

ASIAN DEVELOPMENT BANK

JFPR:VIE 37710

GRANT ASSISTANCE
(Financed by the Japan Fund for Poverty Reduction)

TO THE

SOCIALIST REPUBLIC OF VIET NAM

FOR

POVERTY REDUCTION IN RED RIVER BASIN IRRIGATION SYSTEMS

April 2004

CURRENCY EQUIVALENTS

(as of 14 March 2004)

Currency Unit	-	dong (D)
D1.00	=	\$0.00006354
\$1.00	=	D15,738.00

ABBREVIATIONS

ADB	-	Asian Development Bank
CPO	-	Central Project Office
DARD	-	Department of Agriculture and Rural Development
DMC	-	developing member country
IMC	-	Irrigation Management Company
ISG	-	International Support Group
JBIC	-	Japan Bank for International Cooperation
JFPR	-	Japan Fund for Poverty Reduction
JICA	-	Japan International Cooperation Agency
M&E	-	monitoring and evaluation
MARD	-	Ministry of Agriculture and Rural Development
NGO	-	nongovernment organization
PIM	-	participatory irrigation management
PRA	-	participatory rural appraisal
RDS	-	rural development support
SRRBSP	-	Second Red River Basin Sector Project
VRM	-	Viet Nam Resident Mission

NOTES

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

JAPAN FUND FOR POVERTY REDUCTION (JFPR)

JFPR Grant Proposal

I. Basic Data

Name of Proposed Activity	Poverty Reduction in Red River Basin Irrigation Systems
Country	Socialist Republic of Viet Nam
Grant Amount Requested (\$)	820,000
Regional Grant	No
Grant Type	Capacity building

II. Grant Development Objective(s) and Expected Key Performance Indicators

<p>Grant Development Objectives: The proposed grant aims to develop a practical model to address the priority needs of poor farmers, including agricultural extension and participatory irrigation management (PIM), to increase farm incomes and reduce poverty. This will involve pilot implementation, and associated capacity building, to develop and document a participatory process and build capacity to support its widespread replication under the \$30-million Rural Development Support (RDS) component of the Second Red River Basin Sector Project (SRRBSP) approved in 2001 and being implemented by the Ministry of Agriculture and Rural Development (MARD).</p>
<p>Expected Key Performance Indicators (maximum 5 indicators):</p> <ul style="list-style-type: none"> • Component A (agricultural extension and PIM): Direct benefits will accrue to about 4,000 very poor and disadvantaged farmers, who will be invited to attend 160 field days to visit 32 comparative field trials in farmers' fields. Indirect benefits will accrue to all 81,000 households in the JFPR pilot area (Gia Thuan), of which 39,000 (48%) are poor. • Component B (pro-poor interventions): Coverage depends on eligibility criteria, to be agreed on. For example, 8 commune groups and about 48 village groups (20–30 households each) are required to target the 1,700 very poor and disadvantaged households in communes with a poverty incidence greater than 52%. JFPR pilot activities will determine group demands and develop suitable pro-poor interventions (small-scale community infrastructure, livestock raising, support services for credit use, and income-generating activities, etc.) to meet them. • Develop and implement a pilot participatory RDS process for informed inclusive decision making in detailed design and implementation of both components, documentation of the process in an implementation manual, and adoption for scaling-up in about 45 subprojects under SRRBSP. • Build capacity of 6 staff of MARD and its provincial agencies, 12 commune staff, and 8 nongovernment organizations (NGOs) staff members to provide future training and support for scaling-up of RDS process replication under SRRBSP.

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

Category	Amount of Grant Allocated in \$			Percentage of Expenditures
	Component A	Component B	Total	
1. Training and Workshops	40,000	20,000	60,000	7.3
2. Consulting Services	93,400	93,400	186,800	22.8
3. NGO Support Services	291,000	142,600	433,600	52.8
4. Management and Coordination	29,600	10,000	39,600	4.9
5. External Audit	9,000	9,000	18,000	2.2
6. Contingencies	52,500	29,500	82,000	10.0
JFPR Grant	515,500	304,500	820,000	100.0
SRRBSP Contribution^a	366,000	244,000	610,000	—
Total	881,500	548,500	1,430,000	—

— = not applicable, JFPR = Japan Fund for Poverty Reduction, SRRBSP = Second Red River Basin Sector Project.

^a Contributions include Government contributions in the form of civil works, equipment, consumable supplies, etc. and contributions by communities (in kind). Component allocation is approximate.

JAPAN FUND FOR POVERTY REDUCTION

JAPAN FUND FOR POVERTY REDUCTION—Grant Proposal Background Information

A. Other Data

Date of Submission of Application	22 August 2003
Project Officer	Pieter Smidt, Principal Project Implementation Specialist
Project Officer's Division, E-mail, Phone	Viet Nam Resident Mission (VRM), psmidt@adb.org Phone: 84 4 9331374 (ext. 114)
Other Staff Who Will Need Access to Edit/Review the Report	Manoshi Mitra—Agriculture, Environment, and Natural Resources Division (MKAE) Nguyen Nhat Tuyen—VRM Ho Le Phong—VRM Sonomi Tanaka—Poverty Reduction and Social Development Division (RSPR) Kenichi Yokoyama—Agriculture, Environment, and Natural Resources Division (SAAE)
Sector	Agriculture and natural resources
Theme	Inclusive social and gender development
Name of Associated ADB-Financed Operation(s)	Loan 1855-VIE: Second Red River Basin Sector Project (SRRBSP) ¹
Executing Agency	Ministry of Agriculture and Rural Development (MARD)
Grant Implementing Agency(ies)	MARD's Central Project Office (CPO), fax 84-4-824 2372

B. Details of the Proposed Grant

SRRBSP will improve agricultural performance (and thereby incomes) of poor communities, by improving irrigation, drainage, and flood protection. About 45 subprojects will improve irrigation and drainage systems and complement rural development support (RDS) activities. The participatory RDS is an innovative program to enhance agricultural productivity and directly reduce poverty. Although average landholdings are small (typically 0.2 hectares (ha)/household in the delta) land is fairly equitably distributed and few people are landless. Thus, the very poor and disadvantaged, including women-headed households, will benefit from increased agricultural production as well as from targeted poverty reduction interventions.

The JFPR grant will build MARD's capacity to facilitate widespread replication of a participatory RDS process. The grant will provide consulting services and NGO services to help develop the participatory RDS process and its initial implementation in a pilot subproject, i.e., the Gia Thuan subproject, one of the core subprojects of SRRBSP.² All RDS field activities and interventions in this pilot subproject will be financed by SRRBSP.

¹ ADB. 2001. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Socialist Republic of Viet Nam for Second Red River Basin Sector Project*. Manila.

² During implementation of the JFPR Grant, the possibility to also support the RDS process in the North Nam Ha area for which MARD is preparing feasibility studies for three non-core subprojects, will be explored.

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

Component A	
Component Name	Participatory Agricultural Extension and Irrigation Management
Cost (\$)	515,500
Component Description	<ul style="list-style-type: none"> • Pilot activities will be implemented in the Gia Thuan area, serving 81,000 rural households, to increase rice yields through improved irrigation supplies. The participatory JFPR model will help poor and disadvantaged farmers identify their main production constraints, and design and implement participatory agricultural extension and PIM activities to address them. Comparative field trials (farmer vs. improved rice production practices) will be conducted in very poor areas. Activities such as farmer field days will promote widespread adoption of improved practices by all farmers in the subproject area. • The participatory process model will be linked to the subproject development cycle of SRRBSP. Social mobilization, organization of community RDS committees, and consultations on poor farmers' RDS priorities will be conducted along with participatory diagnostic surveys. The following activities will also run in parallel: (i) RDS activity selection/preparation with subproject preparation/feasibility study; (ii) implementation of RDS activities with subproject construction; and (iii) monitoring and evaluation of subproject and RDS impact to improve irrigation management, agriculture production, and livelihoods. Once one phase of the participatory process has been piloted and documented in an implementation manual, implementation can commence in other subprojects. Thus, while agreed-on RDS activities are implemented in the pilot subproject, they will be selected and prepared in other non-core subprojects. • An experienced NGO will be responsible for process development in the pilot subproject, and training and support of mass organizations, the provincial Department of Agriculture and Rural Development (DARD), and Irrigation Management Company (IMC), which will be responsible for the widespread replication of the RDS process in subsequent subprojects. The NGO will be assisted by the international community development specialist. The terms of reference for the NGO and the community development specialist are shown in Appendix 1.
Monitorable Deliverables/Outputs	<ul style="list-style-type: none"> • Directly benefit about 4,000 very poor and particularly disadvantaged households, including those headed by women, who will be invited to attend 160 field days to visit 32 comparative field trials in farmers' fields. Indirectly benefit all 81,000 households in the pilot area, of which 39,000 (48%) are poor. • Develop and pilot-test a participatory RDS process, for informed inclusive decision making in the design and implementation of agricultural extension/PIM activities. Document and adopt the process for widespread replication in about 45 SRRBSP subprojects. • Build the staff capacity of MARD, IMC, and DARD (6 members); communes (12); and the NGO (8) to provide future training and support for scaling-up of the RDS process.
Implementation of Major Activities: Number of months from grant activities	<p>Capacity-building support is required over 2 years and 3 months covering the following phases of participatory process development/implementation:</p> <ul style="list-style-type: none"> • detailed design of the JFPR project and recruitment of a suitable NGO—3 months; • social mobilization/organization in the pilot subproject—6 months; • social mobilization (others) and design of RDS activities in the pilot subproject—6 months; and • preparation (others) and implementation in the pilot subproject of RDS activities—12 months.

Component B	
Component Name	Pro-Poor Interventions
Cost (\$)	304,500
Component Description	<ul style="list-style-type: none"> • Subject to demand and identification of appropriate interventions, activities to be financed through the RDS component of SRRBSP will include provision of small-scale community infrastructure (rural feeder roads, water supplies, etc.), livestock raising, support services for credit use; and income-generating activities for sustainable livelihoods. To ensure that interventions meet their demands, selected village groups will be required to make 15% "in-kind" equity contributions mainly in the form of labor. The village groups may consider exemptions from the equity contribution for the poorest and particularly disadvantaged within their group, including about 22% of households headed by women, to ensure they are not disadvantaged and can indeed participate and benefit from the activities. • The participatory process will also be linked to the subproject development cycle as described above for component A. Social mobilization and community organization in the pilot subproject will be used to establish commune selection criteria, and equitable and transparent rules regarding selection criteria and community equity contributions. • The international community development specialist and the NGO responsible for process development in the pilot subproject, and training and support in the other non-core subprojects, will support and integrate components A and B.
Monitorable Deliverables/ Outputs	<ul style="list-style-type: none"> • The participatory RDS process has successfully resulted in the planning, design, and initial implementation of pro-poor interventions to meet the demands of about 48 village groups and their 1,700 very poor and disadvantaged members. • Develop and pilot-test a participatory RDS process for informed inclusive decision making in the design and implementation of targeted pro-poor interventions. Document and adopt the process for widespread replication in about 45 SRRBSP subprojects, and mobilize the community to form representative village groups. • Build the staff capacity of MARD, IMC, and DARD (6 members); communes (12); and the NGO (8) to provide training and support for scaling-up of the participatory RDS process.
Implementation	The implementation schedule is similar to that for component A.

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

Financier	Amount (\$)
Japan Fund for Poverty Reduction	820,000
Second Red River Basin Sector Project/Rural Development Support	518,500
	2. Communities
	91,500
Total	1,430,000

3. Genesis

The Red River Delta Water Resources Sector Project,³ completed in 2001, improved irrigation and drainage subprojects. During the design of the SRRBSP, RDS was introduced to

³ ADB. 1994. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Socialist Republic of Viet Nam for Red River Delta Water Resources Sector Project*. Manila.

(i) take a more holistic approach to improving performance of entire irrigation systems (management and agricultural production); (ii) increase participation of farmers, as the primary beneficiaries, in informed inclusive decision making; and (iii) improve livelihoods of poor farmers, including women, and reduce poverty within SRRBSP subprojects. SRRBSP aims to concentrate its investments in systems in the poorest (waterlogged or water-short) areas in the Red River Basin by preparing a water sector action plan to select subprojects.

MARD issued draft RDS guidelines reflecting an “engineering” approach, thereby emphasizing infrastructure activities of the RDS component. Understandably, this emphasis reflects MARD's traditions and still-limited experience with, and confidence in, alternative participatory approaches that are more consistent with recent government directives on grass-roots democracy and decentralization. The technical emphasis is illustrated by the fact that, at project inception in November 2002, MARD had prepared technical feasibility studies and cost estimates for all 45 subprojects intended to be implemented under SRRBSP. RDS budgets have also been earmarked mainly to ancillary infrastructure improvements before the intended consultation and participation of subproject beneficiaries. In early 2003 Asian Development Bank (ADB) staff undertook a preliminary participatory rural appraisal (PRA) in the Gai Thuan subproject area. The PRA's outcome suggests a marked preference among poor communities for agricultural extension over other eligible RDS interventions, including small-scale community infrastructure, which should only be offered as an option to the poorest communes in subproject areas.

The JFPR grant will enhance the poverty reduction impacts of SRRBSP by developing, pilot-testing, and scaling up participatory demand-driven processes that will lead to a package of RDS activities with a clear focus on the interests of the poor. The JFPR grant will offer an opportunity to engage an NGO and progressively build capacity within MARD and provincial counterpart agencies to support scaling-up of the demand-driven approach for widespread replication under the \$30-million RDS component, which is about to commence.

4. Innovation

The JFPR grant involves capacity building in development and implementation of a participatory RDS process to facilitate informed inclusive decision making by primary farmer beneficiaries. The process will take a holistic approach to improving system performance, involving complementary agricultural and irrigation management interventions, as well as infrastructure subprojects.

5. Sustainability

The participatory RDS process, to be developed under the JFPR grant, is to be mainstreamed as an integral part of the RDS component of SRRBSP. MARD and provincial agencies will gain confidence and capacity to support participatory RDS process implementation, and an NGO will develop a cadre of experienced facilitators to train and support other NGOs, mass organizations, DARDs, or IMCs engaged in widespread replication of the participatory RDS process.

6. Participatory Approach

Local participation and decision making in design and implementation of the JFPR grant will follow the Gia Thuan pilot subproject development cycle. During initial mobilization, target

groups of poor farmers will be identified and consulted concerning their main production and income constraints. The optimum organization of community RDS committees will also be determined through careful consultation with stakeholders. While federated RDS committees will likely be required in the pilot subproject (81,000 households in 45 communes), the core organizational level that will facilitate informed inclusive decision making will be small groups typically involving 20–30 households. During RDS preparation, small groups and/or RDS committees will rank alternatives and design their selected interventions, including specification of implementation arrangements and community equity cost contributions. Participatory RDS process development, pilot implementation, and initial mainstreaming of the RDS component will all be supported by an international consultant and an NGO with experience in participatory processes.

7. Primary Beneficiaries

List of primary beneficiaries and other affected groups ⁴	Description of other key stakeholders
Direct beneficiaries will be farmers in Gia Thuan chosen for piloting as the most representative core subproject and first scheduled for implementation under SRRBSP. Component A (agricultural extension and PIM) will directly benefit 4,000 poor households in the poorest communes and indirectly benefit all 81,000 households, of which 39,000 (48%) are poor. Component B (pro-poor Interventions) might benefit 1,700 very poor and disadvantaged households, including those headed by women, in 48 village groups in the poorest communes. The poor farmers in about 45 other SRRBSP subprojects will also indirectly benefit.	The JFPR project will build the capacity of MARD, DARDs, IMCs, and other local agencies. A suitably qualified NGO will be responsible for RDS process development and pilot implementation, and for training and support of NGO, DARD, and IMC field staff responsible for scaling up the participatory RDS process for widespread replication in about 45 other SRRBSP subprojects.

8. Coordination

Projects and programs of major funding agencies and NGOs associated with the water sector are coordinated through MARD's International Support Group (ISG). ADB, World Bank and Japan Bank for International Cooperation and JICA and other bilateral donors are represented in the ISG. The experience gained in implementing the JFPR grant will be shared with other donors through MARD's ISG.

9. Detailed Cost Table

See Appendix 2. For fund flow arrangements, see Appendix 3.

⁴ The incidence of poverty in the Red River Basin is 40% versus the national average of 37%, using the official \$0.35/person/day poverty line. Rural poverty is 43% versus urban poverty of only 5%. Highland poverty is 55% versus delta poverty of 37%, but 5.5 million poor people live in the densely populated delta compared with only 4.4 million in the highlands. SRRBSP beneficiaries are already better off in the highlands (as the poorest do not have irrigation access) and disadvantaged in the delta where (i) poorer systems will be selected, and (ii) subprojects with water shortage and/or waterlogging constraints will then be selected in the poorer systems.

C. Linkage to ADB Strategy and ADB-Financed Operations

1. Relevant Documents

Document	Document Number	Date of Last Discussion	Objective(s)
Comprehensive Poverty Reduction and Growth Strategy	Approved by the Prime Minister on 21 May 2002	May 2002	<ul style="list-style-type: none"> Reduce income disparities, risks, and vulnerability, and improve food security and social well-being of the poor
Country Strategy and Program Update (2003–2005)		July 2003	<ul style="list-style-type: none"> Economic growth through support of Viet Nam's agriculture sector Inclusive development through mainstreaming poverty, gender, and ethnic dimensions into ADB's agriculture sector operations

2. Linkage to Specific ADB-Financed Operation

Project Name	Second Red River Basin Sector Project
Project Number	Loan 1855
Date of Board Approval	13 November 2001
Loan Amount (\$ million)	\$70.0
Cofinancing	Agence Française de Développement: \$30.0 million for part B Government of the Netherlands: \$10.6 million for part A

3. State the above-mentioned project's development objective

The SRRBSP will improve agricultural performance and incomes of poorer communities through sustainable improvements in irrigation, better drainage, watershed protection, and flood protection.

4. List the project's main components

No.	Component Name	Brief Description
1.	Part A—Water Resource Management	1.1 Capacity building for the Red River Basin Organization 1.2 Public awareness and education related to water resource management issues 1.3 Pilot water licensing 1.4 Water quality monitoring
2.	Part B—Water Service Investments	2.1 Improvements of water resources infrastructure (irrigation, drainage and flood protection systems) and watershed protection 2.2 RDS through a participatory decentralized approach for agricultural support services and small-scale water-related infrastructure at the community level 2.3 Water resource management research

5. Rationale for Grant Funding versus ADB Lending

The genesis of this JFPR grant proposal is described in section 3. As a sector project, SRRBSP requires an executing agency with a proven track record in engineering and infrastructure development but also in participatory agricultural extension and irrigation management, and demand-driven pro-poor interventions. MARD fulfills these requirements but has limited capacity in the second area. This situation represents a good opportunity to optimize SRRBSP poverty reduction impacts by strengthening complementary RDS software, which will not be possible without the JFPR grant.

While expected to reduce poverty, RDS' impact can be enhanced by complementary strengthening of the demand-driven participatory RDS process, with a clear focus on the interests of the very poor and most vulnerable, for which the input of an NGO is essential. While NGOs are to be invited to participate in mainstream implementation of the participatory RDS process, government regulations do not allow MARD to use loan funds for development and pilot implementation of such innovative interventions. The JFPR grant therefore offers an opportunity to engage an experienced NGO to develop a well-focused participatory RDS process and progressively build capacity and confidence within MARD and provincial counterpart agencies to support mainstreaming and scaling-up of the process for widespread replication under the RDS component of SRRBSP.

D. Implementation of the Proposed Grant

See also Appendix 4.

<p>1. Provide the Name of the Implementing Agency</p>	<p>MARD will be the Executing Agency for the JFPR grant and execute the complementary field activities through the RDS component of SRRBSP. ADB will engage the international consultant and the NGO and administer their contracts. The consultant and the NGO will be engaged in accordance with ADB's <i>Guidelines on the Use of Consultants</i>. The NGO will be selected based on criteria that will be agreed on with MARD.</p> <p>To ensure close and effective ADB-MARD coordination, the VRM will administer the grant (VRM also is responsible for the administration of Loan 1855 for SRRBSP).</p>
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2. Risks Affecting Grant Implementation

Type of Risk	Brief Description	Measure to Mitigate the Risk
Governance	MARD and the provincial counterpart agencies do not adopt the full participatory RDS process developed by the JFPR grant for implementation of the RDS component of SRRBSP.	Full involvement of staff of MARD and the provincial counterpart agencies in development and pilot implementation of participatory RDS process under the JFPR grant

3. Incremental ADB Costs

Component	Incremental Bank Cost
Amount requested:	None

4. Monitoring and Evaluation (M&E)

Key Performance Indicator	Reporting Mechanism	Plan and Timetable for M&E
32 comparative field trials 160 field days (about 4,000 poor farmers)	Regular progress reports and completion reports to be prepared by the consultant and NGO to be engaged under the JFPR grant	Participatory RDS process and impact indicators progressively developed and M&E implemented under SRRBSP
Demand-driven interventions for about 48 village groups serving approximately 1,700 very poor and disadvantaged households	M&E reports to be prepared by MARD under SRRBSP	
Development and documentation of the participatory RDS process	Implementation manual approved and adopted by MARD for other subprojects	Phased preparation following Gia Thuan subproject implementation cycle
Capacity building for RDS support: 6 MARD (CPO, IMC, and DARD); 12 commune; and 8 NGO staff	Regular progress reports and completion reports to be prepared by the consultant and NGO to be engaged under the JFPR grant MARD-NGO agreements (provision of training and support services) for implementation of other 45 subprojects	Support capacity develops after <ul style="list-style-type: none"> • mobilization (9 months), • preparation (15 months), and • implementation (27 months)

5. Estimated Disbursement Schedule

Fiscal Year (FY)	Amount (\$)	
FY2001	2003 (2 quarters)	200,000
FY2002	2004	340,000
FY2003	2005	280,000
Total Disbursements		820,000

E. Clearances

To be Cleared By	Name / Division	Comments
1. Director general of the relevant regional department	Rajat Nag, MKRD	Cleared
2. Director of the division in the relevant regional department	A. Pio, Officer-in-Charge, VRM	Cleared
3. Staff review committee (SRC) members	Kazu Sakai, DDG, MKRD C.R. Rajendran, MKAE Manoshi Mitra, MKAE Sonomi Tanaka, RSPR	Cleared

	M. Araki, OCO J. van Ommen, OCO Ho Le Phong, VRM	
4. Other Reviewers	Kenichi Yokoyama, SAAE	Cleared

DDG = deputy director general, MKAE = Agriculture, Environment, and Natural Resources Division, MKRD = Mekong Department, OCO = Office of Cofinancing Operations, RSPR = Poverty Reduction and Social Development Division, SAAE = Agriculture, Environment, and Natural Resources Division, VRM = Viet Nam Resident Mission.

F. Checklist

<p>1. Does the application support activities which will assist the poorest and most vulnerable groups eligible for JFPR funding?</p> <p>Yes</p> <p>Response is found in Section B.7</p>
<p>2. Do the proposed activities fit within one or all three of the following basic purposes of the JFPR:</p> <p>a. Support innovative social programs which directly respond to the needs of poor and vulnerable groups in recipient countries and have high potential for ameliorating their destitute living conditions?</p> <p>b. Provide relatively rapid, demonstrable benefits for affected populations through initiatives and mechanisms with positive prospects for sustainability over the long term?</p> <p>c. Provide direct assistance to programs designed and implemented by local populations, civil society and nongovernment organizations (NGOs) to facilitate their empowerment and enhance their participation in the development process?</p> <p>Yes</p> <p>Response is found in Sections B.4, B.5 and B.6</p>
<p>3. Are the proposed activities designed and expected to be implemented with full participation by local community groups and NGOs?</p> <p>Yes</p> <p>Response is found in Section B.6</p>
<p>4. Do the activities support interventions that will have a catalytic effect or magnify the impact of ADB-financed operation(s)?</p> <p>Yes</p> <p>Response is found in Section B.5</p>
<p>5. Does the application identify methods to monitor and evaluate outcomes, implementation progress, and the impact of the grant on the beneficiaries?</p> <p>Yes</p> <p>Response is found in Section B.1 and D.4</p>
<p>6. Are Japanese NGOs participating in this JFPR activity? No</p>
<p>7. Have Japanese aid agencies (e.g. JBIC, JICA, etc.) been consulted in the development of the JFPR application?</p> <p>Yes</p> <p>VRM staff discussed the draft JFPR Grant with Hanoi-based representatives of the Embassy of Japan, JICA, and JBIC on an informal basis on 5 August. The MARD-JBIC Interim Seminar on Sector Strategy for Agriculture and Rural Development Support held in Hanoi in July 2003 identified the lack of beneficiary</p>

participation as an important issue in Viet Nam's irrigation subsector. The JFPR grant will help address this issue.
Please confirm statements 8-16 below.
8. Proposed JFPR activities are not eligible or cannot be funded under loans, or through other sources of funding available to ADB. Confirmed
9. Proposed JFPR activities are not being used to prepare projects or supplement existing project preparation activities being funded through JSF or other project preparation fund. Confirmed
10. The application does not include pilot activities that are not linked to Bank-funded operations in the pipeline or under implementation. Confirmed
11. The application includes an exit strategy or a mechanism to ensure long-term sustainability. Confirmed
12. The legal status, financial soundness, track record, and arrangements for use and accounting of grant funds have been checked for grants that are expected to be executed by community groups or NGOs. Not Applicable
13. Where funding of incremental costs (staff or consultants) for grant preparation and/or implementation is requested, a full justification is provided. Not Applicable
14. The grant will not include study tours or foreign training. Confirmed
15. The application does not include support for academic training, research work, and core program activities of global/regional programs. Confirmed
16. The Director-General and the Director of the relevant Regional Department have endorsed the grant activity. Confirmed

Appendixes

1. Terms of Reference
2. Detailed Cost Estimates
3. Fund Flow Arrangement
4. Implementation Arrangements

TERMS OF REFERENCE

A. International Community Development Specialist

1. The consultant will help the Ministry of Agriculture and Rural Development (MARD) implement the Japan Fund for Poverty Reduction (JFPR) grant. The consultant will provide guidance to the nongovernment organization (NGO) engaged under the grant in terms of methodology and approach, monitor and evaluate the performance of the NGO, and assess the overall impact of the grant. The tasks to be undertaken by the consultant include, but will not be limited to, the following:

- (i) Develop detailed terms of reference and selection criteria for the services to be carried out by the NGO.
- (ii) Raise awareness among NGOs about the JFPR grant.
- (iii) Develop detailed criteria for short-listing and selection of the NGO, and prepare background information to be used by the NGOs to prepare proposals.
- (iv) Confirm the suitability of the Gia Thuan subproject as the project area for the JFPR Grant based on implementation progress under the Second Red River Basin Sector Project (SRRBSP); also, assess the possibility to support the RDS process in the North Nam Ha area and its subprojects taking into account the resources available under the JFPR Grant and under Part B of the Second Red River Basin Sector Project.
- (v) Identify the priority areas for the JFPR Grant implementation on the basis of poverty levels, and develop eligibility criteria for selection of communes and villages.
- (vi) Monitor and support the training of NGO staff allocated to the JFPR grant.
- (vii) Prepare draft guidelines to implement pro-poor RDS activities in the project area.
- (viii) Monitor the field-testing of the proposed NGO approach in one or more pilot communes.
- (ix) Propose arrangements for a close working relationship between the NGO and provincial counterpart agencies, particularly the Department of Agriculture and Rural Development (DARD).
- (x) Prepare a work schedule to integrate NGO training and facilitation inputs into the implementation schedule of the subproject(s) covered by the JFPR Grant's project area.
- (xi) Prepare a capacity-building program to support participatory rural development support (RDS) approaches with MARD, and provincial, district, and commune organizations.
- (xii) Develop a monitoring and evaluation framework and mechanisms on the basis of indicators and outputs proposed in the JFPR grant.
- (xiii) Help the NGO continuously refine and monitor the approach and impact.
- (xiv) Organize and conduct a participatory midterm review to assess the effectiveness of the process and identify possible improvements, and undertake a follow-up review at the time of grant completion.
- (xv) Following exhaustive field-testing, help the NGO produce a detailed implementation manual to establish participatory processes in other subprojects under the SRRBSP.
- (xvi) Develop a detailed strategy, time frame, and budget to replicate the agreed-on participatory process in all other subprojects.

- (xvii) Maintain close communication with MARD's International Support Group to ensure effective coordination in the replication process.
- (xviii) Identify existing and requisite institutional capacities to expand the participatory process and prepare a capacity-building program as required.

2. The consultant will prepare an inception report 1 month after services start, a midterm report, and a completion report at the end of the contract period.

B. Nongovernment Organization

3. The NGO will be engaged to test, develop, and document a pro-poor participatory approach to implement RDS activities within the project area of the JFPR Grant (see para 1.(v) above). This approach should be developed so that it can be replicated in other subprojects under SRRBSP.

4. The detailed terms of reference for the NGO will be developed in consultation with the international community development specialist, MARD, and Asian Development Bank (ADB). However, the NGO's tasks are envisaged to include, but not be limited to, the following:

- (i) Design and implement a comprehensive process to ensure the full participation of farmers, especially poorest householders, in the RDS activities and programs related to the project area of the JFPR Grant.
- (ii) Train and deploy facilitators to organize small, representative community groups to identify critical constraints on agricultural income in the project area.
- (iii) Once key constraints have been agreed on and confirmed, work with the farmer groups and DARD extension staff and private sector service providers to identify and establish priority support services and irrigation management improvements or other activities designed to raise agricultural income.
- (iv) Identify mobilizing strategies for the poorest households and develop systems to help the selected poor communities identify priority development needs eligible for financing under the RDS component of the subproject(s) covering the project area of the JFPR Grant.
- (v) Establish and maintain monitoring and evaluation systems to measure project coverage and impact, giving particular attention to the level of effective participation of women and the poorest.
- (vi) Develop capacity-building programs for commune and other local institutions involved in the RDS process.

5. The NGO will undertake the above tasks on a pilot and process basis to test, develop, and document a procedure that can be reliably replicated in all other subprojects under SRRBSP. This task will also necessitate building a skilled cadre and organizational capacity within other NGOs, mass organizations, irrigation management companies, etc. as part of replication.

6. The NGO will submit to MARD and ADB an inception report about 1 month after commencement of the services, brief monthly progress reports, and comprehensive midterm and completion reports.

COST ESTIMATES
Table A2.1: Detailed Cost Estimates
(\$)

Code	Supplies and Services Rendered	Unit	Quantity Units	Costs Cost Per Unit	Total (\$)	Contributions			
						JFPR		Government	Communities
						Amount (\$)	Method of Procurement		
Component A. Agricultural Extension and PIM				Subtotal	830,000	464,000		311,100	54,900
1.1	Civil Works				0	0		0	0
1.1.1	No Civil Works Required by Agricultural Extension and PIM Component				0	0		0	0
1.2	Equipment, Furniture and Furnishing				0	0		0	0
1.2.1	Equipment, Furniture, and Furnishing Financed by RDS Component of SRRBSP				0	0		0	0
1.3	Goods and Consumable Supplies				366,000	0		311,100	54,900
1.3.1	Goods and Consumable Supplies Financed by RDS Component of SRRBSP				366,000	0		311,100	54,900
1.4	Training, Workshops, Seminars				40,000	40,000	To be included	0	0
1.4.1	Initial Training of NGO Community Facilitators/Extensionists	item			40,000	40,000	in contract of the consultant	0	0
1.4.2	Demonstrations and Farmer Field Days, etc. Financed by RDS Component of SRRBSP				0	0		0	0
1.5	Consulting Services				93,400	93,400	<i>ADB's</i>	0	0
1.5.1	International Community Development Specialist	month	4	17,000	68,000	68,000	<i>Guidelines on</i>	0	0
1.5.2	Per Diem	month	4	4,350	17,400	17,400	<i>the Use of</i>	0	0
1.5.3	Transport	month	4	1,000	4,000	4,000	<i>Consultants</i>	0	0
1.5.4	International Travel	round trip	2	2,000	4,000	4,000	<i>(Individual Consultant)</i>	0	0
1.6	Management and Coordination of this Component				29,600	29,600		0	0
1.6.1	Management and Coordination Provided by CPO				29,600	29,600		0	0
1.7	NGO Process Development and Implementation Support Services				291,000	291,000		0	0
1.7.1	Project Manager (part-time)	month	4	1,000	4,000	4,000		0	0
1.7.2	Local Agricultural Extensionist	month	24	750	18,000	18,000	<i>ADB's</i>	0	0
1.7.3	Senior Community Facilitators (2 persons)	person-month	36	750	27,000	27,000	<i>Guidelines on</i>	0	0
1.7.4	Community Facilitators/Extensionists (15 persons serving about 80,000 households)	person-month	300	500	150,000	150,000	<i>the Use of</i>	0	0
1.7.5	Field Staff Per Diems and Allowances	person-month	360	100	36,000	36,000	<i>Consultants</i>	0	0
1.7.6	Transport	month	360	112	40,320	40,320	<i>(Domestic Consultants)</i>	0	0
1.7.7	Administrative Overheads	item			15,680	15,680		0	0

CPO = Central Project Office, JFPR = Japan Fund for Poverty Reduction, NGO = nongovernment organization, PME = Project Monitoring and Evaluation, PIM = participatory irrigation management, RDS = rural development support, SRRBSP = Second Red River Basin Sector Project.

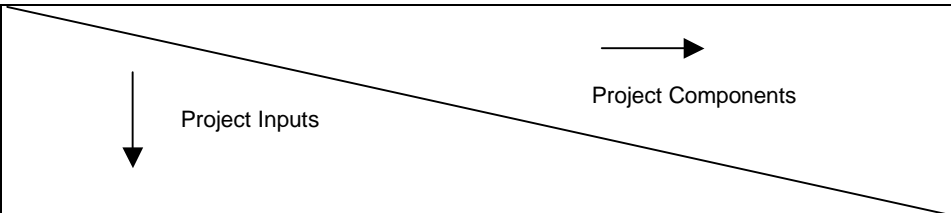
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Table A2.1—Continued

Code	Supplies and Services Rendered	Unit	Quantity Units	Costs		Contributions			
				Cost Per Unit	Total (\$)	JFPR		Government	Communities
						Amount (\$)	Method of Procurement		
Component B. Pro-poor Interventions (Community Infrastructure and Household Livelihoods)				Subtotal	500,000	256,000		207,400	36,600
2.1	Civil Works			Subtotal	140,000	0		119,000	21,000
2.1.1	Small-Scale Community Infrastructure Financed by RDS Component of SRRBSP				140,000	0		119,000	21,000
2.2	Equipment, Furniture, and Furnishing			Subtotal	0	0		0	0
2.2.1	Equipment, Furniture, and Furnishing Financed by RDS Component of SRRBSP				0	0		0	0
2.3	Goods and Consumable Supplies			Subtotal	104,000	0		88,400	15,600
2.3.1	Goods and Consumable Supplies Financed by RDS Component of SRRBSP				104,000	0		88,400	15,600
2.4	Training, Workshops, Seminars			Subtotal	20,000	20,000	To be included in contract of the consultant	0	0
2.4.1	Initial Training of NGO Community Facilitators	item			20,000	20,000		0	0
2.4.2	Infrastructure and Livelihood Training, etc. Financed by RDS Component of SRRBSP				0	0		0	0
2.5	Consulting Services			Subtotal	93,400	93,400	ADB's Guidelines on the Use of Consultants (Individual Consultant)	0	0
2.5.1	International Community Development Specialist	month	4	17,000	68,000	68,000		0	0
2.5.2	Per Diem	month	4	4,350	17,400	17,400		0	0
2.5.3	Transport	month	4	1,000	4,000	4,000		0	0
2.5.4	International Travel	round trip	2	2,000	4,000	4,000		0	0
2.6	Management and Coordination of this Component			Subtotal	10,000	10,000		0	0
2.6.1	Management and Coordination Provided by CPO				10,000	10,000		0	0
2.7	NGO Process Development and Implementation Support Services			Subtotal	142,600	142,600		0	0
2.7.1	Project Manager (part-time)	month	4	1,000	4,000	4,000		0	0
2.7.2	Small-Scale Infrastructure Engineer	month	12	750	9,000	9,000	ADB's	0	0
2.7.3	Poverty Livelihoods Specialist	person-month	24	750	18,000	18,000	ADB's Guidelines on the Use of Consultants (Domestic Consultants)	0	0
2.7.4	Senior Community Facilitator (part-time)	person-month	12	750	9,000	9,000		0	0
2.7.5	Community Facilitators (5 persons serving poor communities in three districts)	person-month	120	500	60,000	60,000		0	0
2.7.6	Field Staff Per Diems and Allowances	person-month	168	100	16,800	16,800		0	0
2.7.7	Transport	month	168	112	18,800	18,800		0	0
2.7.8	Administrative Overheads				7,000	7,000		0	0
	Components 1 to 2 = Subtotal			Subtotal	1,330,000	720,000		518,500	91,500
	External Audit				18,000	18,000		0	0
	Contingency (Maximum 10% of total JFPR Contribution)				82,000	82,000		0	0
	Total Project Cost			Total	1,430,000	820,000		518,500	91,500

CPO = Central Project Office, JFPR = Japan Fund for Poverty Reduction, NGO = nongovernment organization, PME = Project Monitoring and Evaluation, RDS = rural development support, SRRBSP = Second Red River Basin Sector Project.
Source: Asian Development Bank estimates.

Table A2.2: Summary Cost Table

	Component A Agricultural Extension and PIM	Component B Pro-poor Interventions	Total (Input)	Percent
1. Civil Works (including technical surveys and designs, and supervision of constructions)	0	0	0	0.0
2. Equipment and Supplies (e.g., power tools, turbines, excavation and construction tools, agricultural tools and equipment, communications devices, audio-visual, computing and other office equipment, furniture, etc.)	0	0	0	0.0
3. Training, Workshops, Seminars, Public Campaigns (e.g., resource persons, technical training specialists, community mobilizers and organizers, venue rental, travel, food and accommodation for participants, and other related costs)	40,000	20,000	60,000	7.3
4. Consulting Services (e.g., for surveys, assessments and reviews, technical specialists, advisors, external auditors, etc., including related costs such as travel, accommodation, and per diem)	93,400	93,400	186,800	22.8
5. Project Management – CPO (travel costs and per diems, , office costs and other recurrent costs)	29,600	10,000	39,600	4.9
6. Other Project Inputs. For NGO Support (participatory RDS process development and pilot implementation) and Consulting Services (NGO recruitment, orientation and program development to support scaling-up for widespread replication in 45 subprojects)	291,000	142,600	433,600	52.8
7. External Audit	9,000	9,000	18,000	2.2
8. Contingencies (0-10% of total estimated grand fund) including Annual Audits. Other uses of contingencies require <u>prior</u> approval from ADB.	52,500	29,500	82,000	10.0
Subtotal JFPR-financed	515,500	304,500	820,000	100.0
Government Contribution (e.g., salaries for government counterparts; provision of project office; land acquisition for buildings and constructions, participation in workshops/meetings)	311,100	207,400	518,500	
Community's Contributions (e.g., participation in all training and community development; land development, and in kind labor contribution through food for work)	54,900	36,600	91,500	
Total Project Costs	881,500	548,500	1,430,000	

ADB = Asian Development Bank, JFPR = Japan Fund for Poverty Reduction, O&M = operation and maintenance, NGO = nongovernment organization, PIM = participatory irrigation management, PIU = project implementation unit, RDS = rural development support.

Source: Asian Development Bank estimates.

FUND FLOW ARRANGEMENTS

The Viet Nam Resident Mission (VRM) will administer the Japan Fund for Poverty Reduction (JFPR) grant. The Asian Development Bank will, therefore, channel the JFPR fund to a JFPR imprest account, which will be opened and maintained by VRM, to facilitate payment to the consultant and selected nongovernment organization, and for day-to-day local expenditures. The Central Project Office of the Ministry of Agriculture and Rural Development will be kept informed about the expenditures incurred through annual reports.

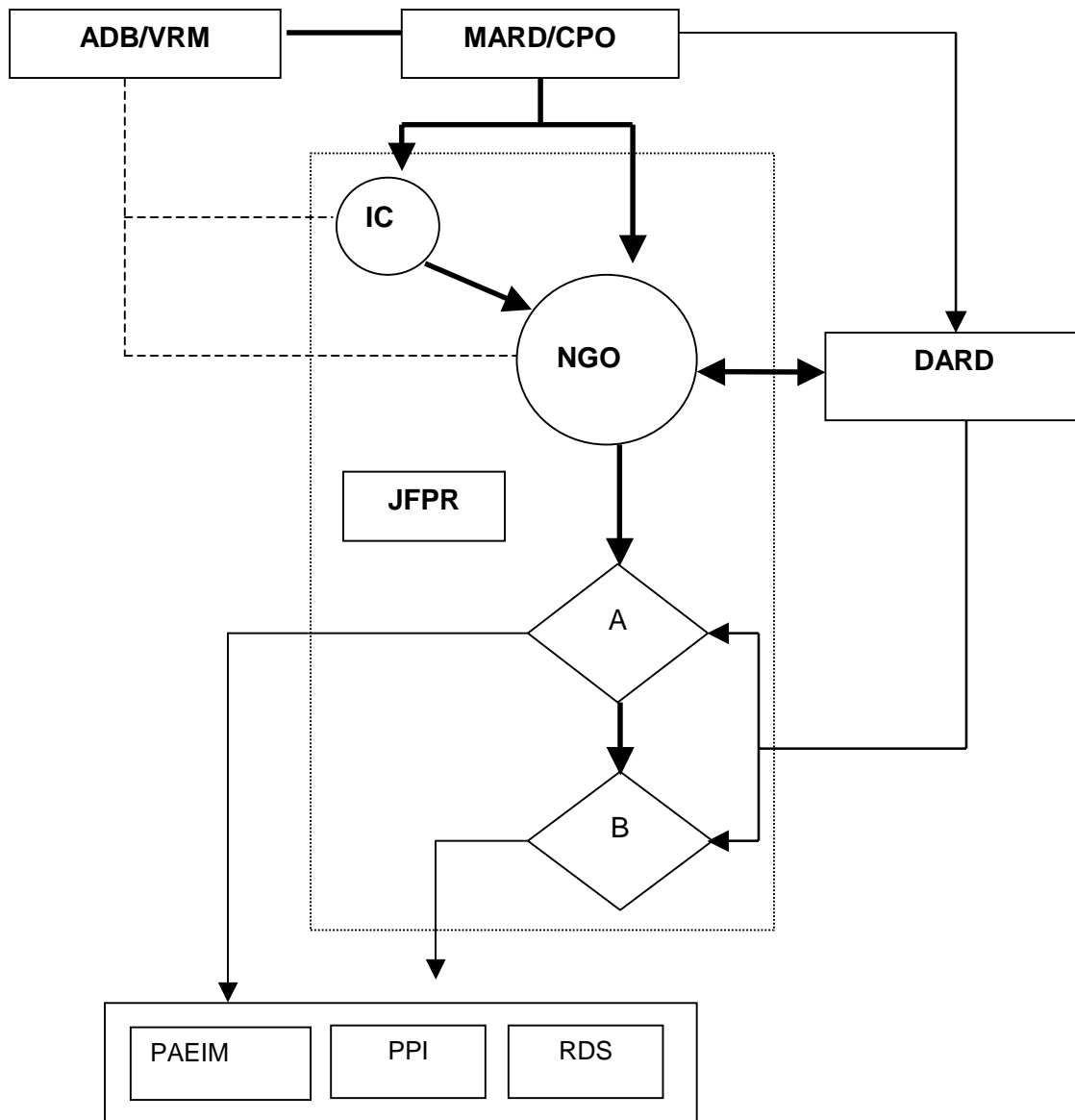
IMPLEMENTATION ARRANGEMENTS

1. All procurement under the Project will be conducted in accordance with *ADB's Guidelines for Procurement*. The international consultant and nongovernment organization (NGO) will be engaged by the Asian Development Bank (ADB) in accordance with *ADB's Guidelines on the Use of Consultants*. The international consultant will be engaged by ADB using procedures for recruitment of individual consultants for technical assistance. The NGO will be engaged by ADB using procedures for the selection of domestic consultants.
2. The international community development specialist will be engaged for 8 months. The services will be provided intermittently over 27 months. The consultant's terms of reference are in Appendix 1.
3. The NGO will be engaged for 24 months. Its terms of reference are in Appendix 1. The NGO will provide expert services for the following:
 - (i) project management—8 person-months (part-time),
 - (ii) agriculture extension—24 person-months,
 - (iii) community facilitation—48 person-months,
 - (iv) small-scale infrastructure—12 person-months, and
 - (v) rural livelihood development—24 person-months.

The NGO will also field about 20 commune and village facilitators during most of the 24 months.

4. The arrangements for grant implementation and for cooperation between ADB and Ministry of Agriculture and Rural Development (MARD) will be clarified in detail through the Japan Fund for Poverty Reduction letter of agreement between ADB and MARD on behalf of the Government of Viet Nam. The implementation arrangement for the grant and its linkage with Second Red River Basin Sector Project is summarized in Figure A4.

Figure A4: Implementation Arrangement



Legend: JFPR Outputs: Participatory RDS Process

- A** Component A: Participatory Agricultural Extension and Irrigation Management
- B** Component B: Pro-poor Interventions

CPO = Central Project Office, DARD = Department of Agriculture and Rural Development; IC = international consultant, JFPR = Japan Fund for Poverty Reduction, MARD = Ministry of Agriculture and Rural Development, NGO = nongovernment organization, PAEIM = Participatory Agricultural Extension and Irrigation Management , PPI = Pro-poor Interventions, RDS = Rural Development Support, VRM = Viet Nam Resident Mission.