

Sustainability of rural development projects

Best practices and lessons learned
by IFAD in Asia

VIET NAM CASE STUDY

Asia and the Pacific Division



Enabling poor rural people to overcome poverty

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Decentralized Programme for Rural Poverty Reduction
in Ha Giang and Quang Binh Provinces

by

TANGO International

This case study was carried out as part of a larger review on "Sustainability of rural development projects. Best practices and lessons learned by IFAD in Asia", published as the eighth occasional paper produced by the Asia and the Pacific Division, IFAD



Enabling poor rural people to overcome poverty

Acronyms

ARRI	Annual Report on Results and Impact of IFAD Operations
COSOP	Country Strategic Opportunities Programme
CSG	Community Savings Groups
DBRPP	Developing Business with the Rural Poor Programme
DPRPR	Decentralized Programme for Rural Poverty Reduction
FGD	Focus Group Discussion
GTZ	Gesellschaft für Technische Zusammenarbeit (German Technical Cooperation)
ICRAF	the World Agroforestry Centre
LDF	Local Development Fund
M&E	Monitoring and Evaluation
MOLISA	Ministry of Labor, Invalids, and Social Affairs
NGO	non-governmental organization
PM&E	Participatory Monitoring and Evaluation
PRA	Participatory Rural Appraisal
RIMS	Results and Impact Management System
SCG	Savings and Credit Group
SCOPE	Strengthening Capacities of Organizations of the Poor – Experiences in Asia
SMB	Self-Managing Boards
TANGO	Technical Assistance to Non-Governmental Organizations, Inc.
VDP	Village Development Plan
VMG	Village Management Group

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Executive Summary

To provide clearer guidance to the Asia and the Pacific Division of IFAD on sustainability, a consultancy was commissioned to TANGO International to design a framework and supporting programmes that will more systematically enhance the agency's approach to ensuring the sustainable benefits of IFAD-funded interventions.

Following a desk review, case studies were carried out in selected countries in Asia and the Pacific. This document represents the summary of findings from the case study carried out in Viet Nam. It is not an evaluation of projects, but rather an examination of issues that are critical to promoting sustainability. The two projects that are part of this case study are both under the Decentralized Programme for Rural Poverty Reduction (DPRPR). One is located in Ha Giang and the other in Quang Binh province. Both were designed before the different dimensions of sustainability were considered by IFAD, and so should not be evaluated against such criteria.

The primary goal of the 6-year DPRPR in Quang Binh and Ha Giang provinces is to improve the socioeconomic status of the poorest households through the use of highly decentralized community-driven development approaches. Projects emphasize institutional sustainability and sustained income streams.

Design Elements and Their Relationship to Sustainability

The DPRPR was designed as a community-led development project that has taken on another dimension by incorporating the decentralization process. While the mid-term review encourages the DPRPR to become a more market-led approach, the different contexts of the provinces should be carefully considered. Quang Binh has the infrastructure and capacity in place to do this. In contrast, Ha Giang has limited development and vast ethnic and linguistic differences.

The DPRPR design promotes community involvement through the use of a 'menu' of intervention options and a government designed template for Village Development Plans (VDPs). Participant priorities that are outside the project categories may not get addressed using pre-determined sets of intervention options. This has implications for ownership of the interventions, which is key to sustainable impact.

In terms of reaching the structural poor, there is room for improvement in beneficiary targeting efforts in both provinces. Existing targeting methods could be enhanced to reach women and the poorest households.

Project Participation and Capacity Building

Participation, a critical indicator for sustainability, is quite likely affected by delayed capacity building at the village level in both provinces. Currently in Ha Giang, considerable capacity building resources are being spent on training that is not needs-based, and therefore not used effectively by either service providers or participants. Most of the project resources used for capacity building in Quang Binh are aimed at strengthening provincial and district government institutions rather than strengthening capacities at the commune and village level.

The projects in both locations have done a very good job of identifying potential institutions to work with in their respective areas; however, in order for production support activities to be sustainable, the selection of demonstrations needs to be consistent with local context and based on the potential for replication. Demonstrations currently being promoted may not be appropriate for the poorer households and often do not address expressed priorities.

Infrastructure development is constrained by the need for coordination with other government projects. Similarly, the development of financial services has been hindered by a need to collaborate with local banking institutions.

Risk Management

Project design in Ha Giang and Quang Binh have yet to adequately incorporate a risk management focus. Given the number of severe climatic events that have recently impacted communities, a risk management orientation will be key to protecting household and community assets against future shocks. Project capacity building efforts could advance livelihood sustainability by empowering households and communities to manage risk more effectively.

Environmental Issues

Government restrictions, slow capacity development of local partner institutions, and overlap of implementation by other agencies have challenged the environmental component of both projects. IFAD has responded by scaling back environmental activities in Ha Giang and Quang Binh, a strategy that is not consistent with the direction being promoted in the new Country Strategic Opportunities Programme (COSOP) for Viet Nam. To effectively address environmental sustainability more consideration should be given to how to engage communities more effectively in natural resource management.

Exit Strategy

The goal of an exit strategy is to assure the sustainability of the programme impacts and activities following the withdrawal of externally provided resources. In an exit strategy, each component of the project specifies how the activities being promoted will be sustained after the project ends. Neither Ha Giang or Quang Binh has articulated an exit strategy in the appraisal document or any documents since the beginning of implementation.

Monitoring and Evaluation

Both projects have made initial efforts to streamline data collection which has helped to unburden Monitoring and Evaluation (M&E) systems. IFAD should continue the process of making M&E more efficient and encourage its use as a project management tool. Currently the opportunities for knowledge and learning are reduced by the focus placed on outputs rather than outcomes or impact. Sustainability indicators have not been identified for the various components, and so are not being tracked.

Key Recommendations

1. The development model guiding the path to sustainability should be responsive to the operating environment.

A market-led approach seems to be suited to Quang Binh province because it has the infrastructure and services available to make it work. The community-led development model, as envisioned in the original design, may be more appropriate to Ha Giang until the necessary infrastructure is put in place. Some value chain activities should be piloted in Ha Giang but it will probably not be possible to scale up to the extent that it can be done in Quang Binh.

2. Promote household resilience by incorporating a risk management approach.

A risk management lens should be used to screen any demonstration that is being promoted as part of productive support activities. Projects should also concentrate on building the capacity of farmers to manage more effectively the local risks that they are exposed to (e.g. cold spells in Ha Giang and typhoons and floods in Quang Binh). Risk management components also need to be integrated into the savings and credit activities so that insurance mechanisms are in place in the event that a major shock overwhelms the community and people are unable to pay back their loans. Similarly, livestock and crop insurance should be evaluated on a pilot basis.

In order to help farmers manage local risks better, the project should facilitate the development of community-based risk management strategies that identify: 1) what kinds of risk management capacity need to be in place at the household and community level to deal with idiosyncratic risk (improved animal stalls and feeding practices, flood protection structures); 2) what kinds of safety nets (crop insurance, livestock insurance) need to be available at the commune and district level in case local capacity to manage risk becomes overwhelmed; and 3) what kinds of social protection mechanisms need to be in place at the provincial level in case the lower levels are not able to respond to a shock (productive safety nets to rebuild assets). This requires training the commune-level staff in charge of production support to enable them to work directly with communities on risk management strategies. This could be done at the same time as the Participatory Monitoring and Evaluation (PM&E) activities.

3. Link project components to enable project synergy and ensure efficient and effective use of project resources.

There should be geographic and functional synergy between where the infrastructure is constructed, where demonstrations are carried out, where Community Savings Groups (CSGs) are organized, and where training is provided. For individual households seeking credit, loan approval should be contingent upon the adoption of improved practices being promoted through the demonstrations. Similarly, in places where a value chain approach is being promoted, the market infrastructure should be developed in the same location where improved varieties will be grown and sold. This will produce a multiplier effect and will more likely lead to sustainable income improvements.

4. Improve Targeting of Ethnic Minorities and Women

Marginalized ethnic minorities and women have not been benefiting from project activities to the extent possible due to language, literacy and cultural barriers. It is recommended that the projects place a greater emphasis on: 1) recruiting staff from the ethnic minorities it is working with to ensure good communication and cultural understanding; 2) design project interventions with a gender lens so that it can be determined how women can best participate; and 3) incorporate literacy and numeracy training into savings activities, especially for women. Finally, it is recommended that in Ha Giang, the project develop a behavioural change strategy focused on ethnic minorities with special emphasis on women.

5. Incorporate Participatory Monitoring and Evaluation into both projects to ensure participant ownership.

Although participatory rural appraisal (PRA) approaches are being used for targeting and to encourage participation in village development plans, the application can be improved. The current approach is not capturing all of the poor. A PM&E approach will promote greater participant ownership in the Village Development Plans (VDPs), as the tools and exercises that people go through enable them to voice their priorities regarding interventions. The rollout of a PM&E system will help change the present system to a more participatory one, as people are more likely to be invested in the project if they are able to choose interventions, develop their own approach for participation, and decide how they will measure success. Such an approach will likely capture a greater cross-section of the village in wealth ranking exercises, and will enable the project to determine if people are benefiting equitably from the project activities. A streamlined version of the PM&E approach should be rolled out in both projects. To make a streamlined approach work, the projects need to work with local organizations that have experience with this approach. This could possibly be done through a training of trainers approach that would use NGO staff to train commune staff to do PM&E on a yearly basis with villagers to track changes to feed into the annual progress reports. This will necessitate additional capacity building of M&E staff, particularly at the commune level. Given their workload now, this may require reducing some of the monitoring tools currently being used.

6. Continue to invest in environmental activities to support sustainable resource management in both projects.

In the original project design, the environmental component is integral to the sustainability of the ecosystems in the highland areas of both provinces. The components supporting natural resource management capacity building may need redesign but should be left in the project. The programme should invest in forest conservation, promote agroforestry, support the registration and allocation of forest land use rights to communities, and pay communities for environmental services (piloting carbon sequestration). Proper incentive structures that enable upland communities to benefit from natural resource management activities are critical to the success of these interventions. In order to be sustainable, the environmental activities must align with government policies, build the capacity of government agencies, engage the private sector to generate employment and provide services, and address social equity by targeting the poor upland areas where the ethnic minorities reside.

In Quang Binh, this may mean using resources in a way that complements the German Technical Cooperation (GTZ) project, but at the same time ensuring that the community-led components of the DPRPR are not lost. In Ha Giang, a new partnership with Thai Nguyen Agro-forestry University presents an opportunity to rethink the best ways to work with communities on agroforestry.

7. Greater resources need to be focused on supporting institutional sustainability of lower level institutions.

In both projects, more capacity building resources need to be spent at the commune and village level to establish functioning institutions that can promote community-led development. The projects should also advocate for increased incentives at the commune level to help retain government staff. In order for the CSGs to be sustainable, they need to be formally linked to the Viet Nam Bank for Social Policies (VBSP); furthermore, in Ha Giang, literacy and numeracy training for participants have to be part of the capacity building package.

I. Introduction

A. Purpose of Study

IFAD has long been concerned with sustaining the impact of its programming. While sustainability has been on IFAD's agenda for some time, there remain significant obstacles to designing and implementing sustainable projects. In an effort to move towards more sustainable programming, IFAD has sought clearer structure and guidance to enhance the effectiveness of their development efforts.

To provide clearer guidance to the Asia and the Pacific Division of IFAD on sustainability, a consultancy was commissioned to TANGO International to design a framework and supporting programmes that will more systematically enhance IFAD's approach to ensuring the sustainable benefits of IFAD-funded interventions. The detailed objectives of this consultancy include: assessing the performance of IFAD related to practices and approaches to programme design and implementation; clarifying the different aspects of sustainability with a view toward contributing to a regional policy on the issue of sustainability; identifying relevant lessons learned and factors influencing post-project sustainability; and identifying indicators to monitor sustainability with a performance management framework.

A desk review was conducted as the first phase of the process. The central goals of this exercise were: a) clarify the definition of sustainability for IFAD-funded interventions, from the household to the institutional level; b) identify key issues and challenges related to the sustainability of IFAD-funded programmes; and c) determine the degree to which IFAD has considered sustainability in programme design and implementation in its Asia-Pacific country programmes. The desk review also helped in finalizing the instruments and processes for the field-based case studies.

The second phase of this study was to carry out case studies in selected countries in Asia and the Pacific. This document represents the summary of findings from the case study carried out in Viet Nam. It is important to note that this case study is not intended to be an evaluation of the projects visited, but rather primarily examines the issues that are critical to promoting sustainability. It is also important to recognize that the projects reviewed were designed before the different dimensions of sustainability were considered by IFAD, and so should not be evaluated against such criteria.

The selection of Viet Nam as a focus for a case study was based on the fact that the Country Programme provides an opportunity to assess the sustainability of market-led and community-led programming models. The Viet Nam Country Programme is also developing a new results based Country Strategic Opportunities Programme (COSOP), scheduled for completion in May 2008.

The two projects that are part of this case study are both under the Decentralized Programme for Rural Poverty Reduction (DPRPR). One is located in Ha Giang and the other in Quang Binh province. The Developing Business with the Rural Poor Programme (DBRPP) in Cao Bang and Ben Tre provinces has not started yet and so

these projects are not addressed in depth in this case study. However, some of the comments relevant to promoting sustainability could have implications for the implementation of this programme. Finally, this case study takes into consideration the draft COSOP for 2008-2012.

B. Definition and Dimensions of Sustainability

In the DPRPR in Quang Binh and Ha Giang, the central premise behind sustainability is that if lower level government institutions are strengthened so that they are more responsive to local communities, and households are provided with improved technologies, access to credit and small scale infrastructure, they will overcome poverty in a sustainable manner.

The projects emphasize institutional sustainability and sustained income streams. The project design does not, however, account for various dimensions of resilience or risk management in the design of project interventions. Environmental considerations and structural poverty are considered in the project design but have proved to be problematic (see discussion under 'Targeting Approach' and 'Consideration of Environmental Issues').

In the Cao Bang and Ben Tre projects in the DBRPP, the philosophy is that physical things disappear but knowledge and capacity will last, i.e., "What we have today we will have tomorrow". In Cao Bang, the project director defines sustainability as a change in the mindset of government officials and the local population. Once they are empowered and integrated into the market, both supplying and purchasing from the market, their livelihoods are sustainable. In Ben Tre, the project director considers sustainability to be the independent continuation of the project activities by government and the beneficiaries after the IFAD involvement ends. If IFAD strengthens the private sector services, market functions, and the enabling policy environment, all income generating activities supported in the rural sector will be sustainable. What is missing in this focus of sustainability is a concern about the environment and structural poverty.

The COSOP 2008 reflects the country office's move towards market-driven development. The DBRPP projects are an example of this. The recently formulated COSOP addresses all four dimensions of sustainability that are important – institutional sustainability, household and community resilience, environmental sustainability, and addressing structural poverty. The COSOP envisions building sustainability on a pro-poor market-driven agricultural foundation, where the poor will respond to profitable business opportunities and will benefit from productive safety nets. The COSOP sees the safety nets, which are oriented towards public works activities and environmental protection services, as important to reducing vulnerability arising from life events and climate change. The COSOP also will promote environmental sustainability through a natural resource management strategy that includes forest conservation, promotes agroforestry, supports the registration and allocation of forest land use rights to communities, and by paying communities for environmental services (piloting carbon sequestration). Sustainability will be accomplished by aligning with government policies, building the capacity of government agencies, engaging the private sector to generate employment and provide services, and addressing social equity by targeting the poor upland areas where the ethnic minorities reside.

C. Description of Projects Reviewed

According to the appraisal report, the primary goal of the DPRPR is to improve the socioeconomic status of the poorest households in Ha Giang and Quang Binh provinces. Emphasis is given to the use of highly decentralized community-driven development approaches. The DPRPR began in August 2005 and is due for completion in September 2011. It works in 45 communes in Ha Giang province and 48 communes in Quang Binh province.

The four components of the project are: 1) capacity building for decentralized development; 2) provision of production support; 3) village infrastructure development; and 4) project management.

The main objectives of the project are based on the four components. The objectives are to: 1) enhance the capabilities of local people to become active stakeholders in the management of commune and village level institutions (capacity building); 2) increase productivity and income levels of poor households, ethnic minorities and women, and improve their household food security; 3) reinforce the ongoing decentralization processes with emphasis on village level infrastructure; 4) establish decentralized programme management structures and delivery services responsive to the priorities of the target group, and 5) develop local capabilities to bridge the gap between national level policies and provincial implementation of initiatives on decentralization.

II. Design Elements and Their Relationship to Sustainability

A. Programme Model

Designed as a community-led development project, the DPRPR has taken on another dimension by incorporating the decentralization process. The DBRPP, by contrast, is a market-led approach.

The mid-term review is encouraging the DPRPR to become a more market-led approach. The two different contexts should be carefully considered in this case; in most of Quang Binh province the infrastructure and capacity is in place to do this. However, in Ha Giang, a much more underdeveloped area, the infrastructure is lacking, service providers are limited or absent altogether, and linguistic differences among 22 ethnic groups inhibit communication. It may be possible to integrate some market-led components with the community-led approach, but until the basic components of market infrastructure are in place the project should retain its original design.

In the DBRPP, Cao Bang is similar to Ha Giang and will likely face challenges in implementing the market-led approach. In Ben Tre, the market-led approach is likely to be successful, as all of the enabling conditions are in place.

B. Community Participation in Design

No detailed livelihood assessment was done prior to the design of the project. However, last year comprehensive baseline surveys were carried out in both locations as part of the Results and Impact Management System (RIMS) initiative.

The DPRPR design presents a pre-determined set of intervention options for communities to choose from. Villages develop annual plans based on a template provided by government¹. Village plans are incorporated into commune level annual plans, and then up the institutional ladder to the provincial level. Village plans are encouraged to address needs in a manner consistent with project priorities in production support, capacity building, and infrastructure. The project promotes community involvement in the selection of interventions, and participation by different stakeholders at the commune level is good (e.g. farmers association, youth groups, women's union, government agencies). However, other priorities outside the project categories that are meaningful to the participants may not be addressed. This has implications for ownership of the interventions, which is key to sustainable impact.

In Quang Binh, the resources have been slow to move down to the lowest levels and therefore capacity building at the village level has been delayed. The focus has been on capacity building at the province, district and commune level but the project has not provided a lot of capacity building resources at the village level. However, the capacity and retention of the staff is much higher in Quang Binh than it is in Ha Giang, so the chances of a meaningful bottom-up dialogue with villagers is greater. In Ha Giang, the resources were moved down to the commune level quickly but the ability to manage those resources effectively was adversely affected by high staff turnover and poor staff

1 Quang Binh commune-level Focus Group Discussion (FGD)

capacity. Effective participation requires a minimum level of capacity at multiple levels. Due to the difficult operating environment, this is not yet in place in Ha Giang.²

C. Targeting Approach

Ha Giang

IFAD's geographical targeting of Ha Giang province is justified due to the high rate of poverty and ecological challenges. Twenty-two distinct ethnic minorities reside in the province; 67 per cent of these minorities are poor. Communes and villages typically have more than one ethnic group. Literacy levels are low; few in the population can speak the Kinh language. DPRPR has targeted 4 of the poorest districts, and 45 of the poorest communes.

In terms of reaching the structural poor, there is room for improvement in beneficiary targeting efforts. Current methods could be improved to target women and the poorest individuals. Household targeting involved using PRA wealth ranking methods, which relied on the Ministry of Labor, Invalids, and Social Affairs (MOLISA) criteria for poverty income. This approach had difficulty capturing the very poor, inaccurately classifying the middle poor in this group. Language barriers are contributing to this mis-categorization, as well as the dynamic status of the poor in this area, who tend to move up and down the poverty line. However, piloting participatory M&E in 6 villages demonstrated that asset-based wealth ranking may provide a more accurate targeting mechanism to reach the structural poor.³ Using asset-based wealth ranking as a targeting mechanism is consistent with RIMS impact measurement, and its use is recommended. Discussions must be translated to local dialects to enable full community participation.

A review of several Village Development Plans (VDPs) showed a laundry list of activities that do not systematically link the various components. These plans need to be revisited and redrafted to include:

- Intervention priorities
- A timeline of activities
- Resource requirements
- Responsibilities
- Benchmarks to be tracked by PM&E

Steps to stimulate this revision include facilitating a discussion with the community to help them see the importance of linking infrastructure, demonstrations, financial services, capacity building and other systems. Following a redraft of the VDPs, it is important to identify literate young people in the village who are familiar with the Kinh language, and enlist their help to mobilize and facilitate action plans.

Capacity building efforts should be aimed at the commune level to strengthen the ability of the community facilitator and Self-Managing Boards (SMBs) to facilitate the village development plans and PM&E. This will require identifying an approach for the development of these plans and the tools for conducting PM&E activities. NGOs should be identified to help with the training of trainers for these activities. This process has already been discussed with the Country Programme Manager and country level staff.

² MTR project staff interviews and reports

³ Information from site visits in both provinces.

Quang Binh

Similar to Ha Giang, the targeting approach used in Quang Binh has been to focus on the poorest districts and the poorest communes in the districts. In terms of household targeting, the main criteria used have been MOLISA poverty income criteria.⁴ Similar to Ha Giang, many of the middle poor are being classified as the poorer households. The targeting of poor households can be improved by using an asset-based approach to wealth ranking. Again this is consistent with RIMS impact measurements.

The language barrier is not as significant in this province as it is in Ha Giang. However, in the hilly parts of the province, there are still language constraints among ethnic minorities that could pose problems for communication. Efforts should be made to ensure that all discussions between the project and the community are translated.

Village Development Plans

The village development plans being developed in Quang Binh could be improved. Currently, the plans are being forced into the structure of the project components rather than using categories that are meaningful to the village.⁵ Although the needs are currently identified at the village level, the Country Programme Management Unit makes the final decision as to what is accepted and what is not. This could create a problem of ownership. In addition, the activities being proposed by the community are not linked in any way. Such linkages could be emphasized in the PRA process so that communities could see the value of linking production support, access to financial services and infrastructure. These village development plans need to clearly specify what activities the community will engage in, how these activities are linked, what resources the community will contribute to complete the plans, what resources will be needed from outside, a timeline, who will be responsible, and what indicators will be used to judge success.

To ensure that these village development plans are improved and that the community more actively participates in monitoring the outcomes of the project (PM&E), more capacity building resources need to be targeted to the commune and village level. To date, the project has not invested many resources in strengthening village organizations to enable them to mobilize the community more effectively. Given the good capacity that exists at the commune level, it should be possible to improve upon the village development plans and to promote PM&E activities during the next round of PRAs being conducted in the village (see the M&E section). Money that is currently paid to community members to encourage participation should be rechanneled to an operational budget for the SMBs to support mobilization of the community.

D. Design Components

Ha Giang

Capacity Building

Capacity building resources should be spent on training that is needs-based, in order to be used effectively by service providers and participants. Identified village needs and the capacity needs of commune and district staff should be addressed in training sessions.

⁴ In the villages where the PM&E exercises were conducted, the poverty rankings using assets were more consistent with the wealth categories used by the villagers.

⁵ Information from commune-level FGD.

The opportunities and priorities identified in revised VDPs will highlight priority training areas for villages. These areas must then be matched to the current capacities of commune and district staff. A gap analysis will indicate the types of training most beneficial to the commune and district staff. Appropriate training will be critical to promoting project activities that will become sustainable.

Village empowerment could be undermined by the SMBs if they are not held accountable to the whole community.⁶ Following the election of the SMBs, village organizations are often not consulted about decisions. Potential changes that may contribute to village empowerment include:

- Initiation of monthly SMB meetings open to community attendance;
- Establishment of a more transparent forum for decision-making and review of project planning, coordination and implementation;
- Mechanisms for ensuring greater accountability to the project beneficiaries; and
- Equitable distribution of benefits to the poorer households.

A number of extension materials have been produced for publication in languages of the ethnic minorities; however the prevalence of illiteracy limits the usefulness of these tools. Spreading knowledge through radio or television programs may be more effective.

Production Support Interventions

Currently, interventions to support production are not sufficiently tailored to the local context. As a result, the demonstrations are often not responsive to farmer priorities across the wealth categories. Greater effort needs to be made to ensure that techniques offered at demonstrations reflect poor farmers' needs and available resources for replication. For example, when farmers have access to credit, they frequently purchase pigs.⁷ However, across the entire DPRPR area, only 20 demonstrations involving pigs have taken place.⁸ Many farmers have not been exposed to training sessions involving their expressed priority in livestock handling.

In order for production support activities to be sustainable, the selection of demonstrations needs to be based on the potential for replication. It is recommended that the project revisit the selection of demonstrations it offers, by taking into account what the participants desire, as well as available resources, constraints, and the ecological context. The effectiveness of farmer field schools needs to be revisited.

Infrastructure

P135, a government poverty project, is not working in the same villages as DPRPR.⁹ As a result, DPRPR is expected to provide schools, potable water, and other long-term infrastructure improvements. IFAD needs to negotiate the current division of villages that exists between the agency and P135. Coordinated efforts would allow DPRPR to concentrate on infrastructure improvements that are not addressed by P135. While both P135 and IFAD infrastructure projects are directed toward long-term poverty alleviation,

6 IFAD, 2008 Mid-Term Review. Decentralized Programme for Rural Poverty Reduction in Ha Giang and Quang Binh provinces: Targeting, Participation, Decentralization, Capacity Building and Project Management.

7 Information from village FGD

8 IFAD, 2008. Working Paper for Mid-Term Review. Provincial Project Management Unit, Decentralized Programme for Rural Poverty Reduction (DPRPR). Ha Giang Sub-Project, March 2008

9 Information from FGD with commune staff

greater coordination will allow IFAD to focus on its comparative strength in developing production and marketing related infrastructure.

Financial Services

At this time, financial services need to be better established in Ha Giang province. A micro-finance component has not yet been initiated, and Savings and Credit Groups (SCGs) are not connected to the major poverty lender in the area, the VBSP. The banks' existing regulatory framework does not allow group lending and the mobilization of group savings, which are critical to financial sustainability. While the bank provides loans to individuals, poor people in this area do not have adequate collateral to obtain the loans.

Additionally, financial services are not adequately linked to other programme components. Improving the link between CSGs and production support would offer improved opportunity for investment. Credit amounts should be increased (by 2-5 million VND) to allow for more viable investment.¹⁰ Adult literacy and numeracy, especially for women, are key to empowering CSGs to reach a sustainable level.¹¹ Without either, the groups cannot effectively control and manage resources.

Quang Binh

Capacity Building

The DPRPR is designed to create a number of institutions at the provincial, district, commune and village level that will enable poor households in targeted communities to receive better access to goods and services to improve their livelihoods. Currently most of the project resources used for capacity building have been aimed at strengthening provincial and district government institutions rather than at the commune and village level. More capacity building resources need to be allocated at the commune and village level (e.g. SMBs, CSGs, Village Management Groups (VMGs), etc.) during the rest of the project to insure that these institutions are sustainable.

It is unclear whether the capacity training already provided at the provincial and district level will meet the needs of the shift to a market-based value chain approach, or whether additional training will be required.

Production Support

Similar to Ha Giang, it is not clear that the demonstrations being promoted are appropriate for the poorer households. Efforts for scaling up and replicating promising practices have been hindered by the lack of analysis of demonstrations to determine which interventions promoted by the project could be introduced more widely.¹² This analysis needs to be done as soon as possible and should be tailored to differences in household resource constraints, variations in risk exposure and ecological conditions.

The poorer households are rarely involved in conducting the demonstrations.¹³ Effective evaluation of demonstrations must take into account the resource constraints of poor households.

10 IFAD, 2008. Working Paper for Mid-Term Review. Provincial Project Management Unit, Decentralized Programme for Rural Poverty Reduction (DPRPR). Ha Giang Sub-Project, March 2008

11 Information from village FGD

12 Staff interviews, Mid-Term Review

13 Information from village FGD

Infrastructure

In Quang Binh, few resources have been spent on infrastructure to date. Infrastructure activities are currently not linked to production support activities or financial services.¹⁴ To achieve greater synergy, future infrastructure development needs to be linked to value chain improvements.

The project has set up user groups with responsibility for overseeing maintenance of small-scale infrastructure. User groups will charge fees for access to the infrastructure to pay for maintenance. Through this effort, it is hoped the infrastructure created by the projects will be sustained.

Financial Services

Similar to Ha Giang, the credit ceiling needs to be raised for CSG loans and links to local banking institutions need to be strengthened. The VBSP's existing regulatory framework does not allow group lending and the mobilization of group savings, which are critical to financial sustainability. Such linkages are key to long-term financial sustainability.

E. Linkages among Components

In Ha Giang, several demonstrations are not targeted in the same communities where CSGs are being formed, making it difficult to link credit to promising practices. It is also recommended that the project implement revolving community-based production support funds to enable replication of successful demonstrations. This could involve a collective procurement and supply of inputs, which would be recovered, interest free, at harvest time. Interest rates could be gradually introduced to create an insurance fund for crop failure risks, and to cover transaction costs and inflation. Crucial elements of this revolving fund include the development of proper terms and conditions, effective technical backstopping by extension services, and a robust overseeing of fund utilization.¹⁵

Currently, in both Ha Giang and Quang Binh, infrastructure schemes are not regularly tied to production support or financial services. In Ha Giang, many of the schemes are chosen by the commune and are not village priorities; LDF funds for infrastructure have been transferred to the communes and are not readily available at the village level.¹⁶ To achieve synergy, it is recommended that future infrastructure plans be integrated with other project components. This will be especially important where value chain activities are being implemented.

F. Adequacy of Institutional Analysis

In general, the projects in both locations have done a very good job of identifying potential institutions to work with in their respective areas. However, in Ha Giang, problems were encountered with some partners due to staff issues and the failure to follow project-specified implementation methodology.¹⁷ Targets were not reached due to the poor performance of the Provincial Forest Development Branch, and Dao Duc and

14 Mid-Term Review discussions with project staff

15 IFAD, 2008 Mid-Term Review. Decentralized Programme for Rural Poverty Reduction in Ha Giang and Quang Binh provinces: Targeting, Participation, Decentralization, Capacity Building and Project Management.

16 Information from commune-level FGD

17 IFAD, 2008. Working Paper for Mid-Term Review. Provincial Project Management Unit, Decentralized Programme for Rural Poverty Reduction (DPRP). Ha Giang Sub-Project, March 2008

Pho Bang Research Centers. This caused the project to shift its implementing partner for forestry activities to Thai Nguyen Agro-forestry University and to procure seed varieties from other certified seed producing centers other than the crop research centers.

G. Factoring Risk Management into Design

Currently, the projects in Ha Giang and Quang Binh do not adequately incorporate a risk management lens in the intervention designs being promoted. Given the number of severe climatic events that have recently impacted communities (typhoons, flooding, cold spells), a risk management orientation will be key to protecting household and community assets against future calamities. For example, 20,000 buffalo died in Ha Giang in early 2008 during a month-long cold spell. This has resulted in late planting due to a lack of draught power, and people are not sure whether the government is going to compensate them for the loss of their animals. A risk management strategy would have focused on stall improvement and feeding practices that protect animals from the cold. Had a risk management strategy been in place, the project may have learned it promoted these and other practices that were identified among positive deviant households in the project area.¹⁸ In Quang Binh, there were two typhoons in 2007 which destroyed canals and some of the farm demonstrations, and low-lying areas were flooded and livestock were lost. The IFAD-supported project bought medical supplies for animals but the project expects the provincial government to use its disaster funds to assist farmers. The IFAD-supported project has a small disaster fund as part of its credit fund but it is not meant to cover large-scale disasters. Although the safety net provided by the provincial government will be important for recovery efforts, households and communities could be empowered to manage risk more effectively through capacity building efforts promoted by the project. Such a risk management focus will be critical when examining value chain interventions.

H. Consideration of Environmental Issues

There is an environmental component to the projects, but in both locations the project is scaling back on their environmental activities for various reasons. In the Quang Binh area, GTZ has a large environmental project underway, so the IFAD-supported project in Quang Binh is considering reallocating the resources for environmental activities to other project activities. However, the GTZ and IFAD environmental activities have very different objectives. Additionally, the IFAD-supported project has been slow in achieving high rates of land registration. In Ha Giang, problems with the Provincial Forest Development Branch have led IFAD to change strategies, and in the future it will work with the Agroforestry University of Thai Nguyen. The design component that promotes community nurseries and community management of reforestation activities is problematic with communities. In addition, government restrictions on nursery activities run counter to the project design. The IFAD-supported project has plans to advocate for pro-poor policy changes in this area.¹⁹ All these factors have implications for the environmental sustainability of the projects.

In Ha Giang, the sustainability of nurseries supported by the project is undermined by government regulations that do not permit the establishment of privately operated

¹⁸ Information from village FGD

¹⁹ IFAD, 2008. Working Paper for Mid-Term Review. Provincial Project Management Unit, Decentralized Programme for Rural Poverty Reduction (DPRP). Ha Giang Sub-Project, March 2008

nurseries due to the risk of producing inferior or diseased plants. Currently government nurseries provide all plants, eliminating the possibility of replication. IFAD may wish to explore the possibility of advocating for a policy change in this sector.

Reducing the environmental component in both Ha Giang and Quang Binh is not consistent with the direction being promoted in the new COSOP for Viet Nam. More consideration should be given to how to engage communities more effectively in natural resource management.

I. Exit/Sustainability Strategy

An exit strategy for a programme is a specific plan describing how the programme will withdraw from a region or population while assuring that the achievement of development goals is not jeopardized and that further progress towards these goals will continue after the end of the programme.

Neither project has articulated an exit strategy in the appraisal document or any other documents generated by the projects. Each component of the project needs to specify how the activities being promoted will be sustained after the project ends. Discussion with the project director in Quang Binh indicated that the supervisor of each component will be producing a sustainability strategy for their respective activities in the near future. As part of these strategies, key indicators need to be identified to determine if key outcomes have been reached to clearly indicate sustainability of the respective project component.

Exit refers to the withdrawal of externally provided resources, whether material goods, human resources or technical assistance, from the operational area. The goal of an exit strategy is to assure the sustainability of the programme impacts and activities.

A good exit strategy has the following attributes:

- Identifies sustainability strategies for each programme component;
- Defines specific criteria for graduation of communities and exit of the programme from the region;
- Includes measurable indicators for assessing progress toward meeting the criteria;
- Has a time line;
- Allows flexibility in approaches or time line if it is required;
- Identifies action steps to reach the stated benchmarks and identify parties responsible for taking these steps; and
- Outlines mechanisms for periodic assessment of progress toward exit and for modification of the exit plan.

J. Implementation Issues Related to Sustainability

To date, the supervision missions and annual reporting have not focused on the sustainability of project activities. Several issues that emerged during project implementation have implications for sustainability and are cited in this report. These include the suitability of demonstration projects for farmers, maintaining partnerships for environmental activities, the need to link the financial institutions to village savings groups, and finding ways to address geographic and language barriers in Ha Giang and parts of Quang Binh. The mid-term review that was carried out at the same time as this study was the first time sustainability was looked at in detail as part of the review process. It is recommended that every supervision mission and annual report generated

in the future contain a section devoted to tracking the sustainability of project components. This is contingent on the project have a clearly articulated sustainability strategy for each component and indicators that can be monitored.

K. Monitoring and Evaluation

In August 2006 a consultant assisted the two projects in developing guidelines for strengthening the M&E system.²⁰ These guidelines described the methodologies for planning and implementing specific tasks and outlined who was responsible at different levels of staff. It was noticed that the projects were heavily focused on tracking output indicators while paying little attention to outcome and impact level monitoring. The M&E systems were also overburdened by multiple monitoring forms and data collection/reporting events. The consultant helped define and fine-tune the monitoring system, designed suitable formats and reporting outlines for simple data collection and analysis, designed baselines survey formats and indicators for undertaking surveys, and conducted training in their use.²¹ This lightened the data collection burden and lifted the focus of M&E to outcome and impact levels. As a result, the two projects carried out a RIMS impact survey in 2006 and an annual outcome level survey in 2007.

Monitoring and evaluation forms need to be streamlined. Quang Binh is using twenty forms while Ha Giang has reduced its number of forms to eight. Training commune and district staff in simple data analysis techniques will facilitate decision making. The M&E system is not being used as a project management tool. Staff are monitoring outputs but not tracking outcomes or impact. Because this is not being done, the opportunities for knowledge management and learning are reduced. The annual work plan budget needs to be aligned with the M&E so there is a feedback loop to capture lessons learned and promote better planning.

Sustainability indicators have not been identified for each component, and so are not being tracked. A list of possible indicators can be found in the desk review that was done as part of this study, the *Sustainability of rural development projects. Best practices and lessons learned by IFAD in Asia*, published as the eighth occasional paper produced by IFAD Asia and the Pacific Division (TANGO International 2009).

PM&E training has been piloted in six villages in Ha Giang. It has not been piloted in Quang Binh. PM&E empowers villagers to select their own criteria for judging the success of interventions and promotes ownership in the selection and targeting of those interventions. Given the usefulness of this approach, a streamlined version of PM&E should be implemented in both projects. To make a streamlined approach work, the projects need to work with local organizations that have experience with this approach. This could possibly be done through a training of trainers approach that would use NGO staff to train commune staff to do PM&E with villagers on a yearly basis to track changes to feed into the annual progress reports.

It will likely be possible to implement more sophisticated M&E systems in Quang Binh than in Ha Giang due to limited staff capacity and high turnover in Ha Giang. These differences need to be kept in mind when considering any additional changes in the M&E system.

20 IFAD. (2006). Report on the Review of Monitoring and Evaluation System for Decentralized Programme for Rural Poverty Reduction (DPRPR) in Ha Giang and Quang Binh province, Viet Nam. August 2006.

21 IFAD. (2006) Monitoring and Evaluation Guidelines. Quang Binh Programme for Rural Poverty Reduction.

III. Challenges and Opportunities for Addressing Different Dimensions of Sustainability

It is unlikely that income improvements for the poorest households in Ha Giang will be sustained due to the fact that interventions are not sufficiently tailored to the livelihood context of rural interventions and to a general lack of effective linkages between project components. The last three years of the project should focus on realigning these interventions. Unless the recommendations are adopted in the Ha Giang project, it is unlikely that this project will achieve sustainable outcomes.

In Quang Binh, institutional sustainability is likely to be achieved. Whether the programme interventions will be sustainable is contingent on the adoption of the recommendations. For example, to ensure that project interventions promote sustainable improvements in income and food security, the project components need to be better linked. Such linkages can be fostered by determining how each component can be designed to contribute to improved market access and value chain development. Given the state of infrastructure and access to markets found in most of the province, such a market orientation is consistent with the context. However, in the upland areas where minorities are more prevalent, it may be more difficult to promote this strategy. It may be necessary to have a two pronged sustainability strategy taking these contextual differences into account.

A. Institutional Sustainability

Ha Giang

In Ha Giang, priority should be placed on strengthening the current capacity of communes and district level staff in line with village needs and priorities. While the Government may support most of the staff, increased focus should be placed on strengthening their capacity. In addition, efforts should be made to reduce staff turnover at the commune level through better incentive structures.

At the village level, it is likely that the CSGs will be sustained if group leaders can be trained in bookkeeping. Equally important to sustaining these institutions is the literacy of members. The sustainability of SMBs/VMGs is unlikely unless they receive additional capacity building in mobilizing and facilitating community action.

Recommendations include:

- Gap analysis to tailor skill building of communes and district staff, thereby increasing their effectiveness;
- Literacy and numeracy training for CSGs to improve credit and savings management;
- Increase the ability of SMBs/VMGs to facilitate and mobilize through capacity building;
- Implement user fees to maintain infrastructure.

Quang Binh

The existing capacity in planning and implementation in Quang Binh will enable the provincial government to implement decentralized government initiatives more

effectively in the future after the project ends. What is needed is to focus on strengthening village level capacity to enable better planning and monitoring at the village level.

Although the project has done a good job at trying to strengthen the capacity of local service providers such as extension staff and agricultural input suppliers, staff turnover will be a problem in continuous service provision. Beneficiaries should be given the latitude to choose the service providers that they deem most able to deliver service in accordance with village information and training needs. For example, if progressive farmers in the community are viewed as the source for best practice information, they should have the choice to engage these individuals with capacity building funds.

The sustainability of CSGs that have been created by the project will be enhanced if regulatory issues can be worked out with the VBSP so that group lending can be supported. This should be a key policy issue that grant resources could focus on in the remaining three years.

To ensure that infrastructure that has been built by the project is maintained, user groups need to start charging user fees.

B. Enhancing Household and Community Resilience

Ha Giang

Efforts need to be made to ensure that production support activities are made consistent with the livelihood realities of households and communities in the project area. Resource constraints need to be better factored into intervention selection. Production support needs to be better linked to credit access and infrastructure improvements.

Intervention design needs to include risk management, which it currently does not. It is obvious from the negative effects of the recent cold spell that productive assets are vulnerable to climate change.

If replication is to be achieved following crop and livestock demonstrations, risk management must be taken into account. If farmers perceive that the risk is too high, they may not take out loans.

Quang Binh

In Quang Binh, similar to Ha Giang, production support activities are more likely to be sustained if they take current resource constraints of the poor into account. In addition, interventions need to be linked with infrastructure and financial services. A value chain focus could be key to sustainability in this province. What needs to be considered is whether additional training needs to take place at provincial and district levels to enable this project to adopt a value chain approach. Furthermore, a risk management lens needs to be emphasized especially as households are better integrated into the market. However, sustainable production is not likely until all households have legal access to land resources (red books).

In the upland areas, it may be necessary to have a different strategy to build resilience. These areas have more ethnic minorities that have language and cultural barriers that can influence participation. Lessons learned in Ha Giang could be important to build on for these parts of the province.

C. Environmental Sustainability

Ha Giang

In Ha Giang, project objectives of building local research and institutional capacity for farmer support are, to date, unfulfilled. Currently the project is considering dropping community and forestry demonstrations and interventions because of poor performance on the part of collaborating institutions (Forest Development Branch, Pho Bong Research Center, Dao Duc Seed Center) and lack of interest on the part of communities.²² Dropping this component because it is difficult to implement could be short sighted. Given current erosion problems, this decision needs to be reconsidered. While the capacity of these institutions is, at present, quite low, breaking ties with them is not advised. Lessons learned from other successful approaches used by the World Agroforestry Centre (ICRAF) are worth exploring, as are learning opportunities through Thai Nguyen Agro-Forestry University. These lessons can contribute to the capacity building of the provincial institutions, which are central to long term sustainability.

The promotion of hybrid seed and fertilizer in remote areas of Ha Giang with poor market access could increase risks for farmers. Additionally, water systems are vulnerable to contamination when fertilizer is used on steep slopes. The project needs to explore agricultural interventions that are more sustainable, such as green manures, and fulfill its objective of the identification, preservation, and multiplication of promising local varieties.

Quang Binh

Here, although the project is reducing the environmental management component due to overlap with the GTZ project, care must be taken to ensure that any production support and infrastructure activities use an environmental lens to make sure that they do no harm to the local ecology. For this reason, capacity building on environmental management should still receive some attention instead of being completely cut out. Such capacity building is consistent with the new COSOP.

D. Addressing Structural Dimensions of Poverty

Ha Giang

There are marginalized ethnic minorities that have not benefited from macro-economic improvements due to language, illiteracy, and cultural barriers. Most project staff are not familiar with the local languages, which creates great difficulties in social mobilization, conveying project messages, and encouraging the adoption of project sponsored interventions.²³ It is critical to focus on ways to improve household and community participation by concentrating on communication strategies. Such strategies will provide important lessons learned that can be incorporated into other projects consistent with the COSOP.

Field staff capacity building and community facilitation have been hard to come by. Turnover rates have been high, with close to one quarter of trained facilitators leaving prior to project completion. This group is the backbone of the project's community participation and decentralization agenda. It is recommended that incentives, such as higher salaries, be implemented to encourage quality and longer term retention.

²² IFAD, 2008. Working Paper for Mid-Term Review. Provincial Project Management Unit, Decentralised Programme for Rural Poverty Reduction (DPRP). Ha Giang Sub-Project, March 2008

²³ IFAD. (2008). Viet Nam: Country Strategic Opportunities Paper. Draft. March 2008.

Strong patriarchal tendencies exist among the Hmong and Dzao groups creating barriers to women's participation. The project needs to identify more interventions that are specific to women, especially under the CSG and micro-enterprise component.

The remote location of many villages presents travel challenges, which result in inadequate interaction between commune facilitators and all households in target villages. There is too much reliance on the village head, or VMG members, through ad hoc meetings, and not enough weight placed on true community input. As stated earlier, village meetings should be held monthly, with all villagers present. Mobilization efforts need to be made to encourage villagers to attend these meetings regularly.

This area's population is currently in a state of dependency, relying on subsidized inputs and infrastructure improvements. Empowerment approaches begin with a viable VDP and action steps for how this plan will be realized. The plan must link capacity building, demonstrations and infrastructure improvements.

Quang Binh

The hilly regions of the province have the highest number of poor households suffering from structural poverty. These areas have a large number of ethnic minorities that have language and cultural differences that could affect their full participation in the project. Value chain improvements that are likely to occur in other parts of the province will be more difficult to promote in these communes and villages. For this reason, the project may need to develop a different poverty reduction strategy for these communities similar to what is being promoted in Ha Giang. Lessons learned from Ha Giang could be a critical input to help the project staff in Quang Binh in developing an effective approach. Cross visits between the two projects should be promoted to encourage this learning and collaboration.

IV. Summary and Recommendations

Promoting decentralization is not an easy task. The Ha Giang and Quang Binh projects have made great strides in building the capacity to enable that to happen. Capacity has been strengthened at the district and commune level to promote community development and to measure programme impact. Given the two different contexts in which the projects work, it will be easier to promote market led development in Quang Binh than in Ha Giang.

The new COSOP drafted by IFAD for Viet Nam illustrates that the country office is taking into consideration the multiple dimensions of project design that are needed to ensure sustainability. First, it is targeting the poorest regions of the country to address structural poverty; second, it is focusing on building the capacity of government and local institutions, community based organizations, and the private sector to ensure that goods and services are being provided in a sustainable manner; third, it is trying to support sustainable income generation through value chain development and creating market linkages to the poor; fourth, it recognizes the importance of investing in the natural resource base and engaging the poor to participate in and protect those resources for the long term; and fifth, the strategy recognizes the value of incorporating risk management into the design to ensure that assets are protected for the poor through the productive safety nets programme.

Although the COSOP takes these dimensions into account, the projects reviewed in this case study were designed before the COSOP was developed and do not have all these elements. Taking this into consideration, the following recommendations are aimed at strengthening the two DPRPR projects so that they are more likely to promote household resilience and have a sustainable impact:

1. The development model guiding the path to sustainability should be responsive to the operating environment.

A market-led approach seems to be suited to Quang Binh province because it has the infrastructure and services available to make it work. The community-led development model, as envisioned in the original design, may be more appropriate to Ha Giang until the necessary infrastructure is put in place. Some value chain activities should be piloted in Ha Giang but it will probably not be possible to scale up to the extent that it can be done in Quang Binh.

2. Promote household resilience by incorporating a risk management approach.

A risk management lens should be used to screen any demonstration that is being promoted in the productive support activities. The project should also concentrate on building the capacity of farmers to manage more effectively the local risks that they are exposed to (e.g. cold spells in Ha Giang and typhoons and floods in Quang Binh). Risk management components also need to be integrated into the savings and credit activities so that insurance mechanisms are in place in the event that a major shock

overwhelms the community and people are unable to pay back their loans. Similarly, livestock and crop insurance should be evaluated on a pilot basis.

In order to help farmers manage local risks better, the project should facilitate the development of community-based risk management strategies that identify: 1) what kinds of risk management capacity need to be in place at the household and community level to deal with idiosyncratic risk (improved animal stalls and feeding practices, flood protection structures); 2) what kinds of safety nets (crop insurance, livestock insurance) need to be available at the commune and district level in case local capacity to manage risk becomes overwhelmed; and 3) what kinds of social protection mechanisms need to be in place at the provincial level in case the lower levels are not able to respond to a shock (productive safety nets to rebuild assets). This requires training the commune-level staff in charge of production support to enable them to work directly with communities on risk management strategies. This could be done at the same time as the PM&E activities.

3. Link project components to enable project synergy and ensure efficient and effective use of project resources.

There should be geographic and functional synergy between the location of infrastructure projects, completion of demonstrations, establishment of CSGs, and provision of training. If someone is taking out a loan, approval of the loan should be contingent on adoption of improved practices being promoted through the demonstrations. Similarly, in places where a value chain approach is being promoted, the market infrastructure should be developed in the same location where improved varieties will be grown and sold. This will produce a multiplier effect and will more likely lead to sustainable income improvements.

4. Improve Targeting of Ethnic Minorities and Women

Marginalized ethnic minorities and women have not been benefiting from project activities to the extent possible due to language, literacy and cultural barriers. The project needs to recruit staff from the ethnic minorities it is working with to ensure good communication and cultural understanding. Similarly, the project interventions need to be designed with a gender lens so that it can be determined how women can best participate. The project should also seek ways of incorporating literacy and numeracy training into savings activities, especially for women. Finally, the project needs to develop a behavioural change strategy focused on ethnic minorities in Ha Giang, again, with special emphasis on women.

5. Incorporate Participatory Monitoring and Evaluation into both projects to ensure participant ownership.

Although PRA approaches are being used for targeting and to encourage participation in village development plans, the application can be improved. The current approach is not capturing all of the poor. A PM&E approach will promote greater participant ownership in the VDPs, as the tools and exercises that people go through enable them to voice their priorities regarding interventions. The rollout of a PM&E system will help change the present system to a more participatory one, as people are more likely to be invested in the project if they are able to choose interventions, develop their own

approach for participation, and decide how they will measure success. Such an approach will likely capture a greater cross-section of the village in wealth ranking exercises, and will enable the project to determine if people are benefiting equitably from the project activities. A streamlined version of the PM&E approach should be rolled out in both projects. To make a streamlined approach work, the projects need to work with local organizations that have experience with this approach. This could possibly be done through a training of trainers approach that would use NGO staff to train commune staff to do PM&E with villagers on a yearly basis to track changes to feed into the annual progress reports.

This will necessitate additional capacity building of M&E staff, particularly at the commune level. Given their workload now, this may require reducing some of the monitoring tools currently being used.

6. Continue to invest in environmental activities to support sustainable resource management in both projects.

In the original project design, the environmental component is integral to the sustainability of the ecosystems in the highland areas of both provinces. The components supporting natural resource management capacity building may need redesign but should be left in the project. The programme should invest in forest conservation, promote agroforestry, support the registration and allocation of forest land use rights to communities, and pay communities for environmental services (piloting carbon sequestration). Proper incentive structures that enable upland communities to benefit from natural resource management activities are critical to the success of these interventions. In order to be sustainable, the environmental activities must be aligned with government policies, build the capacity of government agencies, engage the private sector to generate employment and provide services, and address social equity by targeting the poor upland areas where the ethnic minorities reside. In Quang Binh, this may mean using resources in a way that complements the GTZ project, but at the same time ensuring that the community led components of the DPRPR are not lost. In Ha Giang, a new partnership with Thai Nguyen Agro-forestry University presents an opportunity to rethink the best ways to work with communities on agroforestry.

7. Greater resources need to be focused on supporting institutional sustainability of lower level institutions.

In both projects, more capacity building resources need to be spent at the commune and village level to establish functioning institutions that can promote community-led development. The projects should also advocate for increased incentives at the commune level to help retain government staff. In order for the CSGs to be sustainable, they need to be formally linked to the VBSP; furthermore, in Ha Giang, literacy and numeracy training for participants have to be part of the capacity building package.

Annex A

Documents Reviewed

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Annex B

Terms of Reference

1) Background

The issue of sustainability is a key concern for IFAD which has been highlighted by the Independent External Evaluation and in successive Annual Reports on Results and Impact of IFAD Operations (ARRI). The 2006 ARRI evaluation confirms that sustainability remains a major challenge for IFAD with only 40 per cent of operations being rated as substantial or better.

The IFAD Strategic Framework 2007-2010 acknowledges that ensuring sustainability is a challenging endeavour – and for all international development agencies – but also that without sustainability it is not possible to claim lasting impact in terms of rural poverty reduction.

The Asia and the Pacific division of IFAD has undertaken initiatives on sustainability – especially of rural poor organizations – through its grant programme and the Strengthening Capacities of Organizations of the Poor - Experiences in Asia (SCOPE) project in particular, and consultations with the World Bank. It now plans to extend the investigation on the factors that affect the sustainability at large of the investment projects it funds in the region.

To this end, a study has been initiated which is to be conducted in three different stages:

- a) Desk review: the desk review has involved an analysis of selected documents and interviews with key resource persons at IFAD Headquarters. The ultimate purpose of the review was to set the boundaries of a theoretical framework for approaching the concept of sustainability and to start defining the term as it applies to IFAD-funded operations.
- b) Case studies.
- c) Source Book preparation: The Source Book will be the ultimate output expected from the whole study. Building on the theoretical framework defined in the context of the Desk Review and on the findings of the case studies, this user-friendly guide for development practitioners should, among others:

- Suggest a very clear and practical definition of the multi-faceted concept of sustainability as it applies to IFAD-funded field operations;
- Identify enabling factors (or constraints) for sustainability;
- Identify important criteria for improved project design;
- Identify indicators that will measure progress towards sustainability during project implementation.

2) Objectives

Overall objectives: the present consultancy will focus on conducting a field case study in selected Asian country as a second step of the initiative described above and in Annex 1. It will therefore build on the Desk Review work and further advance the multifaceted definition of sustainability as it applies to IFAD-funded operations.

The case studies will represent an opportunity to shed some light on the reality of IFAD-funded field operations as they are currently being implemented, supervised and evaluated by IFAD and its countries' partners. The overall goal is to identify the enabling factors that led to sustainability or, in case of negative findings, the constraints that projects face (or may face) for sustaining project benefits after completion. The ultimate purpose is to improve the development effectiveness of IFAD-funded operations in the region.

Detailed objectives: more precisely, the objectives of the case studies are:

- a) To collect and document the views of the various projects' stakeholders on what sustainability means for them, with particular attention on the views of projects' ultimate beneficiaries (farmers, livestock owners, rural producers, farmers' organizations, women, etc.).
- b) To document the experience and performance of selected IFAD-funded projects in aiming at ensuring sustainability of project benefits beyond project implementation.
- c) To help IFAD better understand how project designs, M&E systems, supervisions and overall implementation in selected IFAD-funded projects and specific country contexts have addressed – or should address - the issue of sustainability.
- d) To generate lessons learned on the specific approaches that have greater chances to lead to sustainability and/or on the specific constraints that may impede prospects of sustainability.

3) Scope

The consultant will travel to a selected number of IFAD-funded projects in Viet Nam that were chosen on an agreed set of criteria (including status at implementation, type of project, previous work on sustainability, environmental context) in order to offer a wide representation of IFAD's experience on sustainability in Asia.

4) Output

On the basis of the revised methodological note illustrating the methodology, processes and tools to be used in the development of the case studies and on the main results of the desk review, the consultants are expected to deliver a case study report.

5) Report's outline

While a detailed final report's outline will be agreed upon between IFAD and the consultant submission of the first draft, the report should at a minimum include the following:

- a) A brief methodological note.
- b) An assessment of the sustainability approaches and exit strategies used in IFAD-funded projects and/or planned to be used, including the definition of sustainability.
- c) A documentation of project stakeholders' views on sustainability (definition and performance so far).
- d) A presentation of the key determining factors recognized as essential to ensure sustainability after project completion.
- e) A presentation of the key risks or potential obstacles to sustainability.

- f) An assessment of the indicators used to measure sustainability.
- g) A presentation of the major lessons learned.

The case studies reports will have to be of such nature as to feed into the final Source Book. The reports should be kept as short and practical as possible (max. 20 pages).

6) Methodology

The methodology will include Focus Group Discussions and interviews with key informants (beneficiaries, project and government staff). Outlines developed for these discussions will have a sustainability focus covering economic benefits accrued by individuals and households as a result of project interventions, changes in power structures and social capital, enhancement in or protection of productive resources, resilience of household and community-level livelihood strategies.

Prior to the field trip, the consultants will review key projects documents for each project (appraisal reports, supervision reports, annual workplan and budget, progress report, M&E documentation, and others as available). These documents will be provided by IFAD and reviewed prior to field travel, and will influence the formation of qualitative field instruments.

7) Schedule

The consultants will report to the Portfolio Management Cluster of the Asia and the Pacific Division. The case study will be carried out in March 2008.

Methodology and Topical Outline

Topical Outline for Case Studies

Case studies included Focus Group Discussions with past or present beneficiaries, Key Informant Interviews, and open ended interviews were conducted with project staff and partner organizations. Key documents were also reviewed (see Annex A). Following is a list of questions for these discussions. However the topical outline varied depending on the nature of the project, the resources available to the community, and the specific sustainability issues that the interventions drive.

Questions to be asked to the Project Management, Partner Organizations, and Beneficiaries

(Note: Some questions will be reworded to make it appropriate for the beneficiary groups and Key Informants)

1. How do you define sustainability? How will you determine when a project has achieved sustainability?
2. Does the project have strategies to strengthen the technical capacity of groups, improve their access to adequate resources, or provide incentives for maintaining physical structures built by the project? If so, please explain the strategy. What has been working and what does not?
3. Does the project have strategies to enhance social capital of participating members? What are these strategies? How do you measure the changes in social capital?
4. Which strategies does the project uses to strengthen village/community institutions and organizations? How do you measure strengths and weaknesses of institutions and or organizations?

5. How have groups involved in income generating activities dealt with shocks and/or risks? What did the project do to enhance the risk management capacity of borrowers and improve their resiliency?
6. Do you know whether members (beneficiaries) have been getting economic benefits participating in the project? How much? How do you know? How do you measure them? How often?
7. In cases where project beneficiaries have been exposed to shocks and received external support, did you notice any adverse impacts of external support (relief) on household and community resiliency? Please explain.
8. Has the project conducted an inventory of shocks that have affected borrowers in the past? Has it identified risk coping strategies that members used? Please explain.
9. Does the project have strategies to help beneficiaries in the event of asset loss as a result of an exogenous shock? Please explain.
10. Who are the members of beneficiary groups? Does this project have specific strategies to target the poorest households? How does it work?

Questions to be asked to the Project Management and Partner Organizations

11. Was a specific exit strategy prepared and agreed upon by key stakeholders to ensure post project sustainability? If yes, when it was prepared? If no exit strategy has been prepared, why not?
12. If an exit strategy does exist, does the strategy:
 - a. identify approaches to be used for different programme components
 - b. define specific criteria for graduation (of communities) and exit (of the programme from the region)
 - c. include measurable indicators for assessing progress toward meeting the criteria
 - d. has a time line
 - e. allow flexibility in approaches or time line if it is required
 - f. identify action steps to reach the stated benchmarks and identify parties responsible for taking these steps, and
 - g. outline mechanisms for periodic assessment of progress toward exit and for possible modification of the exit plan.
13. What steps have been taken in implementing the exit strategy to date? What have been the key challenges in implementation of exit strategy?
14. For multi-sectoral projects, is it more difficult to promote sustainability for some components than other? Which components? Why? Do you have any suggestions to address these issues?
15. Who participated in project design? How participatory and inclusive was the design process? Were communities' needs and priorities accurately reflected in project design? Please explain.
16. Was the time allocated for project design sufficient? How flexible are project strategies? How easy/difficult it is to modify project strategies, revise log frame, or change indicators.
17. Do Supervision Missions review strategies for sustainability or aspects of sustainability? Do they provide any guidance on how to promote sustainability?

18. Does Supervision Mission monitor implementation of an exit strategy and/or progress on sustainability? Why not?
19. Have you received adequate operational guidance on integrating sustainability into project design and monitoring and evaluation activities? What recommendations would you make regarding technical support for achieving sustainability?
20. How has the project promoted institutional sustainability? Have you ever been engaged in dialogue with government and other stakeholders regarding sustainability? What efforts (if any) have been made to mainstream consideration of sustainability among government and private sector partners? Does the Government currently have a policy to promote sustainable development?
21. Does this project use a self-help-group approach or a market-based approach? How do you define this approach?
22. Is this project focused on creating new institutions and community groups or does it work through established institutions and groups? If new institutions/groups have been established, what was the primary reason for doing so? What are the advantages and/or disadvantages of working with a new or existing group?
23. Do you have examples of groups that have been able to take additional responsibilities or include new agenda items in its regular business? Please explain.
24. How long will the partner organization(s) continue to deliver microfinance and other services to the community after the end of the current project phase? From where do they expect to generate income to continue to provide the services?
25. Was a baseline survey conducted for the project? Were indicators for capturing aspects of sustainability included in the baseline? Why not?
26. Does the monitoring and evaluation system track sustainability indicators? What are the indicators? How often do you collect information? What methodologies have been followed? How has institutional sustainability been measured? Are there any examples of institutional sustainability in the project?
27. How often do you share results with the line ministry and other related Government departments? Does the Government currently have a plan to support project strategies and fund the activities from after the current phase of project?
28. What country and project-specific indicators are appropriate to measure sustainability?
29. What are the key challenges and issues faced by the project promoting sustainability? What recommendations do you have to address them?

IFAD

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