

## TECHNICAL ASSISTANCE COMPLETION REPORT

Division : SEAE

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| TA No., Country and Name:  |   | Amount Approved: \$600,000                       |  |
| TA 4105-VIE: Agriculture Sector Development Support  |   | Revised Amount: N/A                              |  |
| Executing Agencies:<br>Ministry of Agriculture and Rural Development (MARD)<br>Viet Nam Bank for Agriculture and Rural Development (VBARD)   | Source of Funding:<br>Government of Denmark | Amount Undisbursed:<br>\$25,534.64               | Amount Utilized:<br>\$574,465.36   |
| TA Approval Date:<br>2 May 2003  | TA Signing Date:<br>5 June 2003             | Fielding of First Consultant:<br>16 October 2003 | TA Completion Date<br>Original: 30 Jun 2004    Actual: 31 Dec 2005<br>Account Closing Date<br>Original: 30 Jun 2004    Actual: 31 Aug 2006 |
| <p><b>Description</b></p> <p>In Viet Nam, the agriculture sector played a dominant role in the national economy throughout the 1990s. Over the 10-year period during 1990–2000, the value of agricultural outputs grew at an average rate of 4.2% per annum, which was among the highest in Asia. In a relatively short span of time, Viet Nam achieved food self-sufficiency and has now become one of the major exporters of rice and commercial crops. The country has been increasingly integrated into the global market environment, and this trend will be accelerated with its recent accession to the World Trade Organization. However, poverty in rural areas remained high at about 45% despite the rapid economic growth, and there were pockets of severe poverty particularly in upland and remote areas. Sustainable growth of the agriculture sector was considered a prerequisite for overall economic growth and poverty reduction, and continued efforts for market-oriented reforms in the sector were essential. Since early 1990s, the Asian Development Bank (ADB) has been assisting the Government in establishing an enabling policy environment for the market-oriented growth of the agriculture sector, and provided farm households with capital funds for increased production of food and commercial crops. To strengthen the capacity for continued reform efforts, the Government requested ADB to provide advisory technical assistance (TA) in line with the Government's long-term strategy for 2001-2010. The TA was confirmed and included in ADB's 2003 assistance program for Viet Nam.</p> <p><b>Expected Impact, Outcome and Outputs</b></p> <p>The TA aimed at increasing the institutional capacity of MARD and VBARD in implementing, sequencing and monitoring policy reform actions in line with ADB's Agriculture Sector Development Program,<sup>1</sup> thereby ultimately contributing to the sector's increased productivity and competitiveness. The TA was expected to deliver strengthened capacity in agricultural research, extension and market information systems, and in credit delivery to agro-industry small- and medium-sized enterprises (SMEs). In conjunction with ASDP, the TA specifically aimed to contribute to the satisfactory implementation of actions of MARD and VBARD related to release of the second tranche of the program loan under ASDP. These actions included (i) reorganization of agricultural research institutes of MARD, (ii) development of new procedures to strengthen community-based agricultural extension services, (iii) establishment of agricultural market information systems in at least 10 provinces, and (iv) development of specific procedures to deliver funds for SMEs in rural areas.</p> <p><b>Delivery of Inputs and Conduct of Activities</b></p> <p>The TA design was highly relevant to the sector strategy of the Government and also addressed the urgent needs for improved capacity in agricultural research and extension systems. However, there was a delay in the formulation of the TA, and the TA consultants were mobilized about one year after ASDP implementation was initiated. A high level of general satisfaction among officials in MARD and VBARD was noted. The TA provided (i) the services of a consultant team from a firm, amounting to 14.5 person-months of international consultants and 25 person-months of national consultants, for activities to support MARD; and (ii) the services of individual agribusiness credit specialists to support VBARD, including 0.75 person-months of an international consultant and 9 person-months of a national consultant. The terms of reference for the TA were rather general presumably to incorporate sufficient flexibility in the consultants' assignments. This led to some confusion in the specific work requirements for the first Team Leader (Senior Policy Advisor) and Agricultural Research Management Specialist as they considered the TA as a measure to implement the research master plan prepared by the Food and Agriculture Organization of the United Nations. These two consultants mobilized at the beginning of the TA were not able to establish effective working relationships with MARD. Team Leader had to be replaced after about 5 months in view of the need to expedite TA implementation. The replacement Team Leader quickly resumed the TA activities to disseminate information on the</p> |   |  |  |

<sup>1</sup> ADB. 2002. *Report and Recommendation of the President to the Board of Directors on Proposed Loans to the Socialist Republic of Viet Nam for the Agriculture Sector Development Program*. Manila (Loans 1972/1973–VIE).

detailed actions required under ASDP, and formulate action plans to improve the MARD's capacity to achieve the TA objectives. The consultant's performance during the second phase of the TA for MARD was highly satisfactory and appreciated by MARD officials. The TA activities to support VBARD were mainly focused on assistance in strengthening VBARD's lending operations for SMEs. The individual consultants helped VBARD finalize the operational strategy for SME lending and organize a national workshop to disseminate the strategy by inviting key stakeholders, including external funding agencies. MARD and VBARD both provided the TA consultants with adequate office space though part of the costs for the office space for MARD activities was paid from the TA budget. The TA received full-time attention of the counterpart staff except for the first part of the TA for MARD. The counterpart support of both executing agencies was considered generally satisfactory. TA inputs were efficient and effectively utilized to generate the expected TA outcome. During the TA period, ADB regularly conducted its TA review and constant dialogue with TA consultants in conjunction with loan review missions for ASDP. This enabled the TA to be fully involved in decision-makings at major milestones in ASDP reform actions.

#### **Evaluation of Outputs and Achievement of Outcome**

TA activities to support MARD. The consultant team produced an inception report (November 2003), technical discussions papers, a midterm report (July 2004), a draft final report (May 2005), and a final report (February 2006). The TA organized a series of workshops and consultation meetings to discuss the TA outputs and solicit inputs from key stakeholders, including research institutes, other relevant government agencies, external funding agencies, and nongovernment organizations (NGO) involved in agricultural extension services. The TA contributed to facilitating the policy dialogue between the Government and ADB in conjunction with the implementation of ASDP. In line with the design and monitoring framework, the TA was highly effective in assisting the Government in finalizing the reorganization plan for agricultural research institutes of MARD, facilitating close coordination among the concerned departments of MARD. The plan was approved by the Government in September 2005. Subsequently, MARD was able to learn the process of plan implementation from the TA by closely working with the TA team. In agricultural extension, the TA achieved its major objective by assisting in the formulation of the new Government decree to institutionalize client-oriented and pro-poor extension services. The TA Team Leader significantly contributed to this process by initiating a series of consultation meetings with the relevant government agencies and NGOs. The NGO group highly commended the open and transparent process of this consultation process. The new decree was issued in April 2005. The TA was also effective in assisting MARD in initiating the establishment of agricultural market information systems although MARD could not set up the systems during the TA period since the Government budget was not available until the end of 2006.

TA activities to support VBARD. The individual consultants engaged under the TA produced draft and final reports for (i) formulating an operational strategy for lending to SMEs, (ii) strengthening the credit appraisal and project performance management systems, and (iii) assessing the management VBARD's non-performing assets. The TA national consultant closely worked with the direct counterpart staff of VBARD's Project Management Department on an intermittent basis during November 2004–March 2006, and provided the counterpart staff with on-the-job training and field survey skills.

#### **Overall Assessment and Rating**

Despite the initial setbacks in the TA activities to support MARD, the TA consultants established effective working relationships with both executing agencies. This contributed to the sustainable impact of the TA results and contributed to the Government's satisfactory performance in ASDP implementation. Overall, the TA is considered successful.

#### **Major Lessons**

The TA could have more effectively produced its outputs in the first year if the TA was formulated and mobilized in conjunction with approval of ASDP in 2002 or at the beginning of 2003. This would have advanced the implementation of initial policy reform actions and provided the TA with more time for assistance in the formulation of critical documents and training programs. Similarly, this could have made the Government's counterpart budget available in a more timely manner. Provision of more TA resources could have been initially considered as the TA actually required additional consultant inputs with expertise in specialized areas of agricultural research. Instead, staff consultant inputs financed under administrative budget were provided due to tight TA resources.

#### **Recommendations and Follow-Up Actions**

In conjunction with the new loan for the Agriculture Science and Technology Project (Loan 2283-VIE approved in December 2006), ADB provided advisory technical assistance to strengthen managerial capability of science and technology institutions. This new TA assists the Government in establishing the agricultural market information systems at the local level, which were initiated under TA 4105.