Brief Description	Measure to Mitigate the Risk
Farmers' access to credit	Farmers will require cash credit to purchase inputs for income-generating activities for commercial crop cultivation and small livestock outside of demonstration models. The JFPR Project will not provide credit from project funds, but intends to provide support for farmer groups to have access to the	The design process identified a number of credit programs in the project area. The JFPR Project will carry out detailed surveys on existing and potential credit sources, and support linkage between beneficiary farmers and credit programs and help gain better access to government credit and input support programs. Additional support such as household enterprise and family budgeting

Type of Risk	Brief Description	Measure to Mitigate the Risk
	existing credit schemes of the Vietnam Bank for Agricultural and Rural Development and NGOs.	training will be also provided to farmers.
Access to water during dry season	Access to irrigation water will be required in the later part of project implementation when farmers start cultivation of dry season crops.	Demonstration sites for dry season crop cultivation will be established at farms with access to existing irrigation schemes. A few microirrigation management models of less than 10 hectares will be developed building on the existing schemes and demonstrated to farmer groups under the JFPR Project. Demonstration sites combined with participatory irrigation management models will be also established in each district for the rehabilitation and efficient use of irrigation systems.

49. **Assumptions.** The basic assumptions for successful project implementation include (i) the Government's continued commitment to rural poverty reduction and support for grassroots development activities in line with its comprehensive poverty reduction and growth strategy, (ii) smooth collaboration among agencies involved in project implementation, (iii) effective coordination with the ASTP, (iv) adequate and timely provision of counterpart resources, and (v) close and regular monitoring and evaluation of project performance and impact.

50. **Assurances.** ADB emphasized the importance of these assumptions during project formulation, and obtained Government assurances for supporting community participation and effective coordination between related agencies in project implementation. The Government also assured ADB that adequate counterpart support would be provided for the JFPR Project. The participation of communities, local authorities, and relevant government agencies in project planning and implementation will ensure careful identification of village needs in the project area.

3. Incremental ADB Costs

51. Not applicable.

4. Monitoring and Evaluation

52. **Performance Monitoring Indicators.** Monitoring of project performance will be carried out on a semiannual basis (Table 4). Baseline information will be collected in the first year in all the villages of the four districts where project activities will be implemented using a mix of qualitative and quantitative techniques. Participatory review and planning workshops will be held every 6 months thereafter to review and update performance monitoring indicators. Key performance indicators will be gender disaggregated. Consultants will be contracted directly by ADB to provide independent project monitoring, which will be reported to NAEC and the PCCs.

53. **Reporting.** CECI will submit semiannual progress and financial reports to NAEC, the PCCs, and ADB. The Project will be implemented for 3 years from 2005. The external monitors will conduct a midterm review in the second year to identify any implementation issues and undertake necessary remedial actions.

Table 4. Monitoring and Evaluation

Key Performance Indicator	Reporting Mechanism	Plan and Timetable for Monitoring and Evaluation
1. 35% increase in per capita food supply	Baseline and impact surveys	Start and end of project, and annual
2. 100% increase in the number of farmers applying improved production techniques	Field implementation progress reports; semiannual review and planning (SARP) workshops	Monthly and semiannual
3. 30% increase in yield of rice crops	Field implementation progress reports; SARP workshops	Semiannual
4. 100% of households participating in agricultural extension activities (by gender)	Baseline and impact surveys Field implementation progress reports; SARP workshops	Start and end of project, and semiannual
5. 10,000 households organized into farmer groups	Baseline; field implementation progress reports; SARP workshops	Start-up, monthly, and semiannual

Source: Asian Development Bank missions.

54. Improvement of capacity and knowledge among local agriculture extension agents and workers, and expansion of farmer-to-farmer learning networks will be assessed as well.

5. Estimated Disbursement Schedule

Fiscal Year (FY)	Amount (\$)
FY1	369,000
FY2	352,000
FY3	179,000
Total Disbursements	900,000

Appendixes

1. Criteria for the Selection of Project Districts
2. Summary and Detailed Cost Estimates
3. Project Implementation
4. Outline Terms of Reference for Project Agencies
5. Fund Flow Arrangements

CRITERIA FOR THE SELECTION OF PROJECT DISTRICTS

Shortlist	Mountainous Districts	DOLISA Poverty ^a	% Minorities	Similar Projects	Travel in Kilometer ^b	Capacity to Implement (office space and staff to support project)
Nghe An Province						
x	Que Phong	24.50	90	None	180	Yes
	Quy Chau	16.02	76	Danida Forestry Project	150	Yes
	Ky Son	50.35	95	UNDCP	250	Yes
x	Quy Hop	15.79	51	Danida Forestry Project	120	Yes
	Nghia Dan	9.89	21	None	90	Yes
	Tuong Duong	48.11	91	UNDCP	180	Yes
	Tan Ky	16.11	20	Danida	100	Yes
	Con Cuong	22.06	74	UNDCP	120	Yes
	Anh Son	9.77	6	None	100	Yes
	Thanh Chuong	11.55	1	Danida	50	Yes
Thanh Hoa Province						
	Ngoc Lac	33.54	50	None	55	Yes
	Lang Chanh	39.44	60	World Vision	80	Yes
	Nhu Xuan	43.50	60	ILM	65	Yes
x	Nhu Thanh	27.48	55	None	50	Yes
	Thach Thanh	21.44	55	None	50	Yes
	Ba Thuoc	37.57	60	ILM	120	Yes
	Cam Thuy	17.28	55	Danida	90	Yes
x	Thuong Xuan	47.46	55	GTZ, SCF-Japan	80	Yes
	Quan Hoa	29.54	75	World Vision	120	Yes
	Quan Son	38.76	70	Danida World Vision	180	Yes
	Muong Lat	55.90	90	World Vision	200	Yes

DOLISA = Department of Labour, Invalids and Social Affairs; Danida = Danish International Development Assistance; UNDCP = United Nations International Drug Control Programme; ILMC = Improved Livelihoods for Mountainous Communities Project; GTZ = German Agency for Technical Cooperation; SCF-Japan = Save the Children Fund in Japan.

Sources: ^a DOLISA poverty rates for Nghe An December 2003; DOLISA poverty rates for Thanh Hoa December 2002.

^b Calculated from provincial center of each province: Vinh City in Nghe An Province; Thanh Hoa City in Thanh Hoa Province.

SUMMARY COST ESTIMATES
(\$)

<div style="display: flex; justify-content: space-between;"> ↓ Inputs → Project </div>	Component 1 Community-Based Agricultural Programs	Component 2 Capacity Building for Local Agricultural Extension Staff and Workers.	Component 3 Development of Farmer- to-Farmer Extension Network	Component 4 Participatory Planning and Evaluation	Component 5 Project Management	Total (Inputs)
1. Revolving Credit Facilities: (e.g., microfinance, energy trust, low-cost housing fund, fund for women, community health insurance fund, and other specific funds)						0
2. Civil Works: (e.g., preparation, construction and O&M of civil and public works and infrastructure, and related costs)	12,000					12,000
3. Equipment, Machinery, Materials, and Other Capital Costs: (e.g., powertools, irrigation pumps, compactors, vehicles, furniture, audiovisual equipment, construction material)	15,000	5,000	5,000		20,000	45,000
4. Supplies: (Consumable items for specific project activities, e.g., seeds, livestock, medicines, disposable medical equipment, textbooks, other reading material, etc.)	95,600	4,400	2,400	2,400		104,800
5. Training, Workshops, Seminars: (e.g., rental for venue, travel, food and lodging for participants, training facilities, and other related costs)	58,000	97,000	133,800	84,300		373,100
6. Consulting Services: (e.g., for impact assessment, research and special studies, specialists, contractors, engineers, and related costs such as travel and accommodation)	14,600	24,300	34,000	21,000	10,000	103,900
7. Project Management: including management of specific components by the project implementing agency (e.g., wages for staff, office equipment, rental and O&M, recurrent costs)					137,200	137,200
<u>Project Management Support</u> by the national-level project executing agency					58,000	58,000
8. Other Project Inputs: (For other specific project inputs that cannot be included in any of the above categories)						0
9. Contingencies (0-10% of total estimated costs, that can be utilized for any of the above categories that, due to unforeseen circumstances, may require additional funds during implementation. Use of Contingencies requires prior approval from ADB)					66,000	66,000
Total After Contingency - JFPR Financing (Outcome / Project component)	195,200	130,700	175,200	107,700	291,200	900,000
Government contributions in kind					80,000	80,000
Total Project Cost Estimates	195,200	130,700	175,200	107,700	371,200	980,000
Percentage of Expenditures	20%	13%	18%	11%	38%	100%

ADB = Asian Development Bank, O&M = operation and maintenance.

Sources: Ministry of Agriculture and Rural Development of the Government of Viet Nam; and Asian Development Bank missions.

DETAILED COST ESTIMATES

Code	Supplies and Services Rendered	Costs				Contributions		
		Unit	Quantity	Cost	Total	JFPR		Government
			Units	Per Unit	\$	Amount	Method of Procurement	
Component A. Community-Based Agriculture Programs				Subtotal:	195,200	195,200		0
1.1	Civil Works							
1.1.1	Repair and rehabilitation of small-scale irrigation schemes (<10ha)	No.	5	2,400	12,000	12,000	DP or LCB	
1.2	Equipment and Materials							
1.2.1	Farm tools for demonstration sites	No.	500	25	12,500	12,500	DP	
1.2.2	Information material	Lump sum	500	5	2,500	2,500	DP	
1.3	Supplies							
1.3.1	Seeds	Lump sum	500	50	25,000	25,000	DP or LCB	
1.3.2	Fertilizers	Lump sum	500	130	65,000	65,000	DP or LCB	
1.3.3	Other supplies	Lump sum			5,600	5,600	DP or LCB	
1.4	Training, Workshops, Seminars							
1.4.1	Farmer group exchange trips	No.	10	2,000	20,000	20,000		
1.4.2	Farmer training sessions	No.	200	190	38,000	38,000		
1.5	Local Facilitators							
1.5.1	Fees	Day	150	80	12,000	12,000		
1.5.2	Field expenses	Day	100	26	2,600	2,600		
Component B. Capacity Building for Local Extension Staff and Workers				Subtotal:	130,700	130,700		0
2.1	Equipment and Materials							
2.1.1	Training tools and audiovisual materials	Lump sum			5,000	5,000	DP	
2.2	Supplies							
2.2.1	Office supplies	Lump sum			2,400	2,400	DP	
2.2.2	Fuels for transport	Month	10	200	2,000	2,000	DP	
2.3	Training, Workshops, Seminars							
2.3.1	Staff training programs	No.	100	650	65,000	65,000		
2.3.2	Training seminars and workshops	No.	40	800	32,000	32,000		
2.4	Training Coordinators							
2.4.1	Fees	Day	100	230	23,000	23,000		
2.4.2	Field expenses	Day	50	26	1,300	1,300		

Code	Supplies and Services Rendered	Costs				Contributions		
		Unit	Quantity	Cost	Total	JFPR		Government
			Units	Per Unit	US\$	Amount	Method of Procurement	
Component C. Establishment of Farmer-to-farmer Extension Network				Subtotal:	175,200	175,200		0
3.1	Equipment and Materials							
3.1.1	Training tools and audiovisual materials	Lump sum			5,000	5,000	DP	
3.2	Supplies							
3.2.1	Office supplies	Lump sum			2,400	2,400	DP	
3.3	Training, Workshops, Seminars							
3.3.1	Exchange visits of farmer group leaders	No.	30	2,000	60,000	60,000		
3.3.2	Local resource persons	Day	60	230	13,800	13,800		
3.3.3	Commune-level workshops	No.	60	500	30,000	30,000		
3.3.4	Extension worker training programs	No.	100	300	30,000	30,000		
3.4	Training Coordinators and Local Facilitators							
3.4.1	Fees (training coordinators)	Day	90	230	20,700	20,700		
3.4.2	Fees (local facilitators)	Day	150	80	12,000	12,000		
3.4.3	Field expenses	Day	50	26	1,300	1,300		
Component D. Participatory Planning and Evaluation				Subtotal:	107,700	107,700		0
4.1	Supplies							
4.1.1	Office supplies	Lump sum			2,400	2,400	DP	
4.2	Training, Workshops, Seminars							
4.2.1	Provincial-level consultation meetings	No.	30	170	5,100	5,100		
4.2.2	Resource persons	Day	100	230	23,000	23,000		
4.2.3	Semiannual planning and evaluation workshops	No.	24	800	19,200	19,200		
4.2.4	Village surveys	No.	100	370	37,000	37,000		
4.3	Local Facilitators							
4.3.1	Fees	Day	230	80	18,400	18,400		
4.3.2	Field expenses	Day	100	26	2,600	2,600		
Component E. Project Management Support (excluding Contingency)				Subtotal:	305,200	225,200		80,000
5.1	Equipment and Materials							
5.1.1	Motorcycles	Set	4	1,200	4,800	4,800	DP or LCB	
5.1.2	Computers and printers	Set	4	1,000	4,000	4,000	DP or LCB	
5.1.3	Air conditioner	Set	2	900	1,800	1,800	DP or LCB	
5.1.4	Office equipment (fax, telephones, etc.)	Set	2	1,100	2,200	2,200	DP or LCB	
5.1.5	Photocopier	Set	2	2,200	4,400	4,400	DP or LCB	
5.1.6	Office furniture	Set	1	2,800	2,800	2,800	DP or LCB	

Code	Supplies and Services Rendered	Costs				Contributions		
		Unit	Quantity	Cost	Total	JFPR		Government
			Units	Per Unit	US\$	Amount	Method of Procurement	
5.2	Project Management (Implementing NGO)							
5.2.1	Field Team Leader (international)	Lump sum	1	16,600	16,600	16,600		
5.2.2	Project Officer (local)	Month	36	500	18,000	18,000		
5.2.3	Accountant (local)	Month	36	500	18,000	18,000		
5.2.4	Administrative Manager (local)	Month	36	300	10,800	10,800		
5.2.5	House rental	Month	36	800	28,800	28,800		
5.2.6	Office utilities	Month	36	700	25,200	25,200		
5.2.7	Vehicle rental	Month	36	250	9,000	9,000		
5.2.8	Communications	Month	36	300	10,800	10,800		
5.2.9	Office accommodation	Month	36	800	28,800			28,800
5.2.10	Counterpart staff support	Month	36	900	32,400			32,400
5.2.11	Training and workshop facilities	Month	36	300	10,800			10,800
5.2.12	Other administrative support	Lump sum	1	8,000	8,000			8,000
5.3	Project Management (Project Executing Agency)							
5.3.1	Travel expenses	Month	36	200	7,200	7,200		
5.3.2	Incremental staff cost	Month	36	700	25,200	25,200		
5.3.3	Translation	No.	40	190	7,600	7,600		
5.3.4	External auditing	No.	3	6,000	18,000	18,000	LCB	
5.4	Consulting Services (monitoring local)							
5.4.1	Fees (monitoring)	Day	10	230	2,300	2,300		
5.4.2	Fees (local facilitators)	Day	80	80	6,400	6,400		
5.4.3	Field expenses	Day	50	26	1,300	1,300		
	Components A to C = Subtotal			Subtotal:	914,000	834,000		80,000
	Contingency (Maximum 10% of total JFPR Contribution)				66,000	66,000		
	Total Grant Costs			Total:	980,000	900,000		80,000

no. = number, DP = direct purchase, JFPR = Japan Fund for Poverty Reduction, LCB = local competitive bidding, NGO = nongovernment organization.
Source: Ministry of Agriculture and Rural Development of the Government of Viet Nam; and Asian Development Bank Mission.

PROJECT IMPLEMENTATION

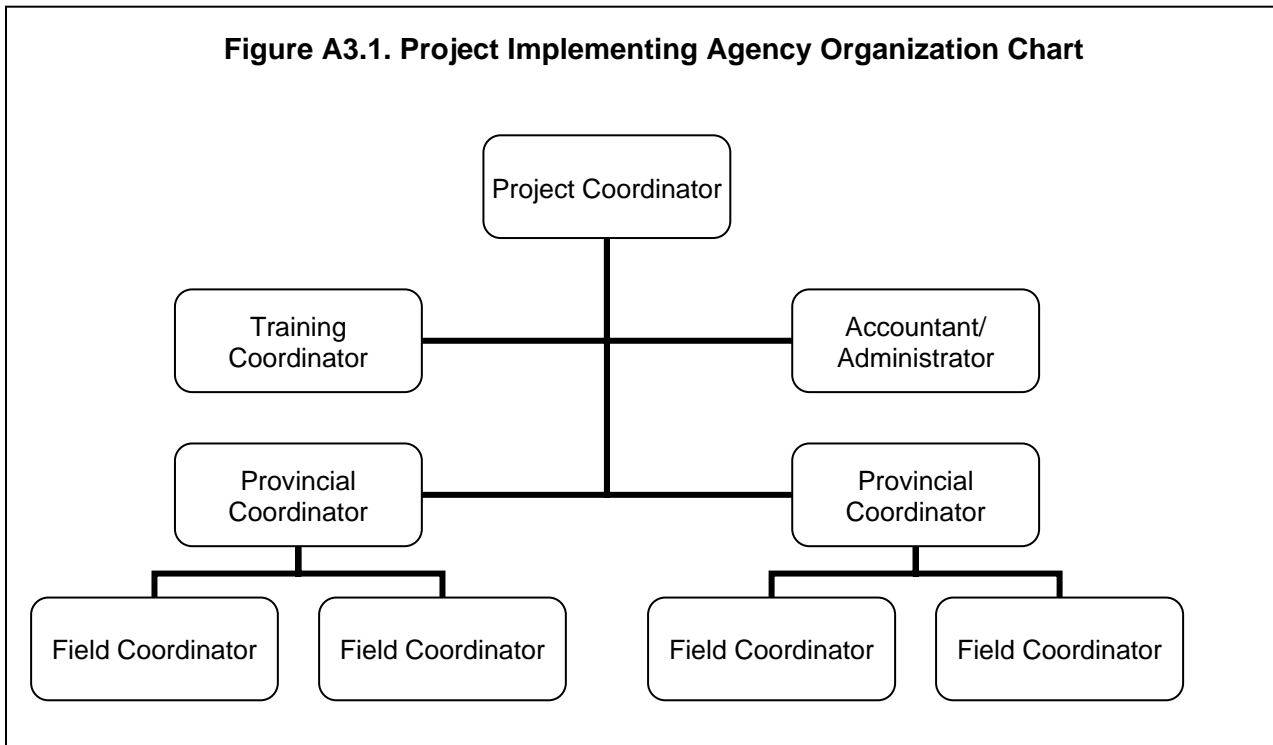
1. **Executing Agency.** The National Agriculture Extension Center (NAEC) will be the Executing Agency, acting as the national focal point. NAEC will support and facilitate project activities, and provide feedback and linkage with the Agriculture Science and Technology Project (ASTP), as it will also be a member of the project steering committee for the ASTP. NAEC will provide overall guidance in national policies for the Japan Fund for Poverty Reduction (JFPR) Project, and monitor the progress of project implementation through its participation in the provincial JFPR project coordinating committees (PCCs).

2. **Provincial Agencies.** The provincial agricultural extension centers (PAECs) in Thanh Hoa and Nghe An provinces will be primarily responsible for day-to-day project implementation and monitoring of project activities. Each PAEC will establish a JFPR project support unit (PSU) to (i) supervise and coordinate day-to-day activities through district project offices; (ii) act as a secretariat for the PCCs of the JFPR Project; (iii) prepare project-related documents; (iv) ensure regular monitoring of project performance and impact; (v) ensure that project activities are in line with provincial policies and regulations, and properly integrated in the provincial work program; and (vi) provide counterpart support to the project Implementing Agency–Centre d'Etude et de Cooperation Internationale (CECI–Canadian Centre for International Studies and Cooperation). CECI will provide the PAECs with technical and administrative support. The PAECs will designate one counterpart staff as provincial project coordinator.

3. **Provincial Coordination Committees.** A JFPR PCC will be established in each of the two PAECs, chaired by the PAEC director with representatives from the provincial people's committee, provincial department of agriculture and rural development, PAEC, farmers' union, women's union, NAEC, and CECI. As the two provinces adjoin each other and the provincial centers are only 3 hours drive apart, the two PCCs can organize a joint meeting at least every 6 months on an alternating basis in Thanh Hoa City of Thanh Hoa and Vinh City of Nghe An. The JFPR PCC will provide overall guidance for project implementation; review and approve the project annual work plans, budgets, and semiannual reports; and ensure provincial coordination between the Project and activities of other projects and programs.

4. **Project Implementing Agency.** CECI, the project Implementing Agency, will have the following staff for the PSUs and district partners (Figure A3.1):

- (i) project coordinator (1 international)
- (ii) training coordinator (1 national)
- (iii) accountant/administrator (1 national)
- (iv) provincial coordinators (2 national, one in each PSU)
- (v) field coordinators (4 nationals, one based in each district AEC)

Figure A3.1. Project Implementing Agency Organization Chart

5. CECI will work with the field implementing agencies to (i) form new farmer groups; (ii) provide training support to district and commune extension staff and farmer groups; (iii) provide advisory and training services for capacity building of farmer promoters, producer group members, and local organizations involved in extension activities (e.g., mass organizations); (iv) conduct monitoring and evaluation activities; (v) report to NAEC on the progress of field activities; and (vi) any other technical or managerial support required for the Project or by NAEC. Prior to project inception, CECI and the PAECs will sign a letter of agreement to clarify each other's roles and responsibilities.

6. CECI will provide technical assistance for village and commune implementation by supporting the district agriculture extension centers, which will be the field implementing agencies. CECI will have staff in each province as well as in each of the field implementing agency offices. In collaboration with NAEC, CECI will organize technical assistance, training, exchange visits, procurement of equipment and materials, regular planning and monitoring including semiannual review and planning workshops with beneficiaries and partners, and appropriate communication between partners and stakeholders.

7. **Field Implementing Agencies.** CECI will work with district agricultural extension centers in the four proposed project districts (Nhu Thanh and Thuong Xuan in Thanh Hoa; Que Phong and Quy Hop in Nghe An) to establish district project units to (i) form new farmer groups and support existing farmer groups; (ii) provide training support to district and commune extension workers and farmer groups; (iii) provide advisory and training services for the capacity building of farmer promoters, farmer group leaders and members, and local organizations involved in extension activities (e.g., mass organizations); (iv) conduct monitoring and evaluation activities; (v) report to the PAECs and NAEC on the progress of field activities; and (vi) any other technical or managerial support required by the Project or by the PAECs. Prior to project inception, CECI and the district agricultural extension centers will sign a letter of agreement to clarify each other's roles and responsibilities.

8. **Technical Partners.** Resource persons will be engaged as required to provide technical inputs in the preparation of training materials, deliver training sessions, and participate in occasional monitoring. These experts may also participate as observers in steering committee meetings. The engagement of Hanoi Agricultural University, as in the Improved Livelihoods for Mountainous Communities Project (ILMCP), can be considered to have synergy, along with technical assistance from the Japan International Cooperation Agency for the university in a related activity (hybrid rice seed production).

9. **Consulting Services.** The selection and engagement of consulting services will be undertaken in accordance with ADB *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for the engagement of domestic consultants. Under the Project, the direct selection of an international NGO, CECI, is proposed in view of (i) CECI's familiarity, understanding, and long working experience in the mountainous districts in the northern central region of Viet Nam; (ii) its unique and successful approach adopted in the mountainous districts in Thanh Hoa under the ILMCP, and the need to continue and replicate its approach; and (iii) well-established relations with provincial and district agriculture agencies and authorities. A single proposal using ADB's simplified format will be invited from CECI for the Project.

10. In addition, domestic consultants will be recruited as required by ADB on an individual basis for special expertise, including independent monitoring and evaluation in accordance with ADB *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB on the engagement of domestic consultants.

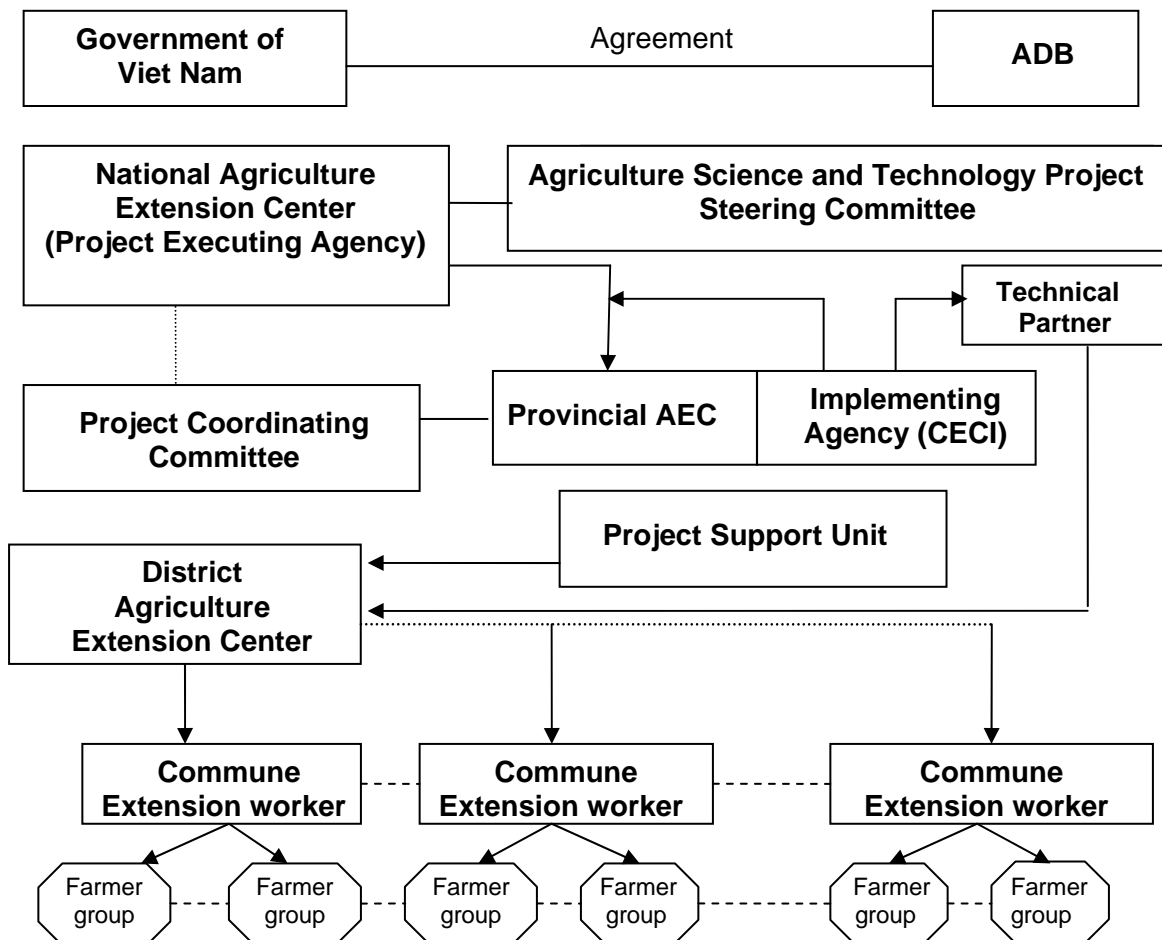
11. **Procurement.** The service vehicles (motorcycles), office equipment, and materials will be procured in accordance with ADB *Guidelines for Procurement*. Use of motorcycles is essential for ensuring adequate coverage of the selected villages by extension agents. Small-scale civil works for the rehabilitation of irrigation schemes will involve command areas of less than 10 hectares. No new construction or land acquisition will be required. In view of the small amount involved and limited contractors available in remote districts, most procurement will be by direct purchase.

12. **Disbursement.** Proposed fund-flow arrangements are shown in Appendix 5. The NAEC will establish and maintain a JFPR project account for MARD's project management activities at a bank endorsed by the Government and acceptable to ADB. NAEC will inform the Ministry of Finance of all transactions of the imprest account of NAEC, and provide copies of all financial statements and audit reports. The NAEC's imprest account will be managed on the principle of cosignatory arrangement, based on the approved annual work plan and budget. The amount of JFPR Project funds to be advanced for project activities will be determined based on the projection for expenditures during the next 6 months. In line with the annual plan approved by the JFPR PCCs, NAEC will prepare its withdrawal applications for its project management activities, which will be signed and submitted to ADB by MARD. CECI will also establish a separate account for the JFPR Project in accordance with its direct contract with ADB regarding the use of funds, financial reporting, and auditing arrangements. In line with the annual project plan, CECI will request funds and receive funds according to direct payment procedures. NAEC must endorse each CECI request for funds. Advances will not exceed \$90,000, or 10% of the JFPR funds for the Project. The project accounts will be established, managed, replenished, and liquidated in accordance with the ADB *Loan Disbursement Handbook*, January 2001, and as subsequently revised. The statement of expenditures for expenses less than \$10,000 will be prepared by NAEC and CECI to liquidate and replenish the advances. Expenses equal to and

more than \$10,000 will need to be liquidated with full supporting documents after prior approval from ADB. The project accounts of the NAEC, CECI and other agencies involved in project implementation will be subject to ADB review as required, and should be annually audited by external auditors satisfactory to ADB. External auditing will be arranged by MARD and financed under the Project. Detailed disbursement procedures will be included in the JFPR grant implementation manual, and established between the Government and ADB through the JFPR Letter of Agreement.

13. Interest earned on JFPR Imprest Account can be used for the Project subject to ADB approval, within the approved total amount of JFPR. Any unutilized interest should be returned to the JFPR account maintained at ADB, upon completion of the JFPR Project and before closing of the JFPR account. If the remittance fee and other bank charges are higher than the amount of interest earned, there will be no need to return such interest to the JFPR account maintained at ADB.

Figure A3.2: Project Organization Chart



ADB = Asian Development Bank, AEC = agriculture extension center, CECI = Centre d'Etude et de Cooperation Internationale.

OUTLINE TERMS OF REFERENCE FOR PROJECT AGENCIES

1. **Project Executing Agency.** The National Agriculture Extension Center (NAEC) will act as the project Executing Agency. It will support and facilitate project activities, and will provide feedback and linkage with the proposed Agriculture Science and Technology Project (ASTP) of the Asian Development Bank (ADB) as a member of the ASTP steering committee. NAEC will also provide overall policy guidance for the Japan Fund for Poverty Reduction (JFPR) Project, and monitor the progress of project implementation through its participation in the two provincial JFPR project coordinating committees (PCCs). More specifically it will undertake the following:

- (i) Facilitate JFPR project activities through management support, and ensure national coordination for the JFPR Project.
- (ii) Endorse annual work plans and budget, and semiannual reallocations.
- (iii) Participate in the PCCs of the JFPR Project.
- (iv) Monitor and evaluate the performance and impact of the JFPR Project.
- (v) Inform, advise, and guide project activities regarding the national policy of the Government.
- (vi) Share outputs, experiences, and lessons learned from the ASTP and other relevant agriculture initiatives with the JFPR Project.
- (vii) Relate the JFPR project outputs, experiences, and lessons learned to the ASTP.

2. **Project Coordinating Committee.** The JFPR PCC will comprise the following representatives: vice-chair, provincial people's committee; director, provincial agriculture extension centre; director, provincial department of agriculture and rural development; chair, farmers' union; chair, women's union; representative, NAEC; and representative, the project Implementing Agency–Centre d'Etude et de Cooperation Internationale (CECI–Canadian Centre for International Studies and Cooperation).

3. PCC meetings can be jointly organized by the two project provinces, and cochaired by the provincial agriculture extension centers of Thanh Hoa and Nghe An. Such meetings can be held at least twice a year, alternating between Thanh Hoa city, Thanh Hoa province, and Vinh city, Nghe An province. The PCC will be responsible for the following:

- (i) Provide strategic direction for the JFPR Project.
- (ii) Approve annual work plans and review of project performance.
- (iii) Approve annual budgets and semiannual reallocations.
- (iv) Approve and amend the Project's management and operational procedures; terms of reference; and accountabilities of any committee, institution, or organization in consultation with NAEC; and all reporting requirements.

- (v) Publish the annual report on the Project's financial record and on its performance and accomplishments.
- (vi) Oversee program implementation and help resolve any problem that may arise during implementation.

3. **Provincial Implementing Agency.** The provincial agricultural extension centers (PAECs) of Thanh Hoa and Nghe An will be primarily responsible for day-to-day project implementation and monitoring of project activities, and will undertake the following:

- (i) Establish a provincial project support unit and designate a project coordinator as counterpart staff for the Project.
- (ii) Supervise day-to-day project activities through district project offices to ensure that project objectives are successfully achieved, and ensure provincial coordination.
- (iii) Ensure that project activities are in line with provincial policies and regulations, and properly integrated in the provincial work program.
- (iv) Act as a secretariat for the JFPR PCC and organize the PCC meetings at least on a semiannual basis and as required.
- (v) Prepare project-related documents, including semiannual progress reports for the JFPR PCC, NAEC, and ADB.
- (vi) Ensure that project activities are properly coordinated with activities of other relevant projects.
- (vii) Provide, as required, technical resource persons from PAEC and other relevant provincial departments for activities conducted under the JFPR Project.
- (viii) Ensure that adequate coordination is maintained in the field between the project implementing agency, field implementing agencies, and other offices and authorities.
- (ix) Carry out, in collaboration with CECI, training for project beneficiaries and partners as necessary.
- (x) Monitor the performance and impact of project activities on a regular basis.

4. **District Implementing Agency.** The district agriculture extension centers (DAECs) will undertake the following:

- (i) Establish a district project office in collaboration with the PSU.
- (ii) Ensure effective management and monitoring of the Project as per annual work plans, specifically the provision of technical and advisory support to commune- and village workers and farmer beneficiaries.

- (iii) Facilitate district coordination and cooperation among project district partners and authorities, and ensure proper coordination with the provincial PSU.
- (iv) Establish and manage project accounts for project funds and assign an official accountant to submit monthly financial reports to the provincial PSU.
- (v) Ensure active participation of the district staff in the training programs, semiannual and annual reviews, and planning workshops, arranged and conducted by the PSU.
- (vi) Assign personnel and facilities to the Project as required for effective project implementation.
- (vii) Coordinate, supervise, and monitor the work of the field extension staff, and participate in the monthly meeting on project implementation, meetings of various project working groups, and subcommittees.
- (viii) Facilitate the work of external consultants hired by the PSU during the course of project implementation.
- (ix) Assume field responsibility for administration of project activities and the related funds, and ensure proper financial and progress reporting on the Project as per the requirements stipulated.

5. **Project Implementing Agency.** CECI will be engaged by ADB, and provide necessary technical and advisory support for the Project. Specifically, CECI will undertake the following:

- (i) Implement project activities effectively under the general supervision of the JFPR PCCs, and according to the contract with ADB, and ensure that project activities are properly implemented and monitored in line with the agreed JFPR grant implementation manual and annual work plans.
- (ii) Provide resources in the way of management, accounting, technical support and consulting services and investment funds as required to meet project objectives.
- (iii) Help establish PSUs and district project offices in cooperation with the PAECs and DAECs in the project area.
- (iv) Assist the DAECs in recruiting, as required, new commune agricultural extension staff, who will be based in the project area and work under the supervision of the DAECs.
- (v) Establish and manage a management information system for the Project, whereby findings and lessons can be effectively disseminated.
- (vi) Carry out baseline surveys and participatory rural assessments in the project area to assess and record the situation of local communities, and project performance and impacts.

- (vii) Plan, in collaboration with DAECs, the sequence of project activities and select priority communes to be covered under the Project.
- (viii) Provide key project staff and staff of relevant agencies in project implementation with intensive training and guidance as required.
- (ix) Provide, in collaboration with the DAECs, local community-based organizations to be formed under the JFPR Project with necessary advisory and technical support for their capacity building.
- (x) Strengthen linkages between key project staff, staff of the relevant agencies in project implementation, mass organizations, and community-based organizations to ensure proper use of participatory approaches in project planning and resource allocation.
- (xi) Coordinate with the DAECs in planning and organization of semiannual and annual review planning workshops.
- (xii) Participate in semiannual and annual reviews and planning workshops, involving key project staff, staff of the relevant agencies in project implementation, and community-based organizations.
- (xiii) Help prepare the operational work plans and budgets for the Project in consultation with the relevant national, provincial, district, and commune agencies.
- (xiv) Recruit necessary staff of the project implementing agency and assign them to the Project in consultation with NAEC.
- (xv) Submit project financial and progress reports to PCCs and ADB on a regular basis according to the contract.

6. **Technical Partners.** ADB will engage, as required and in consultation with NAEC, national resource persons and consultants to provide specialized expertise in the specialized areas related to agriculture and livestock. These technical partners will work under the supervision of the PSU and be governed by results-based contracts.

FUND FLOW ARRANGEMENTS

