

ASIAN DEVELOPMENT BANK

TAR:VIE 34351

TECHNICAL ASSISTANCE
(Financed by the Government of Denmark)

TO THE

SOCIALIST REPUBLIC OF VIET NAM

FOR

AGRICULTURE SECTOR DEVELOPMENT SUPPORT

May 2003

CURRENCY EQUIVALENTS

(as of 28 February 2003)

Currency Unit	–	dong (D)
D1,000	=	\$0.0648
\$1.00	=	D15,436

ABBREVIATIONS

ADB	–	Asian Development Bank
ASDP	–	Agriculture Sector Development Program
ICARD	–	Information Center for Agriculture and Rural Development
MARD	–	Ministry of Agriculture and Rural Development
NEC	–	National Extension Center
SMEs	–	small- and medium-sized enterprises
TA	–	technical assistance
VBARD	–	Vietnam Bank for Agriculture and Rural Development

NOTES

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

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I. INTRODUCTION

1. During the 2002 Country Programming Mission, the Government confirmed its request to the Asian Development Bank (ADB) for technical assistance (TA) for Agriculture Sector Development Support.¹ The TA Fact-Finding Mission visited Viet Nam in June 2002 and held discussions with stakeholders, including officials of relevant government and aid agencies, nongovernment organizations, and potential beneficiaries. The Mission reached an understanding with the Government on the objectives, scope, cost estimates, financing plan, implementation arrangements, and terms of reference for consulting services. The TA is in line with ADB's Country Strategy and Program for Viet Nam. It is included in ADB's 2003 TA program for Viet Nam.

II. ISSUES

2. Sustainable growth of the agriculture sector is a prerequisite for economic growth and poverty reduction in Viet Nam. The sector plays a dominant role in the country's economy, since it accounts for about 24% of gross domestic product, 70% of employment, and 23% of export value. Although these shares will decline over the coming years, as they have done over the past decade, agriculture will remain at the core of the Vietnamese economy for the next decade. The agriculture sector in Viet Nam has grown rapidly by any measure. During 1990-2000, the value of agricultural output grew by an average of 4.2% per annum, considerably higher than the average for other Asian countries except the People's Republic of China. From a net importer of rice in the late 1980s, Viet Nam has become the second largest rice exporter in the world. Viet Nam also exports large quantities of coffee, rubber, tea, black pepper, groundnut, and cashew. The value of agricultural exports grew at over 13% per year from 1990 to 1998.

3. Despite the progress made in agricultural production and export growth, and in liberalizing commodity, land, and credit markets in recent years, rural poverty remains high (estimated at 45%), and the role of the private sector in marketing remains small. Growth in the past was the result of (i) reliance on higher input use (labor, land, fertilizer, tractors, and irrigation); (ii) policy reforms in land, markets, and trade; and (iii) high public investment, mainly in the forms of irrigation and roads. It is unlikely, however, that this strategy will be able to sustain growth in the future because (i) the potential for expansion of the rural labor force and land under cultivation is limited; (ii) new investment in irrigation exhibits decreasing marginal returns, as the stock of irrigation capital is already very high and requires increased operation and maintenance expenditure rather than new expansion; and (iii) rice export revenues are declining. Future agricultural growth will have to come from the increasing demand for high-value and value-added products. This will require a new policy environment with greater diversification of crops and value addition through processing, and shifting the focus from production volume to value. Policy reforms that promote competition, diversification, and more effective use of science and technology are required. Some of the major factors contributing to low agricultural diversification include (i) low investment in and poor effectiveness of research and extension, (ii) limited access to high quality genetic material, and (iii) limited access to financial services and market information.

4. Recently, the Ministry of Agriculture and Rural Development (MARD) has approved a strategy for a 10-year development plan in the agriculture and rural development sector (2001-2010). The strategy aims at achieving a sustainable, highly efficient, diversified, and internationally competitive agriculture sector. It involves a vigorous push to diversify agricultural

¹ The TA first appeared in *ADB Business Opportunities* (Internet Version) in July 2002.

production based on the comparative advantages of different regions involving the participation of all sectors, including the state, cooperatives, households, and the private sector. It will make use of new and high technologies. Under the plan, a key role is assigned to scientific research, the application of new technology in rural development, and promotion of small- and medium-sized enterprises (SMEs) in the agroindustry subsector.

5. Under the ADB-funded Agriculture Sector Development Program (ASDP),² the Government has agreed to carry out policy and institutional reforms in the agriculture sector in line with its new strategy in the agriculture and rural development sector. The reforms include (i) streamlining, consolidating, restructuring, and strengthening of agricultural research institutes and centers under MARD; (ii) reorienting, restructuring, and strengthening of agricultural extension in the public sector; (iii) promotion of agroindustry development through institutional and policy reforms in the Vietnam Bank for Agriculture and Rural Development (VBARD), and provision of credit to SMEs in the agroindustry sector; (iv) provision of agricultural market information and forecasting to farmers, SMEs, market agents, and policy makers; and (v) phase-out of hybrid seed subsidies.

6. Agricultural research is characterized by fragmentation of effort. Research institutes, centers, and universities are concentrated in the Red River and Mekong River deltas, with insufficient representation in other agroecological zones. There is poor coordination among research institutions, weak linkages with extension, a shortage of sufficiently qualified researchers and extension agents, poorly maintained research infrastructure and equipment, and insufficient involvement of stakeholders. Research institutions have not yet reacted flexibly to market needs. Current government policy has not provided enough incentives to researchers, and they have major financing needs. The importance of research is mentioned in several places in the MARD Master Plan for Agricultural Research in Viet Nam,³ and examples of success and failure are cited in the appendix. The elements that are important to success include careful allocation of funds and regular impartial review of results. This subject is especially important when a wide range of institutions are to be brought together to work towards a common goal while retaining a high degree of autonomy and independence.

7. The Government has requested TA to help MARD and VBARD in strengthening their capacity to carry out policy and institutional reforms under the ASDP. Although the Government has had considerable experience in implementing policy and institutional reforms under the completed Agriculture Sector Program,⁴ there are a number of reasons why a significant additional input of expertise in the structure of national research systems is needed at this time. Foremost are the sweeping structural changes proposed. Options include phasing out a number of existing institutions, adding several new ones, converting existing institutions into regional centers to deal with farming systems of different agroclimatic zones, and defining functions and responsibilities of each of the institutes and centers. At the same time, there is a need to prioritize agricultural research, establish performance-based evaluation procedures for research staff, and develop appropriate systems of governance that will permit considerable autonomy to the institutes, yet assure that all work to realize national goals. Changes in extension are less sweeping but include developing strategies and priorities in extension; strengthening linkages with agricultural research; redirecting training of staff towards participatory methodology;

² ADB. 2002. *Report and Recommendation of the President to the Board of Directors on Proposed Loans to Viet Nam for Agricultural Sector Development Program*. Manila.

³ United Nations Development Program/Food and Agriculture Organization. 2001. *Master Plan for Agricultural Research in Vietnam*. Hanoi.

⁴ ADB 1998. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Viet Nam for Agriculture Sector Program*. Manila.

marketing and postharvest activities; and extending and expanding extension services to include all communes, which will require doubling the size of the extension staff. Promotion of agroindustry SMEs will include measures to develop and expand MARD's market information system and VBARD's loan program for SMEs. The scope and magnitude of the subjects to be dealt with under the ASDP is such that the TA requested by MARD and VBARD could be critical to success.

III. THE TECHNICAL ASSISTANCE

A. Purpose and Output

8. The goals of the TA are to increase agricultural productivity and competitiveness. The immediate purpose is to increase the capacity of MARD and VBARD to implement, sequence, and monitor policy reform actions under the ASDP (see TA Framework in Appendix 1).

9. The outputs of the TA include the following:

- (i) **Strengthening of agricultural research.** The TA will increase the capacity of MARD to streamline, consolidate, restructure, and strengthen the existing agricultural research institutes and centers as outlined in the ASDP. This will include defining functions and responsibilities of the research institutes according to the second-tranche requirements, establishing standards and performance-based evaluation procedures for institute staff, and prioritizing agricultural research. Specifically, the consultants will produce a draft plan for the restructuring of agricultural research, based on lessons learned from successful research restructuring in other countries, that prioritizes research using more adaptive, on-farm, and participatory methods. A draft staff training plan will also be prepared.
- (ii) **Strengthening of agricultural extension.** The TA will increase the capacity of MARD to reorient, restructure, and strengthen the extension system at the central, provincial, district, and commune levels through institutional and policy reforms. They will help MARD (i) develop extension strategies and priorities; (ii) develop procedures to strengthen links between research and extension; (iii) redirect training as regards methodology, marketing, and postharvest activities; and (iv) expand provision of extension services at the district and commune levels, as included in the second-tranche provisions. Specifically, the consultants will produce a draft plan to restructure agricultural extension that adopts participatory and group-based approaches to benefit farmers, SMEs, and other clients more effectively.
- (iii) **Strengthening of agricultural market information.** The TA will increase the capacities of MARD to provide agricultural market information and forecasting to farmers, SMEs, market agents, traders, and policy makers.
- (iv) **Strengthening VBARD's credit delivery to agroindustry SMEs.** The TA will increase the capacity of VBARD to lend to private sector agroindustry SMEs. The consultants will work with ongoing projects that provide technical support to SMEs in Viet Nam, including (a) the ADB-financed Rural Enterprise Finance

Project,⁵ which includes a rural business center support component; (b) the World Bank-supported Second Rural Credit Project; and (c) the German Technical Agency-supported Promotion of Investment for SMEs.

- (v) **Program planning and coordination.** The TA will assist MARD and VBARD to monitor and coordinate the implementation of the first-tranche conditions of ASDP and complete the second-tranche conditions in close coordination with the Program and Project Directors for the program or policy loan and the project investment loan of the ASDP.

B. Methodology and Key Activities

10. The activities under the TA will be focused on (i) assisting MARD to successfully implement the policy reform measures specified in the agreements for the ASDP, with a focus on the second-tranche conditions; and (ii) assisting VBARD to implement its policy to increase the provision of financial services to private sector agro-industry SMEs. Regarding agricultural research, the TA consultants will (i) prepare a draft plan for further restructuring of research; (ii) assist MARD in identifying research priorities for the next 5 and 10 years, phase out commercial activities, and increase the autonomy of research institutes and centers; and (iii) assist MARD in preparing a human resource plan and research budget for 2004. In the area of agricultural extension, the TA will assist MARD and the provincial governments in (i) establishing provincial extension advisory councils; and (ii) restructuring extension to adopt a group-based and participatory methodology, expanding services to new communes, and improving the targeting of women and ethnic minorities.

11. Important activities to promote market information include assisting MARD to establish agricultural price and market information systems in at least 10 provinces. The TA will help MARD and the provincial governments phase out hybrid rice seed subsidies for commercial sale in the market. MARD will also be assisted in (i) planning, coordinating, and monitoring policy reform measures; (ii) identifying implementation problems; and (iii) proposing solutions.

12. VBARD will be assisted in (i) expanding its lending and other financial services to agro-industry SMEs, analyzing loan applications, and assessing projects and business plans; and (ii) monitoring and evaluating lending and loan recovery operations for SMEs.

C. Cost and Financing

13. The total cost of the TA is estimated at \$750,000 equivalent, comprising \$430,000 in foreign exchange and \$320,000 equivalent in local currency costs (Appendix 2). The Government has requested ADB to finance \$600,000 equivalent, including the entire foreign exchange cost and \$170,000 equivalent of the local currency costs. The TA will be financed on a grant basis from the Government of Denmark. The Government of Viet Nam will finance the balance of \$150,000 equivalent in local currency costs to cover staff salaries, office accommodation, and local transport.

⁵ ADB. 2000. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Viet Nam for the Rural Enterprise Finance Project*. Manila.

D. Implementation Arrangements

14. There will be two Executing Agencies for the TA: (i) MARD for the outputs relating to agricultural research, extension, market information, and program planning; and (ii) VBARD for the output relating to agroindustry SMEs. MARD will coordinate with the Ministry of Finance, the Ministry of Planning and Investment, and the State Bank of Vietnam on the implementation of the TA. The existing Program Implementation Unit in MARD and the Project Implementation Unit in VBARD created under the ASDP will be responsible for day-to-day implementation of the TA. These implementation units will submit quarterly reports to ADB, MARD, and VBARD on the progress and issues relating to TA implementation.

15. The TA will be implemented over a period of about 12 months commencing in June 2003, with completion expected in June 2004. It will be implemented in two packages: (i) support for policy advice, agricultural research and extension, market information, and training; and (ii) agribusiness credit support. The consulting services for the first package will comprise 14 person-months of international and 19 person-months of domestic consultants. The consulting services for the second package (2 person-months international and 7 person-months domestic) will be selected through individual recruitment. The estimated cost of the first package is \$528,000, and of the second package, \$72,000. Consultant selection will be in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements on the engagement of domestic consultants satisfactory to ADB. The terms of reference are provided in Appendix 3.

16. All equipment will be procured in accordance with ADB's *Guidelines for Procurement*. It is planned that a study tour will be conducted to allow key Government staff to observe successful implementation of agricultural research restructuring in a nearby country. The following reports will be produced by the consultants for the first package: (i) an inception report by the end of the first month, (ii) an interim progress report 3 months after the submission of the inception report, (iii) a draft final report by the end of the 8th month, and (iv) a final report upon completion of the TA. The consultants for the second package will produce individual reports 1 month after starting work and at the end of their assignments. ADB will set up a TA project team (including staff of the Viet Nam Resident Mission) to support and monitor the implementation of the TA. The ADB project team will monitor TA progress through review missions.

IV. THE PRESIDENT'S DECISION

17. The President, acting under the authority delegated by the Board, has approved ADB administering technical assistance to the Government of Viet Nam in an amount not exceeding the equivalent of \$600,000 to be financed by the Government of Denmark on a grant basis for Agriculture Sector Development Support, and hereby reports this action to the Board.

TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Performance Targets	Monitoring Mechanism	Assumptions and Risks
Goals/Sector Impacts			
<p>Increased agricultural productivity and profitability</p> <p>Increased competitiveness</p>	<ul style="list-style-type: none"> Contribute, through technology advances, to the Government's annual sector growth rate of 4.5%. Contribute to the Government's poverty reduction target (45% to 27% by 2007) through technology transfers relevant to poor farm households. Contribute to the Government's rural employment increase target of 20% by 2010. 	<ul style="list-style-type: none"> Program monitoring system at MARD Program completion report Progress reports ADB review missions 	<ul style="list-style-type: none"> Effective implementation of policy and institutional reforms under complementary programs and projects Improved access to essential agricultural inputs Adequate provision of rural infrastructure Legal and institutional framework favorable to private sector's participation in place
Purposes/Objectives			
<p>Increase the capacity of MARD and VBARD to implement, sequence, and monitor policy reform actions under the ASDP.</p>	<ul style="list-style-type: none"> Achievement by MARD and VBARD of second-tranche conditions under the ASDP. 	<ul style="list-style-type: none"> Program monitoring system at MARD TA completion report ADB review missions 	<ul style="list-style-type: none"> Performance of the consultants is satisfactory. Recommendations of the consultants are well received by MARD and VBARD.
Outputs/Components			
<p>1. Strengthening of Agricultural Research</p> <p>Streamline, consolidate, restructure, and strengthen MARD research institutes and centers, focusing on important agricultural problems in food crops, perennial and cash crops, livestock, postharvest technology and agricultural engineering, soil and water resources, forestry, and agricultural policy.</p>	<p>Performance Targets</p> <ul style="list-style-type: none"> Define functions and responsibilities of each of the research institutes and centers. Consolidate, restructure, and/or merge institutes and centers according to second-tranche requirements. Establish standards and performance-based evaluation procedures for research institute and center staff. Prioritize agricultural research. 	<p>Monitoring Mechanism</p> <ul style="list-style-type: none"> Program monitoring system at MARD Progress reports ADB review missions Consultants' reports 	<p>Assumptions and Risks</p> <ul style="list-style-type: none"> Government commitment to carry out policy and institutional reforms Willingness of staff to accept the proposed reorganization and restructuring Recommendations contained in the Master Plan for Agricultural Research are used as a basis for reorganization
<p>2. Strengthening of Agricultural Extension</p> <p>Reorient, restructure, and strengthen agricultural extension at the central, provincial, district, and commune levels.</p>	<ul style="list-style-type: none"> Develop extension strategies and priorities. Develop procedures to strengthen links between research and extension. Redirect training of extension 	<ul style="list-style-type: none"> Program monitoring system at MARD Progress reports 	<ul style="list-style-type: none"> Acceptance of provincial governments to involve all stakeholders in the preparation of

<p>3. Strengthening of Agricultural Market Information</p> <p>Establish and strengthen an agricultural market information system that is linked to the provinces and districts, with market information and market demand and risk analysis.</p> <p>4. Strengthening VBARD's Credit Delivery to Agroindustry SMEs</p> <p>Establish procedures for evaluation and approval of subloans to SMEs taking into account environmental impact as well as economic viability.</p> <p>5. Program Planning and Coordination</p> <p>Strengthen MARD's program implementation unit for the ASDP.</p>	<p>staff towards participatory methodology, marketing, and postharvest activities.</p> <ul style="list-style-type: none"> • Expand the provision of extension services at the district and commune levels. • Help MARD establish an agricultural market information system in at least 10 provinces and 50 districts. • Help VBARD develop procedures to supply credit to SMEs. • Help MARD successfully implement the ASDP and complete the second-tranche conditions on time. 	<ul style="list-style-type: none"> • ADB review missions • Consultants' reports • Program monitoring system at MARD • Progress reports • ADB review missions • Consultants' reports • Program monitoring systems at MARD and VBARD • Progress reports • ADB review missions • Consultants' reports • Program monitoring system at MARD • Progress reports • ADB review missions • Consultants' reports 	<p>extension programs and related activities</p> <ul style="list-style-type: none"> • Government's strong commitment to carry out policy and institutional reforms in agricultural extension • The models developed by MARD can be replicated to other parts of the country. • Transparent negotiations of interest rates take place between VBARD and SMEs. • Consultants will be able to effectively work with MARD counterparts and be supplied with office space and other MARD support.
<p>Activities/Inputs</p> <p>1. Agricultural Research</p>	<ul style="list-style-type: none"> • Prepare a draft plan for further restructuring research. • Assist MARD in prioritizing research, phasing out commercial activities, and 	<ul style="list-style-type: none"> • Program monitoring systems at MARD and VBARD 	

	<p>increasing autonomy of institutes.</p> <ul style="list-style-type: none"> • Assist MARD in preparing a human resource development plan. 	<ul style="list-style-type: none"> • Progress reports • ADB review missions • Consultants' reports 	
2. Agricultural Extension	<ul style="list-style-type: none"> • Assist in establishing provincial extension advisory councils. • Assist MARD in restructuring extension, expanding to new communes, and improving targeting of women and ethnic minorities. 		
3. Agricultural Market Information	<ul style="list-style-type: none"> • Assist in establishing information systems in at least 10 provinces. • Assist MARD in phasing out hybrid rice seed subsidies. 		
4. Agroindustry SMEs	<ul style="list-style-type: none"> • Assist VBARD in expanding its financial services to private SMEs. • Assist VBARD in monitoring and evaluating lending and recovery operations for SMEs. 		
5. Program Planning and Coordination	<ul style="list-style-type: none"> • Assist MARD in planning, coordinating, and monitoring policy reform measures; identify problems; and propose solutions . 		

ADB=Asian Development Bank, ASDP=Agriculture Sector Development Program, MARD=Ministry of Agriculture and Rural Development, SMEs=small- and medium-sized enterprises, VBARD=Vietnam Bank for Agriculture and Rural Development.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank Financing^a			
1. Consultants			
a. Remuneration and Per Diem	320	65	385
b. International Travel	20	0	20
c. Local Travel	0	30	30
2. Office Equipment (computer, printers, etc.)	10	15	25
3. Reports, Translation, and Administration Costs	0	15	15
4. Study Tour, Training, and Workshops	15	20	35
5. Government Representative for Contract Negotiations	5	0	5
6. Contingencies	60	25	85
Subtotal (A)	430	170	600
B. Government Financing			
1. Salaries and Per Diem of Counterpart Staff	0	60	60
2. Office Accommodation and Transport	0	60	60
3. Utilities	0	30	30
Subtotal (B)	0	150	150
Total	430	320	750

^a Financed by the Government of Denmark.
Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. The terms of reference for each of the consulting team members are summarized in Table A3.

**Table A3: Consulting Services Inputs
(person-months)**

Consultant	International	Domestic	Total
Senior Policy Advisor/Team Leader	7	-	7
Agricultural Research Management Specialists	5	5	10
Agricultural Extension Specialist	-	6	6
Agricultural Marketing Specialist	-	5	5
Training Specialists	2	3	5
Agribusiness Credit Specialists	2	7	9
Total	16	26	42

A. Senior Policy Advisor/Team Leader (international, 7 person-months)

2. The senior policy advisor should be an agricultural economist and recognized as a policy expert with demonstrated experience in the formulation and implementation of agricultural policies. He/she should be familiar with Viet Nam's agriculture sector and its potential and problems. The advisor will

- (i) plan, monitor, and coordinate TA implementation, in close coordination with the program directors for the policy loan and the investment loan;
- (ii) liaise among the Government, the Executing Agencies (the Ministry of Agriculture and Rural Development [MARD] and the Vietnam Bank for Agriculture and Rural Development, [VBARD]), the Asian Development Bank (ADB), and the implementing agencies;
- (iii) bring to the attention of the Government, the Executing Agencies, and ADB any issue that needs to be addressed immediately to facilitate TA implementation;
- (iv) prepare a work plan, quarterly progress reports, and the final report;
- (v) supervise and coordinate the work of the other consultants in the team to ensure that they will be able to assist MARD in the implementation and monitoring of the policy reforms;
- (vi) maintain consistency of TA outputs with the TA's objectives; and
- (vii) sequence TA outputs to ensure the Government's compliance with the second-tranche conditions of the Agricultural Sector Development Program.

B. Agricultural Research Management Specialists (international, 5 person-months; domestic, 5 person-months)

3. The agricultural research management specialists should have advanced degrees in an agricultural science with extensive experience in agricultural research management and organization and familiarity with the agricultural research system in Viet Nam. The specialists will

- (i) review and assess the available documents related to the agricultural research system in Viet Nam, including the Master Plan for Agricultural Research prepared by the Food and Agriculture Organization;
- (ii) assist MARD in the implementation of the approved plan to reorganize, consolidate, and restructure the existing agricultural research institutes with a view to avoiding duplication of effort, increasing efficiency, and improving coordination in the agricultural research system; prepare recommendations on how to deal with staff who have to be transferred or terminated from their current positions;
- (iii) assist MARD in orienting the priority of agricultural research toward more adaptive on-farm research, which should be undertaken in a participatory manner involving extension staff and farmers; and prepare a draft plan for further restructuring of research;
- (iv) assist MARD in phasing out the commercial activities of the agricultural research institutes, particularly in the sale of certified seed, so as to enable them to focus on core research responsibilities;
- (v) assist the Ministry of Science and Technology and MARD in the implementation of the competitive grants system to ensure that at least 10 competitive grants are issued annually to research institutes on the basis of the agreed upon criteria;
- (vi) assist MARD in granting increased autonomy to the research institutes in their operations in accordance with Decree no. 10 dated 16 February 2002 and the approved circular; prepare recommendations on how to ensure that the research institutes can operate successfully as autonomous organizations;
- (vii) assist MARD in developing a system of governance that will permit a high degree of autonomy and independence of centers within the system but assure that the centers remain responsive to natural goals and priorities;
- (viii) assist MARD in preparing a human development plan for strengthening agricultural research over the next 5-10 years, focusing on postgraduate and skills training to upgrade the capacity of the existing scientists to undertake high quality research and in new research areas such as biotechnology, marketing, processing, and natural resource management;
- (ix) assist MARD in implementing the approved plan to evaluate the performance of the research scientists in accordance with the standards based on motivation, initiative, research quality, and results; and
- (x) assist MARD in preparing a budget for agricultural research that will increase its allocation in 2004 and 2005.

C. Agricultural Extension Specialist (domestic, 6 person-months)

4. The agricultural extension specialist should have a postgraduate degree in agricultural science with long experience and expertise in agricultural extension and familiarity with the problems and potential of the agricultural extension system in Viet Nam. The specialist will

- (i) review and assess the current status of the agricultural extension system in Viet Nam with a view to identifying constraints and problems in agricultural systems;
- (ii) assist MARD in the establishment of provincial extension advisory councils in at least 20 of the 61 provinces; membership in the councils should comprise representatives of farmers' associations, women's unions, cooperatives, local research institutes, nongovernment organizations, and private sector input suppliers;

- (iii) assist MARD and the provincial governments in preparing a joint plan to: (a) develop extension strategies and priorities, outputs, activities, monitoring indicators, and costs; (b) prepare a mechanism on how to strengthen linkages between research and extension; (c) redirect training of extension staff towards a new set of skills including participatory extension methodology, marketing, postharvest activities, and rural finance; (d) institutionalize the participatory approach in extension services in which farmers will increasingly participate in the planning, implementation, monitoring, and evaluation of extension services; (e) expand the provision of extension services at the district and commune levels, particularly in poor provinces, by hiring additional 5,000 extension staff to fill vacancies at the commune level; (f) increase funding levels for undertaking training of extension staff and farmers; and (g) improve the targeting of the poor female and ethnic groups through increasing the number of female and ethnic minority staff at least 10% over a period of 30 months;
- (iv) assist MARD in the creation of multiple extension services providers in at least five provinces;
- (v) assist MARD in preparing and issuing a regulation/circular to reorganize the Department of Agriculture and Forestry Extension into the National Extension Center (NEC) and to transfer its regulatory function to the Legislation or Policy Department of MARD so that the responsibility of NEC will be confined only to agricultural extension; and
- (vi) assist MARD in preparing a budget for agricultural extension that will increase its allocation in 2004 and 2005.

D. Agricultural Marketing Specialist (domestic, 5 person-months)

5. The agricultural marketing specialist should have a degree in agricultural economics with excellent skills in information technology and long experience in agricultural marketing in Viet Nam. The specialist will

- (i) assist MARD and provincial governments in the establishment of an agricultural market information system in at least 10 provinces and 50 districts through the setting up of a computer network linking the national level office with the computers located at the provincial, district, and commune levels, following the models that have been tested by the Information Center for Agriculture and Rural Development (ICARD) in the past 3 years;
- (ii) advise ICARD on how to collect and evaluate data on market information and market demand and risk analysis;
- (iii) advise ICARD on how to present the outputs of the agricultural market information system to different clients, such as farmers, traders, and businesspeople with a view to recovering part or all the costs of investment, operation, and maintenance of the system; and
- (iv) assist MARD in the removal of subsidies on the production and sale of hybrid rice and hybrid maize seed.

E. Training Specialists (international, 2 person-months; domestic, 3 person-months)

6. The training specialists will have a degree either in agricultural science or economics. They should have wide experience in the organization, management, and implementation of training programs for both trainers and trainees. The specialists will

- (i) work closely with the other team members (particularly with the agricultural extension and agricultural research specialists), develop human resource development plans for research institutes and extension departments over the next 5-10 years, indicating the number of staff to be trained, type of training, location and duration of training, cost estimates, and implementation schedule and arrangements;
- (ii) develop training manuals that will be used for training of trainers and trainees; and
- (iii) assist MARD in implementing the human resource development plans.

F. Agribusiness Credit Specialists (international, 2 person-months; domestic, 7 person-months)

7. The agribusiness credit specialists should have a degree in finance with long experience in agricultural credit and development of small- and medium-sized enterprises (SMEs), preferably in Viet Nam. The specialists will

- (i) assess the credit appraisal system for SMEs, including the loan processing activities of VBARD, and recommend measures to improve VBARD's appraisal techniques and methodology;
- (ii) assist VBARD in conducting and analyzing the results of a baseline stratified sample of agroindustry SMEs, and assist with establishing a project performance management system that will include a database of SME borrowers and savers, and a record of performance and recovery of SME subloans;
- (iii) assess the problems and constraints in the development of agroindustry SMEs in Viet Nam; recommend how these constraints can be overcome, particularly through an improvement in the delivery of credit by VBARD;
- (iv) assist VBARD in obtaining reimbursement for the losses incurred by it on account of loans made to state-owned enterprises and priority sectors at the directive of the Government; and
- (v) monitor the use of the proceeds of the Agriculture Sector Development Program to ensure that it is targeted only at privately-owned SMEs in the agroindustry subsector.